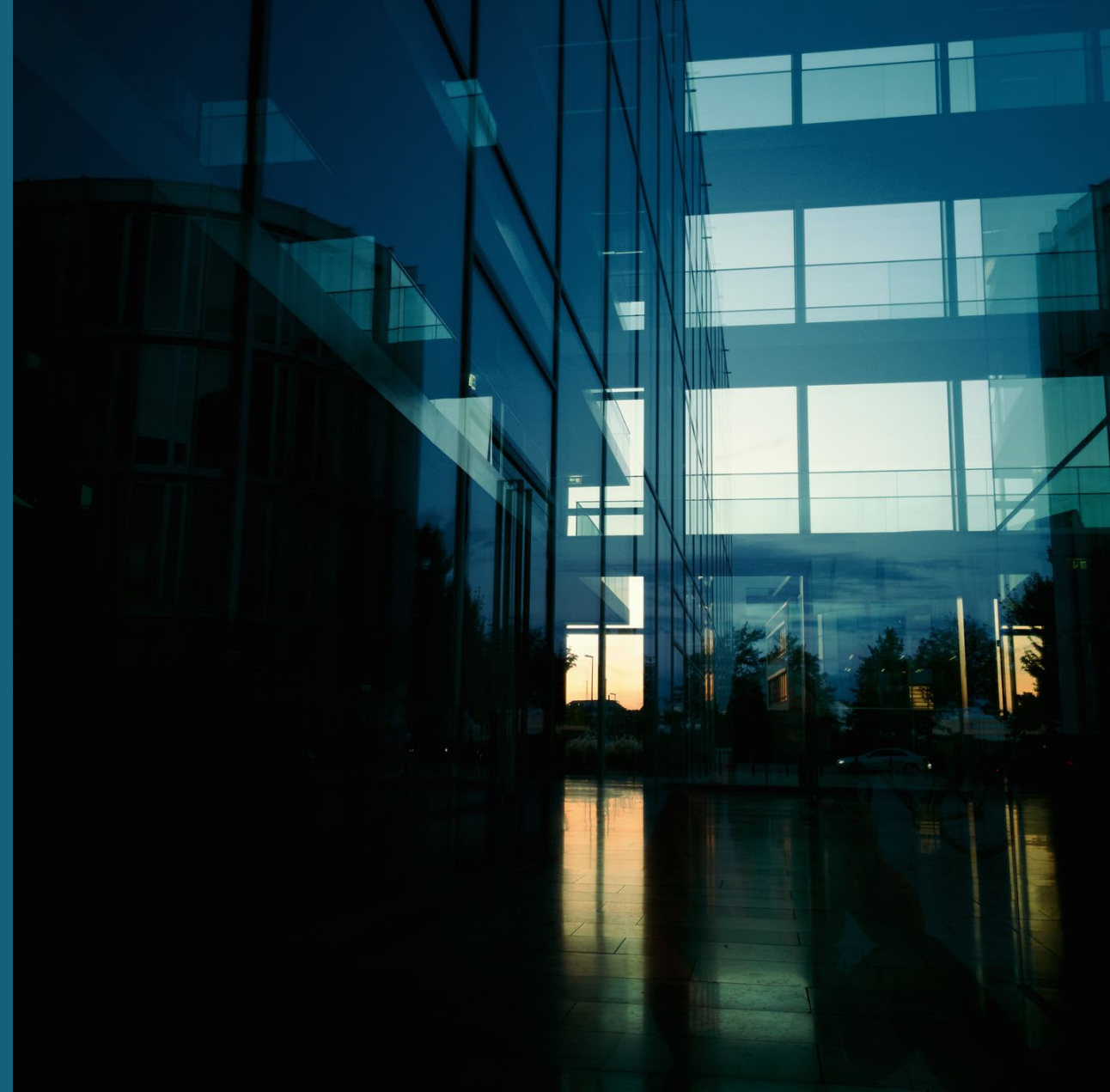


# Auditor's Annual Report

Redcar and Cleveland Borough Council  
– year ended 31 March 2022

December 2023



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# 01

## Section 01: **Introduction**

# 1. Introduction

## Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Redcar and Cleveland Borough Council (the Council) for the year ended 31 March 2022. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



### Opinion on the financial statements

We issued our audit report on 19 December 2023. Our opinion on the financial statements was unqualified.



### Wider reporting responsibilities

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such correspondence from electors has been received.



### Value for Money arrangements

In our audit report issued on 19 December 2023 we reported that we had completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements. Section 3 provides our commentary on the Council's arrangements.



### Whole of Government Accounts (WGA)

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data and to carry out certain tests on the data. We plan to report to NAO in December 2023. As for 2020/21, we anticipate a significant delay before we will be able to issue our 2021/22 audit certificate, as we await NAO clearance on whether we will be required to undertake additional procedures as a sampled component.

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# 02

Section 02:

**Audit of the financial statements**

# 2. Audit of the financial statements

## The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council’s financial position as at 31 March 2022 and of its financial performance for the year then ended. Our audit report, issued on 19 December 2023 gave an unqualified opinion on the financial statements for the year ended 31 March 2022.

Our Audit Completion Report, presented to the Council’s Governance Committee on 28 November 2022 provides further details of the findings of our audit of the Council’s financial statements. This includes our conclusions on the identified audit risks and areas of management judgement, internal control recommendations and audit misstatements identified during the course of the audit. We also issued a follow up letter on 28 February 2023 and further follow up letters on 8 November 2023 and 19 December 2023 which concluded on all outstanding matters.

## Qualitative aspects of the Council’s accounting practices

We reviewed the Council’s accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Council Accounting, appropriately tailored to the Council’s circumstances.

Draft accounts were received from the Council on 15 July 2022, in advance of the revised statutory deadlines and were of a good quality. The accounts were supported by good quality working papers and we received full co-operation from the Finance team in responding to our queries on a prompt basis.

## Significant difficulties during the audit

We had positive co-operation from management throughout the audit and we would like to thank management for their assistance, courtesy and patience during our work.

The completion of the audit was initially delayed for two reasons, neither of which was under the control of management or the audit team:

- **Pension fund assurance** letter – this was not received from the auditor of the Teesside Pension Fund until 22 March 2023; and
- **Infrastructure** – guidance was issued by CIPFA on 11 January 2023 which set out how authorities should address the technical issues that had arisen in relation to accounting for infrastructure and how the statutory override that had been put in place by Government in December 2022 should be addressed. This impacted on the Council having the information needed to respond to this issue, and then our work followed on from this.

In the event, the Pension Fund Auditor letter was not received until 22 March 2023. It is very unusual to receive these assurances as late as this. There were no material issues arising from the Pension Fund auditor’s work to impact on the 2021/22 financial statements.

However, as a result of the long delay, new information was now available to update the pension disclosures in the financial statements in that the triennial revaluation of Teesside Pension Fund as at 31 March 2022 was now completed, and needed to be reflected in the 2021/22 financial statements. This required the Council to obtain an updated report from the actuary, and we needed to carry out some additional procedures, including requiring the Pension Fund auditor to test the membership data used in the triennial revaluation and report to us on the results of their testing.

The Pension Fund auditor reported to us on 11 September 2023, but there were a number of issues that we had to follow up on. We issued our unqualified audit opinion on 19 December 2023, with no further matters to report.

# 03

Section 03:

**Commentary on VFM arrangements**

### 3. Commentary on VFM arrangements

#### Overall summary





# 3. VFM arrangements – Overall summary

## Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



**Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services



**Governance** - How the Council ensures that it makes informed decisions and properly manages its risks



**Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our work is carried out in three main phases.

### Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators where applicable
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

### Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on page 10.

### Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements**

We make these recommendations for improvement where we have identified a significant weakness in the Council arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.

- **Other recommendations**

We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

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# 3. VFM arrangements – Overall summary

## Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 <b>Financial sustainability</b>	11	No	No	No
 <b>Governance</b>	14	No	No	No
 <b>Improving economy, efficiency and effectiveness</b>	17	No	No	No

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### 3. Commentary on VFM arrangements

#### Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria

### How the Council identifies significant financial pressures that are relevant to its short and medium-term plans

The Council approved its Medium Term Financial Plan (MTFP) in February 2021 covering a 2 year timeframe from 2021/22 to 2022/23 and set out a balanced position without reliance on general fund reserves and with a focus on financial resilience and sustainability. In 2022/23, the Council produced a 5 year MTFP which covers the period from 2022/23 to 2026/27. This addresses one of the key recommendations in the 2021/22 CIPFA Local Government Finance Review of the Council. We will consider this plan in more detail in our work for 2022/23 but like many public sector bodies, there are significant inflationary and demand risks going forward.

The 2021/22 MTFP considered income and funding, service investment and the 'Driving Change' efficiency improvements and recognised the risks and uncertainties facing the Council. The MTFP was supported by consultation with the public, staff, partners and other stakeholders. Our review of the MTFP and associated assumptions identified no evidence of significant weaknesses in arrangements.

Budgets are assigned to operational managers who monitor budgets on a monthly basis and this is reported to Members on a quarterly basis. At the end of the financial year, the Council reported a marginal underspend of £0.045 million. The level of total usable reserves available to the Council as at 31 March 2022 was £42.717m which is an increase of £11m on the balance in 2020/21 of £31.7m. The final reserves position includes circa £8m due to income received in advance of spending and £4m set aside to mitigate significant financial risks from inflation and demand pressures. The level of general fund balances has been set at £5.593m which is the agreed minimum level of 5% of the Council's net budget provision.

Our work did not identify any evidence to indicate a significant weakness in arrangements..

### How the Council plans to bridge funding gaps and identifies achievable savings

As noted above, the 2021/22 MTFP recognised the risks and uncertainties facing the Council in terms of cost pressures, future funding arrangements, volatile income levels and potential variations in the costs of the delivery of demand led services in particular.

The Council's 'Driving Change' efficiency improvements programme seeks to improve productivity & efficiency, streamline operations, and promote financial resilience and sustainability. The MTFP set out a savings plan of £4.77m over the 2 years of the MTFP with £2.086m planned for 2021/22 (later adjusted to £2.679m).

The outturn report showed that £2.004m (75%) was classified as being achieved. The £0.675m not achieved was mainly in relation to the costs of delivering children's social care and the financial pressures experienced in home to school transport. Whilst the Council did not fully meet the target, this does not represent a significant weakness in arrangements given the amounts involved.

The Council utilises scenario planning in the development of its budget and MTFP, and has undertaken to progress this further as per the recommendation in the CIPFA Local Government Review Report.

The MTFP has been updated for 2022/23 and we will consider this in more detail as part of our work on our 2022/23 value for money commentary. As at quarter 2 (September 2022), the Council is reporting an anticipated year-end overspend of £5.517 million largely due to significant overspends in Children and Families (£6.75m). Work is ongoing to reduce the overspend at year end. Currently reserves are £42.3m so there is some financial resilience to withstand the additional pressures in the short term but a number of reserves are held for future contractual commitments.

The 'Driving Change' efficiency improvement programme sought to deliver savings of £2.85m in 2022/23 and £0.6m of this total has been achieved at quarter 2. £1.75m is still in progress with £0.5m outstanding. This is incorporated into the overall projected revenue position.

The Capital Investment Plan is financed in such a way that the costs to the Council's budgets of any borrowing linked to the financing of the capital programme can be spread over the life of the asset being invested in. The CIPFA Report highlighted that the Council holds considerable amounts of debt and the financing costs of this present a considerable revenue cost. The Council has a significant capital investment programme to support its strategy and will need to carefully manage this.

The CIPFA Report concluded that the Council was well governed and financially stable in the short to medium term, with good prospects for the longer term.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria - continued

### How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

A new corporate plan 'Our Flourishing Future' has been developed for 2021 to 2024. The current set of Corporate Priorities fall under the following four areas:

- Tackling Climate Change and Enhancing the Natural Environment;
- Meeting Residents' Needs;
- Improving the Physical Appearance of the Borough and Enhancing Prosperity; and
- Investing for the future.

The annual business planning process provides the link between finances and the Council's strategic and statutory priorities. The plan drives the resourcing and financial plans for the organisation, resulting in the annual budget and the MTFP. The financial plans recognise the ongoing pressure the Council faces and the impact on its reserves strategy. In-year monitoring reports detail the pressures faced by the Council and highlight where mitigating action is required.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

### How the Council ensures that its financial plan is consistent with other plans

The MTFP report considers the implication on the workforce, health and safety, social value, legal, financial and equality and diversity.

A Treasury and Capital Strategy is updated on a regular basis and sets out how the Council manages risks and benefits associated with cash-flow, treasury management and borrowing. The strategy sets out how the Council can fund a multi-year capital programme in a financially sustainable way using a series of prudential indicators to monitor the position. This is supported by 'Business Case' documentation to ensure capital projects go through a robust business case documentation process and the revenue implications of capital investment decisions are fully considered and form part of the MTFP planning and budget setting process. These plans and strategies are considered and approved by Council alongside the MTFP and budget decisions each year.

Risk management is also considered in terms of financial plans and risk-registers are regularly updated and reported to the Cabinet throughout the year.

Cabinet consider the updated financial position at various stages throughout the year and allows for Member scrutiny and challenge. The MTFP for 2021/22 and 2022/23 were considered in February 2021 and February 2022 respectively.

The annual budget process includes reviewing the Council's reserves. We confirmed a review was completed in 2021/22 and 2022/23 to ensure funding set aside remains in line with strategic and statutory priorities. This is evidenced in the outturn reports presented to the Cabinet during the financial year.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

### How the Council identifies and manages risks to financial resilience

The financial plan recognises the risks and uncertainties facing the Council in terms of cost pressures, future funding arrangements and potential variations in the costs of the delivery. Our review of the financial plan shows that there is no evidence that assumptions are unrealistic or that reserves have dropped below the minimum levels required for a Council of this size and complexity with the risk is faces.

The Council has an established risk management framework and the Governance Committee receives regular risk management updates.

Financial reports contain evidence of a summary of the Council's performance, detailing significant variances and providing adequate explanation of the causes.

We are satisfied that there are saving plans in place and that the Council has a good record of delivering on its plans in previous years.

Our work did not identify any evidence to indicate a significant weakness in arrangements.



### 3. Commentary on VFM arrangements

#### Governance

How the body ensures that it makes informed decisions and properly manages its risks



# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria

### How the Council monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Redcar and Cleveland Borough Council has approved and adopted a Code of Corporate Governance, consistent with the principles of the CIPFA/SOLACE Framework, Delivering Good Governance in Local Government.

The Council has a Risk Management Framework that is used and monitored by a Risk Management Group and is periodically reviewed, amended and approved by the Governance Committee. The Corporate Risk Register is reviewed, updated and challenged regularly and presented to Directorate Management Teams and the Executive Management Team and reported to the Governance Committee and Cabinet. This creates a framework within which risks are identified and evaluated prior to mitigation plans being put in place.

The Council has outsourced its internal audit and counter-fraud services to Veritau which is a partnership that specialises in local government provision. The Internal Audit Plan and Head of Internal Audit Report is reviewed by the Council's Governance Committee. As detailed in the plan, the Council uses a risk-based approach to determine the priorities of the internal audit activity, consistent with the Council's objectives. The Head of Internal Audit Opinion was presented to the Governance Committee meeting in July 2022 and the overall opinion on the framework of governance, risk management and control operating at the Council is that it provides 'Reasonable Assurance'. This means that there is a generally sound system of governance, risk management and control in place but some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

A Counter Fraud Plan is in place which is reported to the Governance Committee. We confirmed there is also regular reporting to the Governance Committee on counter fraud activities, including fraud investigations where applicable.

The Council has a framework of written procedures and controls. Central to these are detailed rules for decision making, and rules of procedure, including; a Constitution, Standing Orders, Contract Procedure Rules, Financial Regulations, Member, Officer Codes of Conduct, and a Whistleblowing Policy. The Council has a dedicated counter fraud response and strategy which includes fraud governance and arrangements to prevent, detect and pursue fraud including Anti-Fraud, Anti-Bribery & Anti-Corruption Policies.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

### How the Council approaches and carries out its annual budget setting process

The MTFP recognises the risks and uncertainties facing the Council in terms of future cost pressures, funding arrangements, volatile income levels and potential variations in the costs of the delivery of demand led services in particular. The MTFP is supported by consultation with regional local authority partners and other stakeholders.

We have reviewed the budget setting arrangements through observation and discussions with officers. No matters have been identified indicating a significant weakness in arrangements. Overall the Council is aware of the financial pressures it faces.

### How the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

The Council produces monthly budget monitoring reports to all budget holders and regular meetings are held with finance to discuss variances. Quarterly forecasts of outturn reports are presented to the Cabinet. The Chief Finance Officer is a member of the Executive Management Team and attends Cabinet Member meetings.

There is a delegated framework of financial accountability, including named cost centre managers assigned to cost centres, identified senior managers to be responsible for financial performance in each service area and a financial reporting timetable for monitoring. The 'Driving Change Programme' helps to ensure the Council identifies and implements efficiency and savings opportunities, which is reviewed on a quarterly basis.

Each Directorate Management Team is provided with dedicated Finance Managers resource to provide advice and support on business decisions. Finance Managers also take regular consolidated budget monitoring information into the Directorate Management Teams for review

The financial statements were submitted for audit in 2021/22 on 15 July 2022, ahead of the revised statutory deadline. Whilst we did identify some material errors in respect of valuations of property, plant and equipment, our audit of the financial statements did not identify any matters to indicate a significant weakness in the integrity of the financial information reported or the process for preparing the accounts. It is our experience that management takes action to address audit matters in a timely and appropriate manner.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria - continued

### How the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.

Redcar and Cleveland Borough Council's governance arrangements are set out in its Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people. This includes the financial procedures and the scheme of delegation. The Council ensures that appropriate legal, financial, and other professional advice is considered as part of the decision-making process and observes specific requirements of legislation.

Cabinet reports, other member reports and delegated decision-making powers are reviewed by Finance and financial implications assessed and reviewed. Reports specifically consider risk, legal issues, finance matters and other key corporate decision-making factors. Equality impact assessments are produced to assess relevant key decisions and policies, which are published on the Council's website. All other key documents and decision-making reports are accessible via the Council's website, except where they address confidential issues and there is a reason for them to be exempt

At Scrutiny & Improvement Committees, members review progress against objectives through discussion with Cabinet Members and through quarterly monitoring of financial and performance information. Joint Scrutiny Committee arrangements are also in place with neighbouring authorities to provide oversight and accountability reflecting more collaborative approaches to service design and delivery, particularly in relation to health matters, and the key functions of the Tees Valley Combined Authority. There are also monitoring and reporting arrangements in place to assess performance against priority objectives – undertaken on a quarterly basis.

A Forward Plan of Key decisions is maintained, refreshed and published on a regular basis. Key decisions taken are published on its website giving notice of key decisions to be taken by Cabinet and Council and those taken using delegated powers. The Public has the opportunity to ask questions at Cabinet and Council.

A Governance Committee is maintained which is independent of the Cabinet and Scrutiny Committees. The Governance Committee is tasked with ensuring, amongst other things, good stewardship of the Council's resources and promoting proper internal control by reviewing the Council's control systems and monitoring its compliance with legislation, relevant standards, codes of practice and policies.

The Council publishes the outcomes from external reviews and inspections from regulatory bodies and monitor the implementation of any recommended actions through the performance management framework.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

### How the Council monitors and ensures appropriate standards are maintained

The Council has in place a framework of written procedures and controls. Central to these are detailed rules for decision making and rules of procedure, including; the Constitution, Standing Orders, Contract Procedure Rules, Financial Regulations, Member, Officer Codes of Conduct, and a Whistleblowing Policy. The Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people.

There are established codes of conduct for members and officers and a register of gifts and hospitality which is available on the Council's website and supported by relevant training. Related parties are recorded on an annual basis and disclosed in the statement of accounts as well as senior officer remunerations. In addition, there is confidential reporting of unethical behaviour (whistle-blowing, anti-fraud, anti-money-laundering and anti-bribery policies) in place. Procurement and financial-decision-making are subject to levels of segregation of duty to ensure approvals and oversight of financial activity are maintained.

The Annual Governance Statement (AGS) is published and reviews the effectiveness of the Council's Governance Framework.

The Council appoint an independent person to support the complaints process in accordance with the requirements of the Localism Act 2011 and publish an Annual Complaints Report which considers the outcome of the complaints raised during the year.

There is regular reporting of treasury management activity that details the Council's investments, cash and borrowing positions. The Treasury Management Strategy was approved ahead of the 2021/22 financial year and sets out the Council's measures against which treasury management can be assessed. The measures include those designed to mitigate risk to the Council's finances. Our work did not identify any evidence to indicate a significant weakness in arrangements.

The Council provides training to members and officers through a Member Induction Programme and Corporate Induction process.

There were no areas of significant non-compliance with the CIPFA Code in terms of the financial statements.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

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### 3. Commentary on VFM arrangements

#### Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

### How financial and performance information has been used to assess performance to identify areas for improvement

Directorates have well established processes for reviewing financial and performance information and using this to inform areas for improvement. Key volume and price metrics are monitored by Directorates to inform service and improvement planning – such as adult social care, waste management, children in social care, children with disabilities and home to school transport. Performance information is shared with Cabinet Members and Scrutiny. Performance information relating to cost drivers and demand pressures are used to inform budget setting & monitoring.

Areas of adverse performance feed into the Council’s risk register where relevant. Our review of the risk register and attendance at Governance Committee confirms that it covers areas such as secondary school attainment and performance, excessive pupil exclusions, balancing the MTFP, costs for waste treatment.

The Leadership Team receive financial information to inform the budget setting process. Key members of the Executive Management Team are involved in decision-making around service investment and the ‘Driving Change’ savings. Quarterly financial reports to Cabinet provide an assessment of the financial outturn position for the year in relation to approved budgets for Revenue, Capital and usable reserves, Collection Fund and Treasury Management issues and also progress against the ‘Driving Change’ plans.

The Council has undertaken reviews through the CIPFA Financial Resilience Index, to assess and compare various indices on levels of expenditure of key service areas as a proportion of the revenue budget. Other benchmarking data provided by Arlingclose and Pixel is also referenced and used. The Council also undertake internal benchmarking exercises to assess areas such as council tax and business rate collection.

Services are involved in service improvement initiatives such as:

- Launching a new website and an improved customer relationship management system;
- Launching a new all age carer strategy and commissioned care service;
- Newly installed LED streetlights with a 60% reduction in consumption – above the 50% target. This means 1,300 tons of carbon have been saved, more than the 1,200 tons expected; and
- Opening of the new No Wrong Door Hub to support children on the edge of care and in the Council’s care.

Corporate performance against key performance indicators is reported to Cabinet. Our review identified no evidence of a significant weakness in arrangements.

The Council’s financial performance is reported on a regular basis to Cabinet with details of the financial position along with rationale for any changes and factors to be taken into account. Reports include HR implications and impact assessments.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

### How the Council evaluates the services it provides to assess performance and identify areas for improvement

Scrutiny Committees receive performance updates and feedback from inspections. Cabinet receive updates on the socio-demographic position of the Borough via a Health of the Borough Report. There is a range of benchmarking undertaken including Children and Families for example which take part in a North East Benchmarking comparison regarding elements of children in care performance. Other areas of benchmarking are undertaken in adult social care and waste services. The Council uses information from Pixel as well as the CIPFA resilience index for example. Our review has not identified any significant weaknesses in arrangements.

Performance monitoring takes places across Directorates and this is supplemented with surveys across the Council’s stakeholders to help improve performance. The Cabinet monitor performance during the year against the Corporate Plan and monitor the non-financial key performance information.

Based on our review of a sample of reports and our understanding of the reporting framework, there is sufficient monitoring, reporting and overall scrutiny of both the performance and the financial position of the Council.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

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# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

**How the Council ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve**

The Council works with local communities, volunteers, voluntary and community organisations, the NHS, care providers, police, probation, schools, colleges and universities, businesses and many more. Some examples include:

- Children and Young People’s Partnership Board - a local multi agency meeting of statutory partners, including the police, education and health with responsibility for delivery of the council’s early help strategy to support children and young people;
- South Tees Safeguarding Children’s Partnership - a multi-agency partnership between Middlesbrough Council, Redcar & Cleveland Council, Tees Valley Clinical Commissioning Group (CCG), and Cleveland Police. It aims to support and enable local organisations and agencies to work together in a system which places the child at the heart of the process, with a key focus on both improving practice, and enhancing outcomes for children and their families.
- ‘Moor to Restore’ programme - a partnership between the North York Moors National Park Authority and Forestry England. This intends to develop plans to not only seek to restore peatlands but focus on sustainability for the natural environment;
- Working in Partnership with other North East councils to procure an ‘Energy from Waste’ Facility which is expected to be located in the Borough and will go live from 2026;
- Participation in the Tees Valley Combined Authority arrangements at both Member and Officer Member level, connecting with all aspects of TVCA policy / investment. Participation in joint scrutiny arrangements with neighbouring authorities in the South Tees and Tees valley areas;
- No Wrong Door Partnership with North Yorkshire County Council to develop more robust arrangements for supporting children in care to optimise a child’s development and outcomes.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

**How the Council commissions or procures services, how the Council ensures this is done in accordance with relevant legislation, professional standards and internal policies, and how the Council assesses whether it is realising the expected benefits**

Key commissioning and procurement decisions are taken by staff to ensure compliance with legislation, professional standards and internal policies. A legal and procurement team provides advice on all relevant procurement decisions. A brokerage team support the procurement of adult and children social care packages.

As a response to the pandemic, the Council established a new Brokerage function for Adult Social Care packages.

The Council has outsourced key functions to provide resilience and cost efficiencies. For example, revenues and benefits and internal audit and counter-fraud services.

There is evidence that the Council has arrangements in place to ensure procurement is in accordance with relevant legislation, professional standards and internal policies.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

# 04

Section 04:

**Other reporting responsibilities and  
our fees**

# 4. Other reporting responsibilities and our fees

## Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

## Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data and to carry out certain tests on the data. We plan to report to NAO in December 2023. As for 2020/21, we anticipate a significant delay before we will be able to issue our 2021/22 audit certificate, as we await NAO clearance on whether we will be required to undertake additional procedures as a sampled component.

## 4. Other reporting responsibilities and our fees

### Fees for work as Redcar and Cleveland Borough Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Governance Committee in March 2022. Having completed our work for the 2021/22 financial year, we can confirm that our fees (excluding VAT) are as follows:.

Area of work	2020/21 fees	2021/22 fees
Planned fee in respect of our work under the Code of Audit Practice	£95,733	£95,733
Recurring increases in the base audit fee arising from regulatory pressures (as reported in the 2019/20 audit, in 2021/22 we increased this fee by 25% to reflect a 25% increase in the PSAA fee rates for this work)	£14,382	£17,978
Additional fees in respect of the new VFM approach (recurring, as agreed from the 2020/21 audit)	£10,000	£10,000
Additional fees in respect of new ISA540 requirements in relation to Accounting estimates and related disclosures (recurring, as agreed from the 2020/21 audit)	£4,400	£4,400
Additional fees for the valuation of property, plant and equipment (extended valuations process during this year's audit – not recurring)	£nil	£6,300
Additional fees in respect of the Council's infrastructure (additional work required in relation to the national issue in this year's audit – not recurring)	£nil	£10,000
Additional fees in respect of the issues with Pension Fund auditor assurance, the updating of accounts for triennial pensions, and follow up of the PF auditor's letter – not recurring.	£nil	£7,000
<b>Total fees</b>	<b>£124,515</b>	<b>£151,411</b>

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## 4. Other reporting responsibilities and our fees

### Fees for other work

In 2021/22 the Council has engaged Mazars for the following audit-related assurance services:

- Housing Benefit Assurance - £12,950 plus VAT (£11,775 in 2020/21); and
- Teachers Pension Assurance - £4,840 plus VAT (£4,400 in 2020/21).

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## **Mazars**

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.