



# Corporate Committee Update for London Borough of Haringey

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**Year ended 31 March 2013**

September 2013

**Paul Dossett**

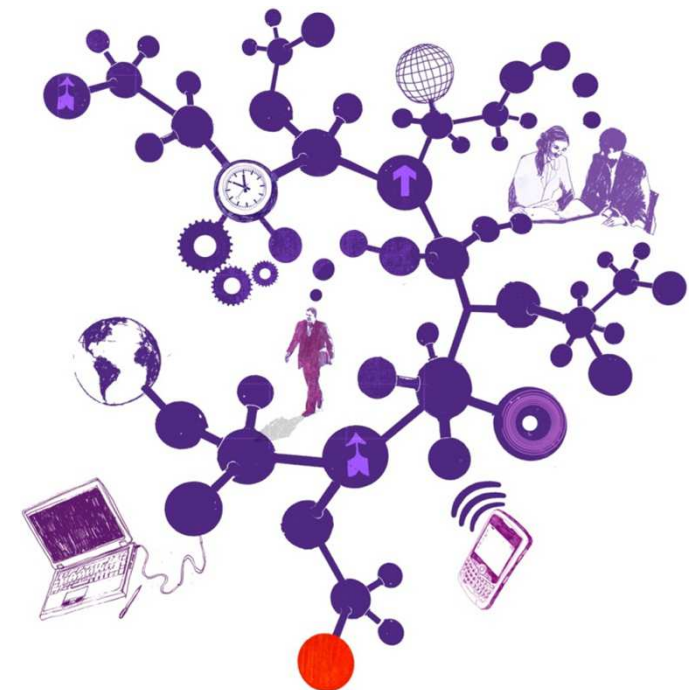
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction

This paper provides the Corporate Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a Council; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Corporate 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 - 'Local Government Governance Review 2012', 'The developing internal audit agenda', 'Preparing for the future', 'Surviving the storm: how resilient are local authorities?'

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 Audit Manager.

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## Progress at September 2013

Work	Planned date	Complete?	Comments
<p><b>2012-13 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 2012-13 financial statements.</p>	March 2013	Yes	The plan was presented to the Corporate Committee in March 2013.
<p><b>Interim accounts audit</b> Our interim fieldwork visit includes the following:</p> <ul style="list-style-type: none"> <li>• review of the Council's control environment</li> <li>• confirm understanding of financial systems</li> </ul>	December 2012- March 2013	Yes	The outcome from this work has been reported separately in the audit plan (presented to the Corporate Committee in March 2013).
<p><b>2012-13 final accounts audit</b> Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2012-13 financial statements</li> <li>• proposed opinion on the Council 's accounts</li> <li>• proposed Value for Money conclusion.</li> </ul>	July- September 2013	Yes	The audit is now complete and we will issue the audit opinion after the Corporate Committee meeting in September 2013. We have reported our findings separately in the Audit Findings and Financial Resilience reports.

## Progress at September 2013

Work	Planned date	Complete?	Comments
<p><b>Value for Money (VfM) conclusion</b></p> <p>The scope of our work to inform the 2012/13 VFM conclusion comprises risk-based work focusing on arrangements relating to financial governance, strategic financial planning and financial control.</p> <p>Specifically we will:</p> <ul style="list-style-type: none"> <li>• Discuss and review the arrangements in place for reacting to the new legislation (transfer of Public Health to the Council, welfare reform and the Local Government Finance Act);</li> <li>• Update and refresh our review of Financial Resilience, focusing on the Medium Term Financial Plan and the savings plans; and</li> </ul>	January-September 2013	Yes	<p>The work is now complete and we will issue our Value for Money conclusion after the Corporate Committee .</p> <p>We have reported our findings separately in the Audit Findings report and the Financial Resilience report.</p>
<p><b>Grant claim certification</b></p> <p>We are on track to certify two further claims by the end of September 2013 (the audit deadline for these claims).</p> <p>We plan to certify the two remaining grant claims (to include Housing Benefits) by the deadline and by the end of November 2013.</p>	August- November 2013	Ongoing	
<p><b>Whole of Government accounts (WGA)</b></p> <p>We received the WGA consolidation pack on 2 September and we will submit this by the audit deadline of 4 October 2013.</p>	September 2013	Ongoing	

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# Emerging issues and developments

## Local government guidance

### Social care for older people

In July, the Audit Commission released [Social care for older people: Using data from the VFM Profiles](#). This briefing has been drawn from the Commission's Value for Money (VFM) Profiles and show councils spend on different services and how their costs and performance compare with other similar organisations.

### Council tax collection – data from the value for money profiles

The Audit Commission has released a briefing on [Council Tax Collection](#) which uses the data held in the VFM profiles tool. The VfM profiles can be used to consider:

- how the cost and rate of collection compares to different comparator groups
- how changes over time compare to the overall trends described in the briefing
- how council tax collection may be affected by local arrangements in the council tax reduction scheme.

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# Emerging issues and developments

## Local government guidance

### Local Government Pension Scheme

The Department for Communities and Local Government has launched a [\*Call for evidence on the future structure of the Local Government Pension Scheme\*](#). The consultation is asking for feedback on the objectives for structural reform and how the Local Government Pension Scheme can best achieve accountability to local taxpayers through the availability of transparent and comparable data while adapting to become more efficient and to promote stronger investment performance.

The consultation closes on 27 September 2013.

### Local government claims and returns 2011/12

In June, the Audit Commission published '[Local government claims and returns 2011/12 – The Audit Commission's report on certification work](#)'. The report includes information and commentary on the number and value of certified claims and returns; auditors' findings; the cost of certification work; and future certification work.

The Audit Commission concluded that:

- while 2011/12 saw a fall in the value of amendments and number of qualification letters, this was largely due to fewer claims and returns requiring certification. Proportionally, the level of claims and returns amended or qualified rose, while the most significant scheme, housing and council tax benefits, saw both the value of amendments and number of qualification letters increase.
- authorities and grant-paying bodies should continue their work to ensure schemes' terms and conditions are complied with, particularly when schemes change significantly or are in their final year.



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# Emerging issues and developments

## Grant Thornton

### 'Future Councillors – where next for local politics?'

Grant Thornton has sponsored the latest New Local Government Network (NLGN) research paper: [\*Future Councillors – where next for local politics?\*](#) Whilst more or less every aspect of what a council does is currently up for discussion, this is not the case for the role of local politicians. The report is a response to this discourse gap.

The report content is based on a series of workshops held earlier this year with a number of councillors from different local authority types, different regions and from different political parties. The workshops, which Grant Thornton attended, included a scenario-planning exercise which identified how councillors that fail to renew their democratic processes risk losing the support of their communities. The research also suggested that councils that did grasp the opportunities offered by technology and service redesign can become far more engaged with their communities, building efficient and co-operative models of local government focused on neighbourhood needs.

The report includes a chapter by Guy Clifton from Grant Thornton on the councillor's role in financial planning. The workshops identified that many elected members are keen to take a far greater role in financial planning at their authorities, particularly given the significant funding challenges being faced. During the workshops we explored the skills and capabilities that members need to effectively manage the budget setting process. These included: effective communication and stakeholder engagement, understanding financial planning tools and, perhaps most importantly, knowing what questions to ask.

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# Emerging issues and developments

## Grant Thornton

### Spending Round 2013

It was announced in the June spending round that the local government resource budget will be reduced by 10 percent in 2015/16.

As Paul Dossett, Head of Local Government at Grant Thornton UK LLP, wrote on [informationdaily.com](http://informationdaily.com), the Chancellor 'seemingly acknowledged local government's capacity to deliver the scale of savings achieved so far. No other spending department received such positive affirmation. The Chancellor's actions imply that local government leaders are more capable of meeting the national challenge than other parts of the public sector. Over the past three years, local government members and senior officers have tightened their organisational belts and most have shown they are able to deliver significant change. The government is placing continued reliance on their resourcefulness in order to help meet the fiscal shortfalls facing the broader public sector, and many in the sector recognise this.'

'In his speech, the Chancellor recognised the benefits that more collaborative working can bring, although not on the lines subsequently suggested by the LGA. The Chancellor called for more joined-up working between police forces, and between police forces and local authorities - with a £50m innovation fund to be established to support this work. He also called for greater collaboration between health and social care services, with £200m to be transferred to local authorities from the NHS in 2014-15, and a £3.8bn pooled budget in 2015-16. In addition, £35m is to be made available to local authorities in 2015-16 to help prepare for reforms to the system of social care funding, including the cap on care costs from April 2016. There is also the £200m additional funding to the Troubled Families programme being managed by the department for Communities and Local Government.'

# Emerging issues and developments

## Accounting and audit issues

### 2014/15 Code of Practice on Local Authority Accounting

At the end of July, CIPFA/LASAAC released the [2014/15 Code of Practice on Local Authority Accounting in the United Kingdom \(the Code\)](#) Exposure Draft (ED) and Invitation to Comment (ITC) for public consultation. The significant changes proposed in the ITC include:

- IFRS 13 fair value measurement: the proposed approach would result in authorities reviewing current measurements of property, plant and equipment and for some authorities, may require remeasurement of particular assets. CIPFA/LASAAC is proposing a relaxation of the measurement requirements of IFRS 13 and IAS 16 Property, Plant and Equipment for a three year period
- introduction of the new group accounting standards
- other amendments to standards issued by the International Accounting Standards Board (IASB): amendments to IAS 32 *Financial Instruments: Presentation* to clarify the application of the new disclosure requirements introduced in the 2013/14 Code and clarification on comparative information from amendments to IAS 1 *Presentation of Financial Statements*
- local government reorganisations and other combinations: clarification of the Code's requirements and alignment with other public sector bodies
- options for the "dry run" for the move to depreciated replacement cost for local authority transport infrastructure assets as set out in the CIPFA Code of Practice on Transport Infrastructure Assets to the (Local Authority Accounting) Code.

CIPFA/LASAAC have also launched a consultation on [simplifying and streamlining the presentation of local authority financial statements](#).

Both consultations close on Friday 11 October 2013.



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