London Borough of Haringey

Draft Auditor's Annual Report:

Years ending: 31 March 2021, 31 March 2022, 31 March 2023

Report to the Audit Committee

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Contents

Welcome

Executive Summary

This Auditor's Annual Report provides a summary of the key issues arising from our audit of London Borough of Haringey Council (the 'Authority') for the years ended 31 March 2021, 31 March 2022 and 31 March 2023.

Financial statements

We anticipate issuing the following opinion on the Authority's financial statements on the following dates:

- Year ended 31 March 2021, disclaimed opinion by 13 December 2024
- Year ended 31 March 2022, Disclaimed opinion by 13 December 2024
- Year ended 31 March 2023, Disclaimed opinion by 13 December 2024

Where we have issued a disclaimer of opinion this reflects the fact that we were unable to complete the audits prior to the backstop coming into effect (13 December 2024).

Value for money

We have not identified significant weaknesses in respect of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources having regard to the specified criteria in the Code.

Other reporting

We did not consider it necessary to use our auditor powers or report on other matters.

Objections

We are in the process of determining two objections for 31 March 2023 financial year which we are aiming to determine before 13th December 2024, however if there are any legal consideration relating to these objections it may impact on our ability to issue to audit opinion by the backstop date.

Note: this Auditor's Annual Report is presented in draft for the purposes of discussion at 03 December 2024 meeting of the Audit Committee. A finalised version will be circulated for publication following the signing of the opinions for all three years.

Draft date 29/11/2024

The contents of this report relate only to those matters which we are required to report under the NAO Code of Audit Practice (2024). This report has been prepared solely for the use of the Authority and should not be shown to any other person without our express permission in writing. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person.

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Purpose and responsibilities

Executive summary

Purpose of the Auditor's Annual Report

This Auditor's Annual Report summarises the key issues arising from the work that we have carried out in respect of the years ended 31 March 2021, 31 March 2022 and 31 March 2023.

It is addressed to the Authority but is also intended to communicate the key findings we have identified to key external stakeholders and members of the public.

Responsibilities of the Authority

It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

The Authority is also responsible for preparing and publishing its Statement of Accounts, which includes its financial statements, narrative report and annual governance statement.

Responsibilities of auditors

Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's (NAO's) Code of Audit Practice 2024 (the 'Code'). The full requirements of our audit are listed in Appendix 1.

Additional reporting powers

The Code also identifies additional reporting powers, which are also included in Appendix 1.

We confirm that no additional reporting powers have been used.

Financial statements

Financial statements

Audit conclusion - year ended 31 March 2021, 31 March 2022 and 31 March 2023

Disclaimed audits

For the year(s) ended 31 March 2021, 31 March 2022 and 31 March 2023, we will be issuing a disclaimer of opinion on the financial statements by 13 December 2024 ('the backstop date').

These were disclaimed because the Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2020 by 13 December 2024 ('the backstop date'). The backstop date has been put in law to clear the backlog of historical financial statements. The conditions created by backstop arrangements have resulted in us not being able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by the backstop date.

Significant difficulties in undertaking the audit

Where auditors have reported under ISA(UK) 260 on delays to the audit opinion or significant difficulties encountered when undertaking their work, these should be reflected in the Auditor's Annual Report unless the auditor judges that public disclosure would not be appropriate. We have not experienced any such difficulties.

Value for Money

Summary

Scope

We are required to review and report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in these arrangements, we are required to report this in the auditor's report included in the financial statements and to make recommendations for improvement.

Specified criteria

The NAO has issued guidance for auditors to report against two specified reporting criteria:

- Financial sustainability - planning and managing resources to ensure the Authority can continue to deliver its services
- Governance - informed decisions and properly managing risks

The Code also includes a number of further areas for review within each criteria to allow the auditor to assess those arrangements.

This scope covers audits for the years 2020/21 to 2022/23 inclusive and represents a reduction in scope compared to the 2020 Code previously in force.

Risk assessment

Our risk assessment identified one risk of potential significant weakness, as follows:

- MTFS - The financial challenges the Authority faces pose a significant risk to its overall financial sustainability in the short term. See our assessment noted from slide 10 for financial sustainability

Note on status of Code of Audit Practice (2024)

The Code of Audit Practice (2024) was laid in Parliament in September 2024 and became effective on 14 November 2024. Our work is reported in line with the requirements of this revised code (see overleaf).

Value for Money

Summary

Audit conclusion

We have not identified significant weaknesses in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We did not identify actual significant weaknesses during our work on potential significant weaknesses. The financial challenges the Authority faces pose a significant risk to its overall financial sustainability in the short term.

Other matters on which we report by exception

We have been unable to satisfy ourselves that the Annual Governance

We have nothing to report in respect of these matters, except that because of the significance of the matter described in the Basis for disclaimer of opinion section of our auditors report, we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We had no other matters to report by exception in the audit report on the financial statements. We also have no matters to report in our closing audit certificate, on completion of our work on the Authority's value for money arrangements.

Financial Sustainability

Planning and managing resources

Auditor's commentary on arrangements

Areas reviewed

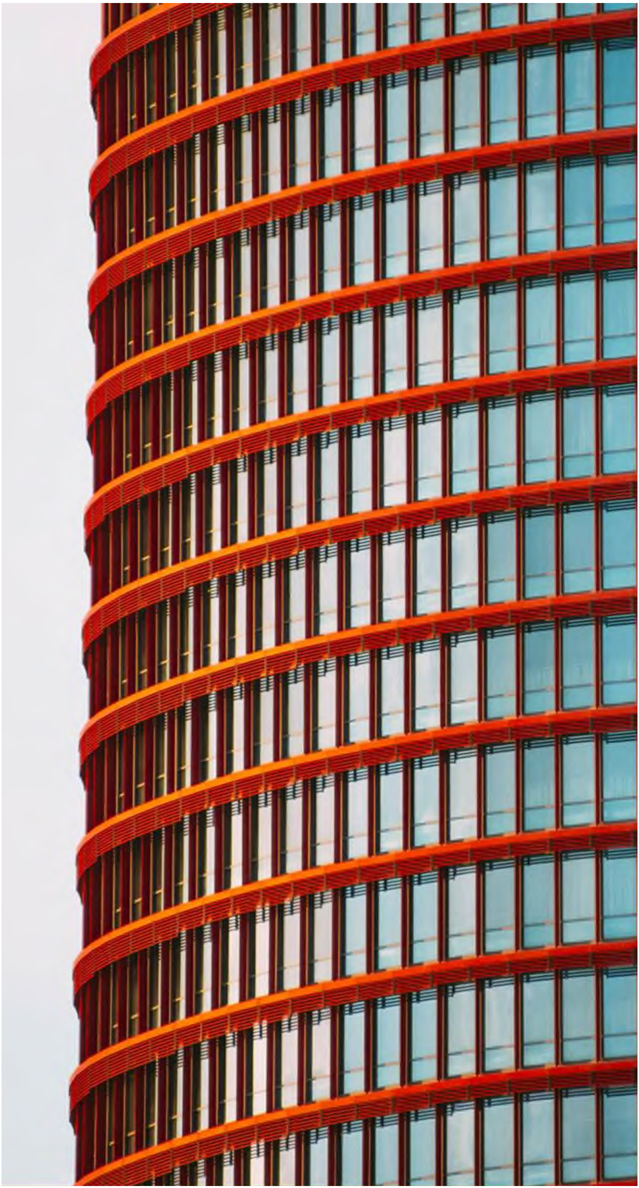
- ***How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;***
- ***Plans to bridge funding gaps and to identify achievable savings***
- ***How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities***
- ***How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system.***
- ***How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.***

There are a number of elements to the Council's processes for identifying pressures. Monthly budget monitoring occurs to identify pressures which will impact the annual budget and MTFS in future years. The reports assess the operational budget variances, and therefore the potential impact on future years. In addition, in the current climate there is an extra assessment of COVID pressures and where they are systematic in nature or will they cease at the end of the pandemic.

Finance representation at management teams across the organisation. External communications and research across the sector. The Director of Finance (S151 officer) is experienced and attends regular finance collaboration meetings with other CFOs.

The council keeps a risk register which is reviewed by the Cabinet and consideration of key risks forms part of the annual budget setting and MTFS process.

The MTFS comprises two key elements: (i) an assessment of the resources available to the Council over the medium term, and (ii) an assessment of spending pressures based on existing levels of service delivery, known policy/legislative changes and demand driven service pressures.



Financial Sustainability

Planning and managing resources

The outturn for July 2023/24 (presented to Cabinet in July 2024) the financial planning process for 2025/26 and across the medium term is already underway and the Council is facing at least a £30m budget gap for the next four years, of which at least £17m is in 2025/26. Ongoing use of reserves to balance the budget is no longer sustainable and therefore positive and timely progress on identifying deliverable budget solutions is critical. The was as a result of increases in demand as well as pay and price pressures. These pressures also resulted in projected overspends for the 2023/24 budget and present significant challenges in relation to the Council's ability to set a balanced budget for 2024/25.

Particular areas of risk to which the Council is exposed include adult and children's social care and temporary accommodation due to increased demand and costs.

These resulted in a forecast budget overspend for 2024/25 of £16.3 million as at December 2023. The Council took action to respond to these pressures and the projected overspend as at 6 February 2024 has reduced to £10.4 million, and a drawdown of reserves of £5.9m to balance the budget. The gap was driven largely by Adult social care, Temporary accommodation, and Children's services. The funding gap was also impacted by £3.7m less awarded to the Council by Provisional Local Government Finance Settlement (PLGFS). Some of the mitigating actions included a due diligence against key corporate budgets (such as pay, general inflation, treasury, borrowing and the main contingency budgets). Forecasts showed improvements in the amount of interest received, Concessionary fares and non-pay inflation, and the Capital programme was also reviewed.

Following this exercise and management actions additional directorate savings of £4.7m were identified (£13m over the MTFS period). A further £3.5m improvement on Adult Social Care Services budgeted client contributions were identified. The final budget report was taken to Full Council on 4 March 2024 and indicate that the council had an overspend of £20m on the 2023/24 budget, partially mitigated by the use £7m contingency reserves, and planned to use the £5.9m reserves for the 2024/25 budget. For 2024/25 the council had £23m available in usable reserves with £15m in general fund reserves. The council continues to experience overwhelming pressures on their budgets and has relieved upon Reserves to address the budget gaps. The council is aware that the position is not sustainable but it has continued to deteriorate and is projected as such in future years. This is evident of a weakness in arrangements.

The Council has a good track record of achieving its savings plans and has both delivered savings and achieved its forecast outturn with few variances. The Council set a balanced budget for 2020/21 with a planned use of reserves of £5.4m to balance the 2021/22 budget. However, in 2022/23 the Council delivered services for the year with a reported overspend at service level of £16m but a total underspend of £0.05 million, with an unplanned use of reserves for the shortfall.

The savings delivery in 2020/21 was nil and in 2021/22 was comparatively low due to Covid which resulted in a number of savings programmes being paused. Delivery in 2021/22 required £1.94m saving but ended up with just a £1.68m draw down of reserves with £12.23m savings required identified for 2022/23. In 2022/23 55% of savings were delivered.

We are therefore satisfied that processes to deliver and monitor savings are adequate. We have also obtained an update on delivery of savings in 2022/23 and 2023/24 to date - this shows that savings in 2022/23 were above 80% and the forecast for 2023/24 is 88%. However, the savings level requirements continue to be challenging as they have increased substantially since 2020/21.

The Council maintains a general fund balance, which at 31st March 2023 was £15.8 million and has usable earmarked reserves of £101.9million. The general fund balance has reduced in 2023/24 and now sits at £15.17 million.

The Council has a Corporate Plan which is used as the base of the MTFS. The Council consults widely on the Corporate Plan, which is Council's strategic high-level and articulates its goals and priorities over the medium term. All responses are considered carefully by officers. The last Corporate Plan covered the period 2024 to 2026.

Financial Sustainability

Planning and managing resources

The Council considers and reflects the implications of all key strategies and priorities (including the corporate plan) within the delivery of its medium term and annual budget processes. The process is referenced within the Appendices of the MTFS. The MTFS plans finances into the future.

Our review of the MTFS as part of our Going Concern assessment has concluded that the Council is prudent in its estimates in relation to receiving grants and acknowledge that they will be getting less funding from central government. The Council has also implemented an efficiency/transformation plan in order to meet the funding gap over the medium term and ensure the future sustainable delivery of services.

In terms of financial performance during the years 2020/21 (£0.1m net underspend after the use of £4.5m in reserves), 2021/22 (£0.419m underspend, after the planned use of £12.8m reserves), and 2022/23 (the year end position worsened by £1.7m with a variance of £16.4m, and ultimately a small net underspend of £0.048m) had required the use of planned reserves drawdown to balance the budget. Management are aware that this approach is not sustainable and have put measures in place to reduce the overspend:

(i) holding vacant posts where possible recognising that reducing this spend may well put pressure on service delivery,

(ii) reducing capital programme spend and borrowing costs and other corporate mitigations,

(iii) continued scrutiny of all spend and opportunities to maximise efficiencies.

Following the actions noted above, by Quarter 4 the Council generally manages to reduce the budget gaps as noted in the Provisional Outturn, however for 2022/23 provisional outturn management noted that the position at Quarter 4 had worsened, and suggested a continued trend was likely to continue into 2023/24.

However, we note that the 2023/24 provisional outturn shows an improved position at year end with of £1.6m reduction in the variance to £19.2m which necessitated the use of unplanned reserve drawdown in addition to the budgeted use of reserves of £3.5m. The 2024/25 budget shows a £16.3m budget gap at December 2024 against which the Council is seeking to deliver £10.4m of savings and £5.9m of the Strategic Planning Reserve. The Council has noted the increased pressures in Adult social care have been large drivers in the overspend each year. This shows a continuous weakness in the arrangements.

The Council's General Fund balance as at:

* 31 March 2021 - £15.897m

* 31 March 2022 - £16.246m

* 31 March 2023 - £15.802m

All three years show the GF balance to be higher than the £15.8m recommended by the Chief Financial Officer for 2021/22. This level at 31 March 2024 was £15.141m and is forecast to be at £15.17m at 31 March 2025, which remains above the updated minimum level recommended by the Chief Financial Officer.

The General Fund balance is risk assessed and as such incorporates risk related to inflation and more general cost pressures. This approach is reassessed regularly throughout the year. One of the main area of overspend for the Council has traditionally been in relation to social care which is demand led and more difficult to control. The Council therefore holds a reserve for Social Care pressures above the budget, which was £2.137 million in 2021/22. As noted above, this reserve has been utilised during 2023/24 to deal with the pressures in this area.

Financial Sustainability

Planning and managing resources

The Council has a Local Plan (Strategic Policies 2013-2026) which along with its Corporate Delivery Plan which taken together generally cover a period of 3 years (2022-2023, and 2024-2026), and is part of the Council's commitments set out in the "Haringey Deal". The Haringey deal replaces the "Borough Plan (which ran from 2019 to Jan-23) is the Council's commitment to both designing council services and developing relationships with the community. During 2024 the Council launched a new 1- year strategic vision called the "Borough Vision" providing an overarching framework for joint working with partnerships.

The plans require consultation with the public and are subject to scrutiny at the various committees before being approved by Full Council. All of the plans are reflected within and consistent with the MTFS and are subject to regular review in the various committees. These committees highlight if there are potential inconsistencies in plans or concerns about the financial impact of plans or decisions.

We note from the MTFS that there has been some slippage on the following areas:

- 20/21 outturn on the base budget had a small £0.1m underspend due to the utilisation of the budget contingency transfer from reserves to address the £4.5m gap. For DSG there was a £6.8m overspend (due to High Needs Block and other factors), which was added to the £10m existing deficit. The revised capital outturn budget had a £179.8m spent (i.e. 33% of the approved budget), and for the HRA there was a £104.2m spent (35% of the budget) both were largely attributed to the lack if opportunity due to the pandemic. The HRA revenue had a £13.9m surplus due to collection rate increases.

- 21/22 Outturn which had a £16m overspend on two social care directorates and a £3.7m overspend on DSG. There was also a large underspend on the Capital programme outturn of £214m (being 48% of the approved budget) and was stated as being due to the uncertainty of the timing of the expenditure.

- 22/23 Outturn reflected slippage overall for Directorate budgets with a variance to budget of £16.4m (the majority relating to two social care directorates), but with the use of the corporate contingency budget the Council was achieved a small underspend and is aware that the use of one off reserves are not sustainable. Another key driver is the increased inflation, other running costs, as well as pressure on staff pay and recruitment. The DSG overspend was £3.12m (largely due to the high needs block) but the Council expects to reach a positive position on the DSG deficit by 2027/28 through the development of a DSG Management Plan (cumulative deficit at 31/3/23 was £11.87m). The Housing revenue account variance was £2.579m due to the reduction in dwellings rental income. The capital programme outturn was £91.9m (64%) where there have been some delays in acquiring property due to the uncertainty around the Reinforced Aerate Autoclave Concrete in Children's programme. The HRA spent £142.2m (50%) of its revised capital budget due to the paused or delayed schemes. This is not uncommon and does not indicate a weakness in arrangements given the continuous slippages and the extent thereof.

During 2021/2022, regular monthly monitoring meetings with Directors and Portfolio Holders have taken place to ensure timely action was taken to address emerging budget issues and in particular proactive action to avoid and address potential overspends. Full Council and Cabinet have been kept informed of the budgetary position for both Revenue and Capital budgets through quarterly Finance Updates reports.

The Council's Transformation Programme was approved by the Executive in October 2020 to address the funding gap over the medium term and incorporated a number of themes. The Programme is monitored and there is clear oversight of its current and forecast position. This has been updated as part of the 2023/2024 budget setting process. The plans for the delivery of the Programme are well under way with a number of key themes evident; efficient business processes harnessing the Council investment in technology, continued supplier engagement to explore new and more cost-effective ways of procuring services, building on those changes that have arisen during the crises, such as greater agile working, and Directorate Service Proposals (DSPs) that look at what and how specific services are delivered.

Financial Sustainability

Planning and managing resources

The Council holds reserves to deal with in year unplanned events. These balances are reviewed each year and realigned as required dependent on the perceived level of risk. This review includes an assessment of the external environment, internal known challenges and the level of savings needing to be delivered in year.

We note that this level was maintained despite the impact of uncertainty due to Covid.

There is a risk management strategy in place. All Members, senior leaders, employees and partner organisations have a role to play in ensuring that risk is effectively managed. Risks assessments are undertaken for all services in line with the strategy. The Audit Committee will then provide independent assurance for the Council's risk management and periodically review the risk register.

Conclusion:

While we have concluded that the shortfall in the delivery of savings, non-realisation of assumed government funding and failure to reduce the current funding gaps will have a negative impact on Council in the medium to long-term, we do not believe it constitutes a significant weakness in arrangements from 2020/21 – 2022/23. The Council needs to ensure that robust assessment and monitoring is in place to address this in future years.

Governance

Informed decisions and properly managing risks

Auditor's commentary on arrangements

Areas reviewed

- ***How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud..***
- ***How the body approaches and carries out its annual budget setting process.***
- ***How the body 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.***
- ***How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee***
- ***How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)***

The Cabinet is the main decision-making body of the Council, carrying out all local authority functions that are not the responsibility of any other part of the authority.

Throughout the period, key elements of this remit include:

- Review of updates from internal and external audit, including plans, progress reports and the results of work
- Review of strategic risk register and associated policies
- Key financial indicators
- Treasury Management Strategy
- Fraud and corruption arrangements

The cabinet hold regular meetings throughout the year which covers the finance updates and other urgent matters affecting the council. In addition, discussion of outturn reports, completed budgets as well as budget monitoring all takes place during these meetings. Various other committees are responsible for functions which are then presented and fed back to the cabinet. This demonstrates appropriate awareness of the cabinet regarding the operations of the council and provides effective challenge to various committees which in turn results in thoughtful decision-making

Governance

Informed decisions and properly managing risks

The audit committee oversees the council's financial reporting, internal controls, and risk management processes to ensure they are effective. It also reviews the council's financial statements, monitors internal and external audit findings, and ensures any issues raised are addressed promptly. Additionally, the committee advises on improving governance structures and financial practices, providing oversight to the council's management and operations. Overall, it ensures the council operates efficiently, ethically, and in compliance with legal and regulatory requirements.

There is a systematic programme of internal audit work. The Authority's head of internal audit opinion was:

- 2020/21 Adequate Assurance
- 2021/22 Adequate Assurance
- 2022/23 Adequate Assurance

This demonstrated that the council had generally sound control framework in place.

The internal audit plan was designed to be flexible, and reviews have moved in and out of the work programme during the year to accommodate the Council's changing risk profile and ability to obtain assurances from other reliable sources.

We reviewed the Head of Internal Audit opinion for all three years. We assessed whether there are any potential significant weaknesses in the Authority's arrangements, particularly focusing on the 'limited and no assurance' internal audit reports with high-risk or high-priority findings.

Notably, in the prior year Haringey's schools required improvement whereas in 2020/21 significant improvement was noted for schools. No schools in 2020/21 were assigned a "nil" assurance. The two schools from 2019/20 which had a nil assurance both demonstrated significant improvement. The report confirmed that 15 out of 17 schools received "adequate or above assurance rating.

A key element to ensuring corrective action is undertaken is through implementing internal audit recommendations, particularly where these are high priority or linked to areas where limited and/or "No" assurance has been given. The Audit Committee received regular updates from internal audit including periodic updates over the status of recommendation implementation. Internal audit reports concluded 'Adequate assurance' and some internal audit reports concluded 'limited assurance'. Although these represented a relatively small subset of overall reports.

In 2020-21, internal audit indicated areas which assurances were not adequate which were:

Declaration of interest, arrangements for letting contracts, contract management, purchase cards, management of cyber risks, contract waivers, brokerage, IT disaster recovery, property acquisition and disposal, health and safety and safeguarding. No critical issues were identified during this period.

In 2021/22 the head of internal audit confirmed that there were areas where assurances were not adequate which were: Mental Health Assessments; Elective Home Education; Deprivation of Liberty; Payroll, Recruitment of Temporary Agency Workers, New River Leisure Centre, Building Compliance (Corporate and Schools), Compliance with the ICO Accountability Framework, Cyber Security, Council Tax, Use and Control CCTV, Building Compliance and Contract Management.

Governance

Informed decisions and properly managing risks

In 2022/23 the head of internal audit confirmed that there were areas where assurances were not adequate which were Management of Trees; Delivery of Climate Change Action Plan; Stocks and Stores; Delivery of Medium Term Financial Savings; Gas Safety; Payroll, Early Years Commissioning, Management and Control of Anti-Social Behaviour; Accounts Payable; Customer Pathway Arrangements (Repairs) Recruitment, Retention and Leavers, Delivery of SEN Improvement Plan, Stock Condition Surveys, Business Continuity Planning, Parking System Implementation, IT Strategy, Homelessness / Temporary Accommodation, Leasehold Consultation Process (S20), Management and Control of the Contract Register, Application Review of Tech Forge application, Fleet Contract Management and Estate Management and Commercial Property.

The budget setting process takes place on an annual basis. For the period under review this has been finalised in February 2020 for the financial year ahead, with reports in all cases being taken to the Cabinet and Full Council committee. In practise much of the consultation takes place earlier in the year which we confirmed through our review of December 2019 minutes.

The budget reports are supported by detailed analyses and appendices including estimates over business rates income, pay policy statements, revenue profile, general fund budget business planes, earmarked reserves projections, the strategic risk register, review of robustness of estimates and adequacy of proposed financial reserves, capital schemes, capital and investment strategy and treasury management strategy.

These outputs are referred to and summarised in the main body of the Medium-Term Financial Strategy. Ultimately this supports the reporting of timely information and the identification of matters requiring corrective action. This is also supported by interim updates on the MTFS, and outturn reports.

There is a workforce Plan (2019-2023) in place and is part of the delivery arrangements with reports to Staffing and Remuneration Committee. Updated policies and procedures underpin the Council's human resource requirements. Delivery of Council objectives is monitored by the management teams. Resourcing of programmes has been undertaken to ensure the appropriate mix of resources and skills are in place for each programme.

The council made a self-referral to the regulator of social housing in January 2023 as it had identified a failure to meet statutory health and safety requirements in some of its homes. The council did not complete the fire and electrical safety checks for every property which needed one and a high number of fire remedial actions were overdue. The investigation noted that a significant proportion of LB Haringey's properties do not meet the Decent Homes Standard. The Council has demonstrated to the regulator that it now understands the work it needs to undertake to resolve the issues, both in relation to its compliance with the Decent Homes Standard and to ensure all relevant safety actions are completed. The Council has started to put in place an urgent programme to rectify these failures. The regulator will work with the Council as it continues to address the issues which have led to this situation, including ongoing monitoring of how it delivers its health and safety and decency programme. The regulator will continue to keep use of statutory powers under regular review through their engagement with the Council.

Governance

Informed decisions and properly managing risks

In addition, the Council had an OFSTED review of children services throughout years 2021- 2023. This regulator only relates to schools and child-minding centres. The Council will be responsible for state-funded schools and thus this regulator is applicable. The assessment was carried out between 13 and 24 February 2023.

The assessment aimed to evaluate the effectiveness, quality and impact of the Council's services in supporting children who need help, protection and care. It reviews the experiences and progress of children in care and focuses on identifying the impact of various issues such as parental mental illness, domestic abuse, substance misuse, exploitation, and neglect, and are informed by children's views and those of partner agencies.

The impact can be seen in children's improving attendance levels and achievement, a reduction in suspensions from school, and a decrease in the proportion of young people not in education, employment, or training. The virtual school service provides relevant training for social workers, foster carers, and designated leads. Considering the challenges many pupils in care face, more can still be done to support better educational outcomes, especially for those in primary school and older pupils in key stage 4.

Almost all Personal Education Plans (PEPs) are completed in a timely way. Most of these plans contain measurable and meaningful steps for each child. Recruitment of foster carers is improving. Recruitment in the last year has increased the number of foster carers available.

Social workers and personal advisers keep in touch with young people and offer the support that they need, when they need it. They visit young people regularly to develop trusting and caring relationships. This includes young people in custody. This demonstrates the strides taken by the Council to improve children's services and implementing recommendations.

Conclusion

The Council has adequate arrangements to identify and monitor risks and make informed decisions. However, the issues highlighted in this report, particularly those from the internal audit review with limited and 'no' assurance and high-risk and priority findings, need improvement and continued focused monitoring.

Recommendations

Our VFM work for 2020/21 to 2022/23 has not identified significant weaknesses in the Authority's Governance arrangements. However, we have identified opportunities for the Authority to improve their Governance arrangements and have made recommendations accordingly. These are detailed in the table below. The recommendations raised below are split according to each internal audit review area with limited and no assurance, highlighting high priority/risks identified. However, they fundamentally relate to similar governance arrangements around internal controls of the Authority.

	Area for continued focus	Year affected	Significant weakness noted?	Recommendation	Management response
1	Financial Sustainability	All	No	The Council needs to ensure that robust assessment and monitoring is in place to continue to highlight and respond to significant financial challenges as the arise.	TBC
2	Follow-up of internal audit recommendations	All	**No**	Ensure that IA recommendations are monitored for timely implementation to ensure a robust system of internal control.	TBC

APPENDIX 1 – Additional Reporting Powers

Informed decisions and properly managing risks

Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's (NAO's) Code of Audit Practice – 2024 (the 'Code').

Under the Code, we are required to review and report on the following:

- To be satisfied that the accounts comply with the requirements of the enactments that apply to them
- To be satisfied that proper practices have been observed in the preparation of the statement of accounts and that the statement presents a true and fair view
- To be satisfied that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- To express an opinion on the accounts
- To certify completion of the audit
- Where appropriate, to give an opinion on the part of the financial statements that relates to a pension fund maintained by the authority under regulations under Section 1 of the Public Service Pensions Act 2013
- To consider whether to issue a report in the public interest
- To consider whether to make a written recommendation to the audited body, copied to the Secretary of State

The Code also defines a number of additional powers and duties

- To give electors the opportunity to inspect and raise questions about the accounts and consider and decide upon objections received in relation to the accounts
- To apply to the court for a declaration that an item of account is contrary to law
- To consider whether to issue an advisory notice or to make an application for judicial review
- To comply with the Code of Audit Practice prepared by the Comptroller and Auditor General and approved by Parliament
- To have regard to any statutory guidance to auditors issued by the Comptroller and Auditor General

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