



CORPORATE GOVERNANCE COMMITTEE – 25 NOVEMBER 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

EXTERNAL AUDIT – TECHNICAL UPDATES 2016/17

Purpose

1. To present the committee with the following external audit reports for information:
 - Local Government Technical Update
 - Rethinking Local Government
2. John Cornett from our external auditors, KPMG, will attend the meeting in order to present the reports and answer any questions.
3. The 2016/17 external audit plan for the Statement of Accounts, Annual Governance Statement and Pension Fund will be reported to the February committee.

Local Government Technical Update

4. A copy of the technical update is included as Appendix 1. The report includes details about the following areas:
 - Appointment of External Auditor - new local audit framework where authorities will appoint their own auditors from 2018/19. At the last meeting, the Committee approved the recommendation to join a sector led body (SLB) for auditor appointments, managed by the Local Government Association.
 - Business Rates Retention Consultations – proposed reforms for 100% retention and Call for Evidence on Needs and Distribution. The Council responded to the consultations in September 2016. A copy of the consultation responses was agreed by the Cabinet at its meeting on 16th September.
 - National Audit Office Report on Capital Expenditure and Resourcing – the report examines trends in capital expenditure and resourcing and the implications for financial and service sustainability in local authorities. The key findings in the report are that since 2010-11 local authorities have faced less pressure on their resources for funding capital relative to revenue; authorities have looked at ways to minimise the revenue costs of capital programmes;

and capital spending has been focussed on meeting statutory responsibilities, invest to save activities and promoting local growth. The County Council has experienced the same findings over this period. The largest pressure is the financing costs of capital, debt and interest repayments. By using one off revenue underspends and earmarked funds the County Council has reduced the capital financing budget to £24.1m in 2016/17 (7% of total revenue budget) from £29.1m (8.6% of total revenue budget) in 2010/11.

- Public Sector Audit Appointments (PSAA) Value for Money Tool – the tool brings together data about the costs, performance and activity of local councils and fire and rescue authorities. The County Council appears in the lowest percentiles for total net spend per head, spend on adult social care services and children and young people for the data set 2014/15 and planned spend 2016/17. There is one indicator where the Council is in the highest percentiles relating to spend on council tax benefits and housing benefits which are a District Council function.
- Whole of Government Accounts (WGA) – external audit completion by 21 October. The WGA process was completed by the deadline.

Reimagine Local Government

5. This paper includes a number of short reports on different ways to tackle certain challenges facing local government.

Background Papers

6. Cabinet 16th September – Response to Consultation on Self- sufficient Local Government: 100% Business Rates Retention and Business Rates Reform Fair Funding Review: Call for Evidence on Needs and Redistribution.
<http://politics.leics.gov.uk/documents/s122324/Cabinet%20Report%20Sept%2016%20response%20to%20consultations%20050916.pdf>

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Appendices

Appendix 1 – Local Government Technical Update
Appendix 2 – Reimagine Local Government