

Audit Committee  
Progress and Update Report for  
Rossendale Borough Council  
*Year ended 31 March 2016*

24 November 2016

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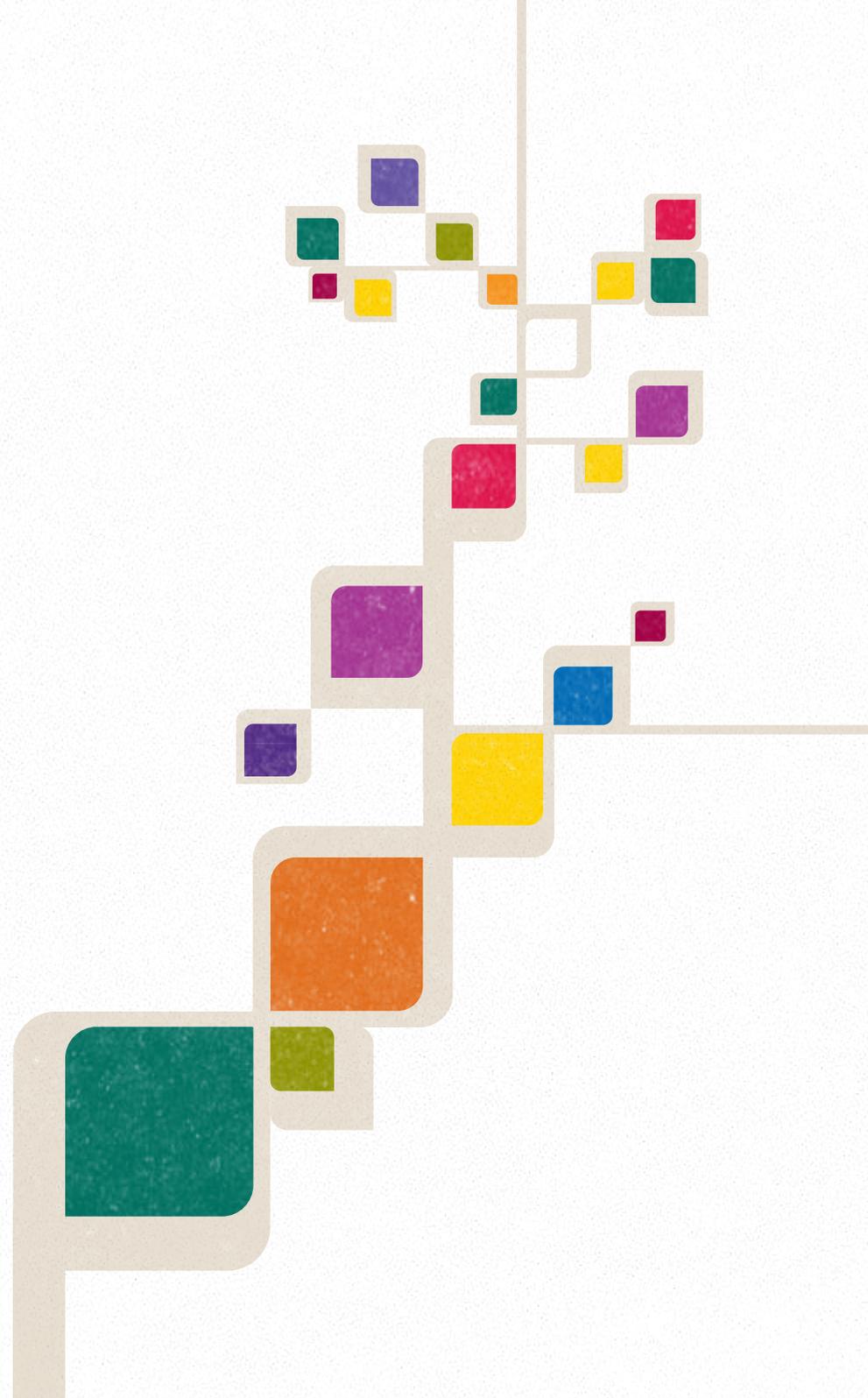
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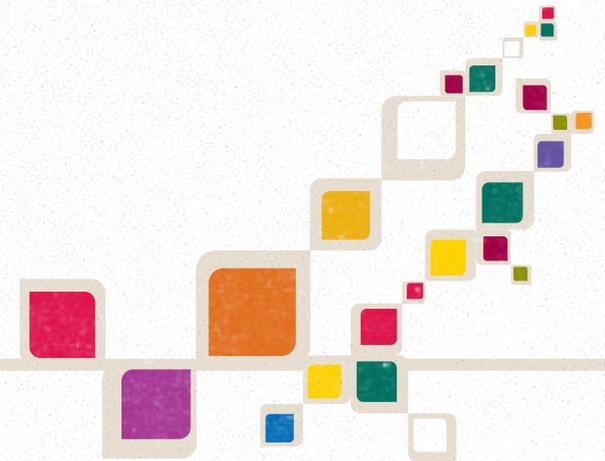
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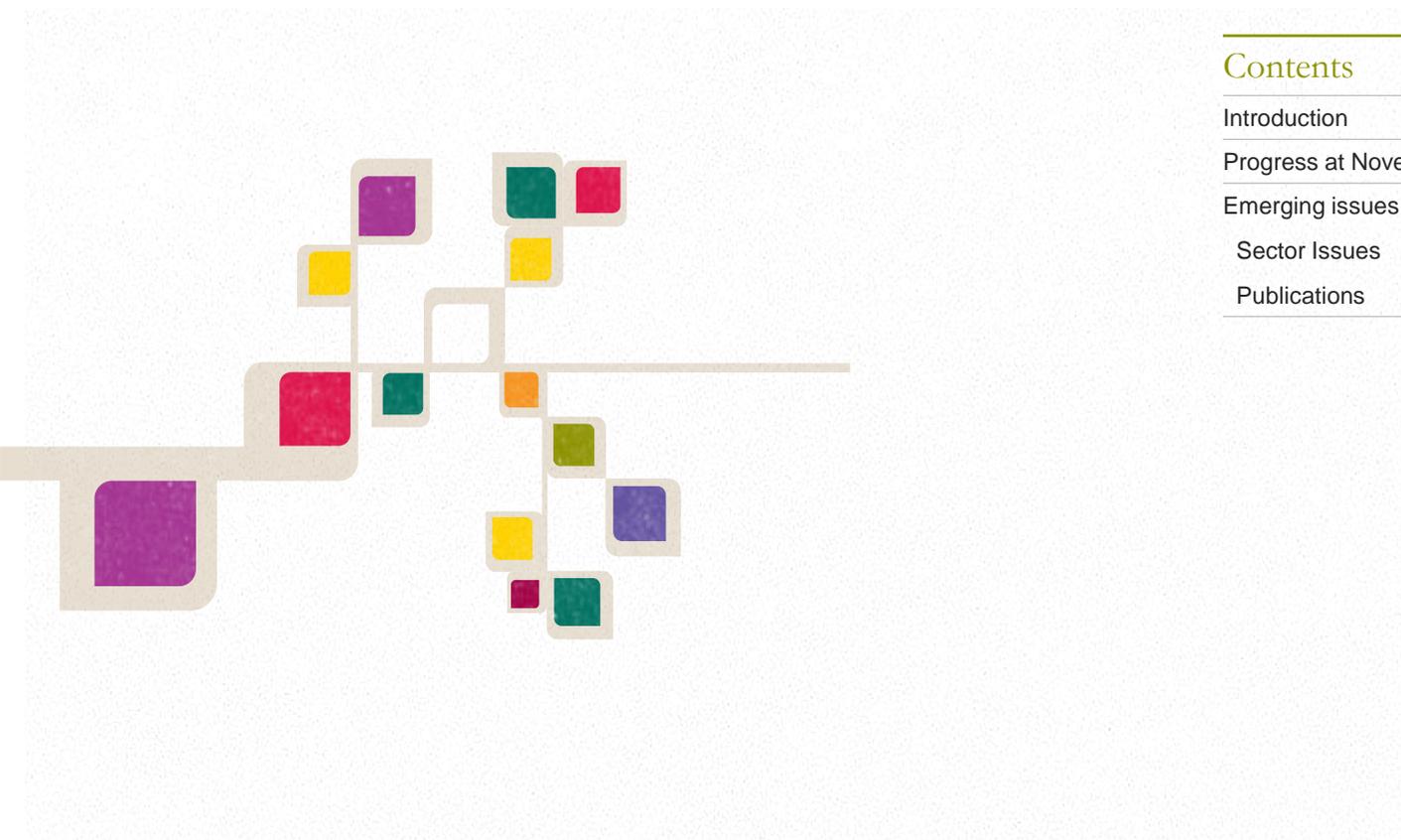
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# Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit and Accounts Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications including:

- Better Together: Building a successful joint venture company;  
<http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>
- Knowing the Ropes – Audit Committee; Effectiveness Review ;  
[www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/](http://www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/)
- Making devolution work: A practical guide for local leaders (October 2015)  
[www.grantthornton.co.uk/en/insights/making-devolution-work/](http://www.grantthornton.co.uk/en/insights/making-devolution-work/)

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



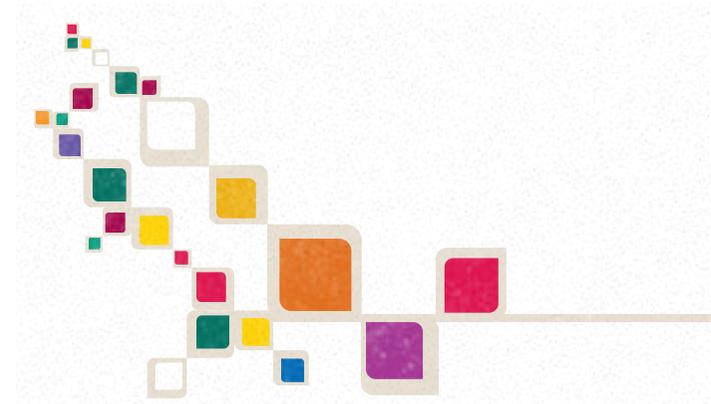
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# Progress on the 2014/15 Accounts

2014/15 work	Completed	Comments
<b>2014/15 Accounts audit and Value for Money Conclusion</b>  We have not yet issued an opinion on the 2014/15 accounts due to the issues arising in respect of the Council's Empty Homes Programme and associated HCA grant.	<i>In progress</i>	<p>Much of the work on the Council's 2014-15 accounts is complete. However, we have yet to finalise our work in respect of the transactions relating to the Council's Empty Homes Programme and associated HCA grant.</p> <p>We are awaiting the conclusion of the HCA's work on the scheme which is currently in progress. Once the HCA have concluded and reported on their work, we will be able to complete the outstanding work.</p>

# Progress at November 2016

2015/16 work	Completed	Comments
<p><b>Fee Letter</b> We issued the 'Planned fee letter for 2015/16 in April 2015.</p>	April 2015	We issued the fee letter for 2016/17 in April 2016, with no change to the fee proposed. This was reported to the Accounts and Audit Committee in June 2016.
<p><b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2015-16 financial statements.</p>	March 2016	The plan was presented to the audit committee meeting on 15 March 2016.
<p><b>Interim accounts audit</b> Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> <li>• updating our review of the Council's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> </ul>	March 2016	An update on work completed was included in the accounts audit plan. There were no issues arising from our work that we need to bring to the attention of 'those charged with governance' (the Audit Committee).
<p><b>2015/16 Accounts audit and Value for Money Conclusion</b>  We have not yet issued an opinion on the 2015/16 accounts due to the issues arising in respect of the Council's Empty Homes Programme and associated HCA grant.</p>	<i>In progress</i>	<p>Much of the work on the Council's 2015-16 accounts is complete. However, we have yet to finalise our work in respect of the transactions relating to the Council's Empty Homes Programme and associated HCA grant.</p> <p>We are awaiting the conclusion of the HCA's work on the scheme which is currently in progress. Once the HCA have concluded and reported on their work, we will be able to complete the outstanding work.</p>
<p><b>Housing Benefit Subsidy Certification</b>  We are required to review and certify the claim by 30 November 2016.</p>	November 2016	We have completed our work on the Housing Benefit Subsidy Claim and certified the claim on 22 November 2016.

# Grant Thornton Sector Issues



# Financial sustainability of local authorities: capital expenditure and resourcing

National Audit Office

According to the NAO, Local authorities in England have maintained their overall capital spending levels but face pressure to meet debt servicing costs and to maintain investment levels in their existing asset bases.

Since 2010-11, local authorities have faced less pressure on their resources to support capital expenditure as compared to revenue. Although local authorities' revenue spending power fell by over 25 per cent in real terms from 2010-11 to 2015-16, the NAO estimates that capital grants to authorities marginally increased from 2010-11 to 2014-15, (excluding education).

Capital spending by authorities increased by more than five per cent in real terms overall between 2010-11 and 2014-15, but this is uneven across local authorities and service areas. Almost half of authorities reduced their capital spending. Most service areas saw an increase in capital spend with the exception of culture and leisure: capital spending fell by 22 per cent overall in this area.

The NAO's report, published on 15 June, found that authorities face a growing challenge to continue long-term investment in their existing assets. Total spending has remained stable, but increasingly capital activities are focused on 'invest to save' and growth schemes that cover their costs or have potential to deliver a revenue return. Many areas of authorities' asset management programmes do not meet these criteria and are now seen as a lower priority.

The report also notes that local authorities' debt servicing costs have grown as a proportion of revenue spending as revenue resources have fallen. A quarter of single-tier and county councils now spend the equivalent of 10 per cent or more of their revenue expenditure on debt servicing, with metropolitan district councils being particularly exposed.

According to the NAO, DCLG has rightly focused on revenue issues in the 2015 Spending Review but in future reviews will need to focus more on capital. The Department is confident from its engagement with authorities that revenue pressures are their main concern, however the NAO's analysis demonstrates that capital costs exert significant and growing pressure on revenue resources.

The full report is available at:

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing/>

# Grant Thornton Publications



# Culture of Place

## Our towns, counties and cities have distinct and varied cultures

Our towns, counties and cities have their own compelling and richly varied cultures. There are shared and sometimes contested values, local traditions, behaviours and drivers for change. Culture evokes memory and identity. It affects how we feel about where we live and work and what's possible. It can be a set of stories describing how we do things around here, bringing out the best in us – like our history and heritage – but also preventing us from moving forward.

With local authorities increasingly adopting a place-shaping role we're exploring how culture impacts on the sector's ability to facilitate and support a vibrant economy.

We have hosted two round tables with local authority CEOs, leaders and others, to consider how local authority leadership needs to change if it is to take local culture into account.

From conversations with local authority CEOs, leaders and others, we have collated a selection of stories that invite us all to think about how the sector can disrupt fixed thinking, open up cultures and energise our places. They go beyond what's immediately obvious, voice what is sometimes unsaid and work with the strengths of their place.

Although the term culture of place is heavily subjective our initial conversations suggest there are some common themes occurring.

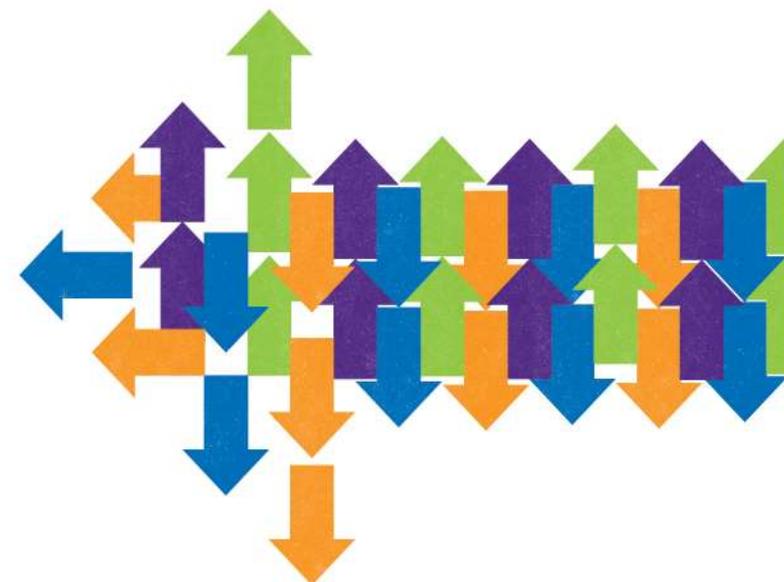
- The place leader is the story teller – leaders need to be more deliberate in their storytelling, helping communities make sense of a complex world, the past, present and possible futures
- Being clear about what they want to see – there is a strong need to create an environment that gives people permission to care, to be innovative, to take action themselves, to adapt and experiment
- Socio-economic situations often drive the culture – the uniqueness of socio-economic factors leads to a recognition that one place will never be like another – and, in fact, should not aspire to be so - instead tailoring their approach to the areas specific strengths.
- It's all about context – areas within Britain can be local, national and international all at the same time, learning to live with, and get the best advantage from, what's on our doorstep is key.

A copy of the report and a collection of short videos can be found on our website at:

<http://www.grantthornton.co.uk/en/insights/culture-of-place/>

Grant Thornton reports

**Challenge question:**  
Is the Council familiar with this publication?





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