

# Audit Progress Report

Stockport Metropolitan Borough Council

Audit Committee

November 2023



1. Audit Progress
2. National publications

# 01

Section 01:

## **Audit Progress and Audit Planning**

# Audit progress

## Purpose of this report

This report provides the Audit and Governance Committee's 15<sup>th</sup> November 2023 meeting with:

- an update on the status of the 2021/22 Audit
- an update on the status of the 2022/23 Audit

## 2021/22 Audit

### *Financial Statements*

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2022. In our Audit Completion Report presented to the September 2022 Audit Committee meeting we highlighted a number of areas still in progress. We have provided below an update on each of these areas.

*Expenditure* – At the time of issuing our Audit Completion Report we were awaiting evidence in respect of our sample testing of social care payments. We have received the supporting information and there are no matters to bring to the committee's attention.

*Investment Properties* – At the time of issuing our Audit Completion Report our valuations specialist was concluding their review of the valuation of the Council's share of land at Manchester Airport. This review is now complete and there are no matters to bring to the committee's attention.

*Property, Plant and Equipment* – At the time of issuing our Audit Completion Report we were awaiting resolution of a sector-wide issue relating to how the Council accounts for infrastructure assets. The Department for Levelling Up, Housing and Communities issued a temporary statutory override in December 2022 and CIPFA subsequently updated the Code with revised accounting and disclosure requirements. The Council has updated the accounts in line with the Code update, and in doing so identified an issue with the historic depreciation applied to its infrastructure assets. This was due to the asset lives applied to some assets not following the Council's accounting policy. This resulted in an annual under-charge of depreciation of c. £0.5m, with a cumulative undercharge as at 31 March 2022 of £6.5m. As this is not material management have chosen not to amend the financial statements.

Since issuing our Audit Completion Report we became aware of the national issue regarding the use of Reinforced Autoclaved Aerated Concrete (RAAC) in public sector building. The Council has ongoing arrangements in place to assess and manage the risk of RAAC in its buildings. At this stage the Council has identified one asset where RAAC is present. The value of this property in the Council's accounts is £0.1m which is immaterial. Management have not identified any material issues relating to RAAC.

# Audit progress

## 2021/22 Audit continued

### *Financial Statements*

*Investments* – At the time of issuing our Audit Completion Report our valuations specialist was concluding their review of the valuation of the Council’s investment in Manchester Airport Holdings Limited (MAHL). This review is now complete and identified an overstatement in the investment of £14.8m. The overstatement was a result of the Council’s valuation not taking account of lease liabilities arising from MAHL applying a new accounting standard relating to leases. This also resulted in a prior period adjustment, reducing the valuation in the 2020/21 accounts by £14.3m. Management have updated the financial statements for this.

*Pensions* - At the time of issuing our Audit Completion Report we were awaiting assurances from the auditor of Greater Manchester Pension Fund on areas of their audit which could impact on the Council’s net pension liability valuation. We have now received these assurances which identified an understatement in the value of assets at the fund level of c.£215m. These arose from timing differences between the valuations used to produce the pension fund accounts and the point at which the audit of these valuations was completed. The Council’s share of these differences is £10.9m. As these are not material management have decided not to amend the financial statements.

Since issuing our Audit Completion Report the pension fund has completed its triennial valuation as at 1 April 2022 based on updated actuarial assumptions and the latest membership data available for this date. This triennial valuation was indicating material movements in the estimated 31/3/2022 net liability valuation. The Council has obtained an updated actuarial assessment and amended the accounts to reflect it. We have completed work on the revised valuation and there are no matters to bring to the committee’s attention.

*Financial statements, Annual Governance Statement and letter of representation* – We anticipate the Audit Committee approving the Statement of Accounts and Annual Governance Statement at the 15<sup>th</sup> November 2023 Audit Committee meeting. Following receipt of the signed statements, and the Deputy Chief Executive issuing the letter of representation to us, we expect to sign our audit report.

### *Value for Money arrangements (2021/22)*

Our work on the Council’s arrangements for securing value for money is complete. We have not identified any significant weaknesses in the Council’s arrangements. In our Audit Completion Report we issued draft commentary on the Council’s arrangements. Given the passage of time we have updated our commentary and included on the following pages. We will formally issue this as part of our Auditor’s Annual Report alongside our opinion.

# Audit progress

## Overall commentary on the Financial Sustainability reporting criteria

### Background to the Council's operating environment in 2021/22

Since March 2020 local authorities have faced a period of unprecedented challenge, both financially and economically, as they are responding to the impact of, and recovery from, the global Covid-19 pandemic. This led to significant changes in how the Council operates and delivers services to the residents and businesses of Stockport. Throughout the past two years, the Council has adapted to new ways of working in order to ensure the continuation of service delivery and the provision of new services to support the local communities through the pandemic. More recently, the Borough moved toward recovery from the immediate impact of national restrictions and the outbreaks of new Covid variants.

The financial impact of the pandemic on the Council has been significant. During 2021/22 the Council has faced the additional costs including for both the new responsibilities it faced in response to the pandemic and also because of the loss of income as a result of the national restrictions. Some of the government's initiatives to respond to the covid-19 pandemic were supported by additional funding for the Council, and as in 2020/21, Stockport received significant additional funding in the form of government grants for 2021/22. Whilst the Council has received financial support from Government to address these issues, it clearly recognises this funding is one-off in nature. As such, the Council has continued to work to understand the longer-term impact of the pandemic, and to adapt its financial plans to take account of the financial scarring over the medium term.

As the Council looks towards the future, the financial challenges only increase. In addition to dealing with the recovery from the Covid-19 pandemic, the war in Ukraine has had an adverse impact on the UK economy, with resulting increases in energy costs, supply chain issues and inflation rates reaching highs not seen in recent times. The subsequent increases in the cost of living, which are forecast to continue for the foreseeable future, will mean the Council needs to pay close attention to its budget position and reassess the impact at regular intervals in order to identify mitigations at the earliest opportunity.

### 2021/22 Financial statement performance

We have undertaken a high level analysis of the audited financial statements, including the Movement in Reserves Statement and the Balance Sheet.

The Council's balance sheet has seen some significant movements over the past year. Overall, the Council's net assets have increased from £807.8m to £1,131.0m at 31 March 2022. The most significant changes in the balance sheet relate to decreases in the Council's share of the pension fund net liability (being a deficit position) of £140.1m compared to the prior year, and increases in the value of the Council's property, plant and equipment portfolio of £159.5m compared to the prior year. It is not unusual to see material movements in the net pension liability and this is consistent with our experience at other local authorities. The deficit position is typical across the sector. The movements in property values are reflective of the Council's capital programme, and changes as a result of regular asset revaluations.

The Council's useable reserves have decreased from £200.6m at 31 March 2021 to £182.5m at 31 March 2022. The decrease is mainly due to the Council utilising its Collection Fund Reserve to address the 2020/21 deficit created by the loss of business rates income due to the Covid-19 pandemic.

Excluding the Collection Fund Reserve, the Council's schools and general fund earmarked reserves have increased by £8.2m in year, to a total of £116.1m. These reserves provide some mitigation against future financial challenges. The movements in earmarked reserves are consistent with the reserves policy set by the Council in year, which recommended the Council holds earmarked reserves of £85.9m. The Council's reserves policy identifies the purpose of each reserve, for example whether the reserve is linked to the Council's strategic priorities or to support budget resilience. The policy also sets out the approval process for drawing down reserves. The approval process is determined by the type of reserve and involves Officers of sufficient seniority in the decision to draw down the reserve.



# Audit progress

## Overall commentary on the Financial Sustainability reporting criteria

### The Council's financial planning and monitoring arrangements

The Stockport Council Plan 2021/22, approved at the Full Council meeting in February 2021, sets a framework for delivering the Council's desired outcomes, and informs decision making in terms of the Council's transformation programme and resulting efficiencies. As well as delivering outcomes, the transformation programme is linked to the delivery of the Council's Medium Term Financial Plan (MTFP) and the delivery of services within the resources available.

In February 2021, the Council set a balanced budget for 2021/22, with a total net expenditure requirement of £273m. The budget set by the Council included a Council Tax increase of 3.5% (including a 1.5% increase to the Adult Social Care Precept), which was below the maximum increase of 5%, balancing the financial pressures faced by the Council with the impact on local taxpayers. We have reviewed the Council's budget setting papers for 2021/22 and confirmed the budget is linked to the updated MTFP approved at the same meeting. It includes details of key underlying assumptions including levels of inflation and pay increases alongside known changes to levies charged in respect of waste, transport, police and fire services.

The Council's budget for 2021/22 is based on the 2020/21 Q3 forecast outturn, adjusted for agreed changes with services, savings proposals and contingency allocations. For 2021/22, the budget included £11.2m contingency relating to the financial impact of the Covid-19 pandemic. The budget is subject to approval by Cabinet and review by relevant scrutiny committees prior to final approval by Council. During the budget setting process members are kept fully up-to-date on developments in local government finance, and we have seen evidence of officers proactively engaging members in the process. Examples of this include detailed papers including explaining the impact of the Local Government Finance Settlements on the Council's budget and MTFP, and regular reviews of the Council's MTFP ensuring this remains up-to-date and robust.

During the year the Council reported its financial position to Cabinet four times, in its Corporate Performance & Resources Updates. We have reviewed a sample of the reports presented for 2021/22. These contain appropriate detail of the significant variances to budget and provide an update on the delivery against forecast outturn. They also contain appropriate information on the delivery of the approved capital programme, including explanations for both over and under spends against the budget profile.

The Corporate Performance and Resources Update is supported by detailed Portfolio Performance and Resources reports for each of the Council's Cabinet Portfolios. These provide further and more granular detail on the financial position of each portfolio and are reviewed by relevant scrutiny committees. We selected a sample of these reports to review and confirmed the detail included was sufficient to allow for effective discussion and challenge of the Portfolio's performance. The reports included detail on the reserves held by the portfolio, progress against capital schemes and achievement of savings, in addition to the financial commentary of performance against budget.

As in previous years, officers have worked to ensure financial information is available on a timely basis. Despite the impact of remote working, and the redeployment of Council staff across services to support the response to the pandemic, the Council's finance officers were able to produce a high quality draft Statement of Accounts in advance of the revised national deadline.

The Council reported its revenue outturn position for the 2020/21 year as an overall surplus of £2.2m. The reported surplus followed an allocation of £10.1m from the Council's Covid-19 Financial Scarring Impact contingency to reflect the additional costs, such as demand-led pressures in children's services, or income reductions such as reduced rental income across the Council's investment portfolio.

# Audit progress

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

### Arrangements for the identification, management and monitoring of funding gaps and savings

The Council has developed an MTFP Strategy to frame the choices it needs to make about the services it delivers and how it delivers them. This strategy underpins the organisational delivery of the Council Plan and helps to ensure decision making gives consideration to the future shape of the Council and its ongoing financial sustainability.

A key part of the MTFP is to highlight the budget issues that need to be addressed by the Council in each of the years covered. This includes assumptions to allow forecasting of the level of available resources from all sources together with the budget pressures relating to both capital and revenue spending. It also assesses the adequacy of reserves and provisions held for past events which may impact on the Council's resources.

As part of the budget process, the Council explicitly identifies its savings gap for the following year. Following the summer MTFP review, savings proposals are developed by the officers responsible for their delivery. Saving proposals are consulted on (where relevant) and scrutinised by relevant Scrutiny Committees prior to approval by Cabinet. Through our review of the budget setting process we selected a sample of savings proposals and confirmed these had been subject to the appropriate consultation and scrutiny process prior to approval by Cabinet.

The savings gap identified in the MTFP for 2022/23, 2023/24 and 2024/25 were £20.2m, £34.1m and £6.5m respectively at the start of the budget setting process. During the course of the budget setting process, the Council updated the assumptions underpinning the MTFP. These revisions included identified savings to date, and the outcome of the local government financial settlement in Autumn 2021. This reduced the savings requirement for 2022/23 to £7.4m, rising to £13.4m in 2024/25. The Council has a strong track record of delivery against savings programmes to bridge budget gaps in recent years.

### Arrangements and approach to 2022/23 financial planning

The arrangements for the 2022/23 budget setting process have largely followed the arrangements in place for 2021/22.

The budget for 2021/22 was approved at the February 2022 Council meeting, with a total net expenditure requirement of £281.1m. As reported above, the Council's MTFP identified an initial savings gap of £7.4m for 2022/23. Using the methodology described above, the Council was able to eliminate this gap and to set a balanced budget for 2022/23. The budget gap has been eliminated through a combination of MTFP assumption updates, an increase in Council tax of 3.5% (including the adult social care precept), Cabinet's approved savings programmes of £10.53m, and appropriations from reserves of £5.6m.

We have reviewed the 2021/22 budget papers and confirmed the budget assumptions are sensible, realistic and properly applied based on the circumstances at the time the budget was set. As previously set out, the financial challenges facing the Council have fundamentally shifted in the period since the 2022/23 budget was set. Throughout 2022/23 the Council was forecasting a deficit outturn as it continued to deal with the economic impact of the cost of living crisis. The Council was clear about the adverse risk attached to its forecasts, and the likelihood of the deficit increasing as the year progresses. The final outturn for the Council's revenue budget in 2022/23 was a deficit of £0.3m, following the allocation of £6.9m from the Covid-19 Financial Scarring Impact Contingency. The Council will continue to monitor the financial situation and identify mitigations where available through regular review of its MTFP and reserves policy. The 2022/23 financial year will be considered in more detail as part of our 2022/23 Auditor's Annual Report for the 2022/23.

**Notwithstanding the financial challenges faced by the Council and wider local government sector, we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability.**



# Audit progress

## Overall commentary on the Governance reporting criteria

### Risk management, decision making and monitoring arrangements

The Council has a comprehensive risk management system in place which is embedded into the governance structure of the organisation. As part of the Council's governance framework, the Audit Committee is responsible for ensuring that risk management arrangements are in place and are regularly reviewed to ensure they are working effectively.

Decision making is supported by risk management arrangements. The Corporate Governance Group monitors the development and maintenance of a Corporate Risk Register and the Corporate Leadership Team receive regular in-year updates on the management of risks within the Corporate Risk Register.

The corporate risk register provides the Council's senior leadership team with oversight of the key risks faced by the organisation. Regular updates to it are taken to the Audit Committee, allowing for member scrutiny and challenge of the risk assessment process. We have reviewed the Council's Corporate Risk Register and confirmed the assessment covers the areas we would expect, and the risks identified are assigned to appropriate risk owners and are linked to the Council's corporate priorities.

In order to provide assurance about the effective operation of internal controls, including arrangements to prevent and detect fraud, the Council has a team of internal auditors, led by the Head of Internal Audit, Risk and Insurance. The annual Internal Audit plan is agreed with management at the start of the financial year and is reviewed by the Audit Committee prior to final approval. The 2021/22 Internal Audit plan was approved by the Audit Committee in March 2021 ahead of the start of the financial year.

The audit plan is based on an assessment of risks the Council faces and is determined to ensure there is assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The planned work is supplemented by ad hoc reviews in respect of suspected irregularities and other work commissioned by officers and Members of the Council where relevant to respond to emerging risks and issues. We have reviewed the Internal Audit plans for 2021/22 and 2022/23 and confirmed they are consistent with the risk based approach.

Internal Audit progress reports are presented to each Audit Committee meeting, including details of audit reports completed since the last update, along with a summary of recommendations raised. From our attendance at meetings, we are satisfied this allows the Committee to effectively hold management to account.

At the end of each financial year the Head of Internal Audit provides an opinion based on the work completed during the year. For 2021/22, the overall opinion was as follows:

*On the basis of our programme of work for the year, I can provide moderate assurance overall that there is a generally sound system of internal control, adequately designed to meet the Council's objectives, and controls are generally being applied consistently. However, some weaknesses in the design and inconsistent application of controls put the achievement of particular objectives at risk. This opinion informed, and was appropriately reflected in the Council's Annual Governance Statement.*

# Audit progress

## Overall commentary on the Governance reporting criteria

### Risk management, decision making and monitoring arrangements continued

Through the Annual Governance Statement, the Council has developed an action plan to address governance priorities for the year ahead. The 2021/22 Annual Governance Statement reported on progress made in addressing the 2020/21 priorities, and identified three priorities for 2022/23 relating to transformation, achievement of the MTFP and engaging with the newly established Integrated Care Board as part of Health and Social Care reforms. Throughout the year the Audit Committee receives regular progress reports on delivery of this action plan, providing Members with assurance that the Council is on track with delivery of the plan.

The Council has an established governance structure in place which is set out within its Annual Governance Statement. This is supported by the Council's Constitution, which includes sections on Members and Officers Codes of Conduct, and the Corporate Governance Code.

The Code of Corporate Governance sets out the key principles which the Council is committed to and which is the framework for the Council to conduct its business. It allocates to key officers roles and responsibilities in respect of the corporate governance themes. In doing this, the framework sets out clearly the lines of accountability.

### Arrangements for budget setting and budgetary control

The Council has an approved set of budget principles which is used during the budget setting process. The Council's annual budget setting process begins with the retesting of the MTFP forecasts and assumptions to ensure the Council's forecast saving requirement is robust to inform decision making. In addition, available one-off resources are identified to support the balancing of the budget and/or one-off investments.

Based on the updated MTFP position, saving proposals and/or additional resources (i.e. income generation) are identified by services to support the balancing of the budget. Proposals are consulted on and scrutinised by relevant Scrutiny Committees prior to Cabinet approval for inclusion in the budget as part of balancing the budget. Proposals are informed by and aligned to the Council Plan and MTFP Strategy. Government announcements linked to the Council's future funding are a key part of the process. This includes Government Spending Reviews, national budget announcements and Local Government Finance Settlement announcements. In addition, Cabinet decide on an appropriate level of Council Tax increase taking all of the above into account as well as the impact this has on residents to support the balancing of the Council's budget. We have reviewed the budget assumptions which are appropriate and are consistently applied.

Budget monitoring is the responsibility of budget managers with the support of the Finance Service. Each budget has a named budget manager and responsibilities are clear. Financial reports are produced on a regular basis and meetings are held to discuss progress against the financial forecasts. Significant variances against budget are investigated and directors are required to identify and agree the corrective actions to be taken here the individual budgets are at risk. Directors are also required to separately monitor the implementation of approved savings plans and to advise of any slippage or variation. We have reviewed a sample of the finance reports which have been prepared throughout the 2021/22 year which evidence that an appropriate level of detail is included to keep directors, the Senior Leadership Team and members informed of any actual or potential overspends, including detail on how these areas are being managed.

# Audit progress

## Overall commentary on the Governance reporting criteria - continued

### Arrangements for budget setting and budgetary control continued

In addition to the above the Council's Section 151 Officer undertakes regular review of the Council's Reserves Policy. This ensures one-off resources are aligned to the Council's corporate and strategic objectives, and provides the Council with the financial resilience to offset the impact of unexpected event. In 2021/22 a key focus of the reserves policy was to mitigate the financial impact of the Covid-19 pandemic, and to move towards recovery from the pandemic. We have reviewed the Council's reserves policy and confirmed it is based on appropriate assumptions. The Council's 2022/23 Reserves Policy was taken through the governance process ahead of Cabinet approval. Our review of the policy confirms this takes account of the current financial challenges faced by the Council. The updated policy looks to realign reserves to support resilience in the Council's MTFP as it deals with the rising cost of inflation amongst other cost pressures.

### The work of other regulators

We reviewed the regulatory reports issued in respect of the Council, including by OFSTED and the Care Quality Commission (CQC).

The most recent full inspection of Children's Services by OFSTED was in 2022. The service was assessed as "Good" across all judgement areas. The report confirms the strong quality of practice and services was maintained despite the high levels of Covid-19 and the increased demand for services. The report confirmed areas of improvement identified in the previous inspection had largely been addressed. The report identified two areas of improvement, including management oversight in relation to visits to children, and the quality of personal education plans for children in care.

In November 2022 OFSTED undertook a joint area SEND revisit in Stockport. This confirmed the area had made sufficient progress in addressing four of the five areas of significant weakness in the original inspection.

The CQC rated the Council's Supported Living Service as "Good" in its full inspection completed in 2019. In November 2021, CQC carried out a further review and concluded it was not necessary to undertake a full inspection or to reassess the "Good" rating.

During 2021/22, the CQC also inspected the MOSAIC Drug and Alcohol service, the Council's community-based substance misuse service. The inspection report, released in February 2022, rated the service as "Good" overall, and "Outstanding" against the caring domain.

Since the year-end, the Council invited peers from the Local Government Association (LGA) to take part in a Corporate Peer Challenge. The findings of the review were published in February 2023 and highlighted positives such as delivery of high performing services, strong financial management arrangements and effective working relationships between councillors and officers.

The report also made some recommendations for improvement particularly around further strengthening neighbourhood working, the way the Council works with partners, and building the Council's brand further. In response to the recommendations the Council has developed an action plan which is being delivered over 2023/24. The findings and recommendations from the review have fed into the development of the Council Plan for 2023/24.

**Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to governance.**

# Audit progress

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

### Performance Management

At the start of the financial year each Cabinet Member signs up to their Portfolio Performance and Resources Agreement, which sets out key performance measures for the Portfolio. The performance measures identified for each area are driven by the Council Plan, and, for 2021/22 reflected the continued impact of the Covid-19 pandemic on the Council's service provision. We have reviewed a sample of Portfolio Performance and Resources Agreements and confirmed these translate the vision for the portfolio into a delivery plan based around a number of key priorities. The vision for each Portfolio considers the wider policy context the Council operates within, including responding to and recovery from the Covid-19 pandemic and working with other organisations across Greater Manchester. Against each priority, the agreements include a number of key performance indicators which demonstrate the delivery of the Council Plan. The agreements are linked to the Council's budget, setting out the revenue cash limit, agreed savings schemes, reserve levels and the capital plan the Portfolio is responsible for. Combining financial and non-financial measures in these agreements enables greater buy-in to the budgeting process, and provides an effective framework of holding Portfolios to account in terms of service delivery.

Each Portfolio Holder reports on the progress in delivering these priorities and outcomes during the financial year as part of quarterly Portfolio Performance and Resources Update Reports. The reports are scrutinised by relevant Scrutiny Committees during the financial year. Each report contains an overall narrative on the Portfolio's progress in delivering its agreed priorities. The reports also contain a performance dashboard, providing an at-a-glance view of the Portfolio's achievement of its key performance indicators. Within the dashboard each performance indicator has a RAG rating to show whether current performance is meeting the target, exceeding it or is behind target. The dashboard also shows performance against target over time and includes a commentary on the status of each performance indicator. Dashboards are updated on a regular basis, and

available in an interactive format online. We have reviewed a sample of the dashboard reports and are satisfied these contain adequate detail to support performance management.

We have reviewed the minutes of relevant scrutiny committees, which demonstrate a good level of discussion and challenge arising from the update reports. This indicates the reports are effective at enabling appropriate levels of scrutiny by Members.

### Partnerships and Commissioning

The Council is open to considering all options to deliver services. This means it commissions from other organisations where it is appropriate, and where it can achieve the same or better outcomes at reduced cost. The Council actively seeks to commission jointly with other public service agencies where possible.

The Council has a strong history of working with partners in the healthcare sector to develop integrated commissioning plans for adults, children and prevention and wellbeing services. This is intended to improve the effectiveness of these services and to create efficiencies. The Council was part of a pooled budget arrangement, covering c. £252.0m of expenditure, with Stockport Clinical Commissioning Group (CCG). As health and social care reforms have progressed, the CCG has been replaced by an Integrated Care Board covering the whole of Greater Manchester. The Council has engaged in the development of the new integrated care system, and the Council's Chief Executive has been appointed as the Place-Based Lead for the Borough. Governance arrangements for the new system continue to evolve, with the establishment of the Stockport Locality Board, chaired by the Leader of the Council, to focus on the One Health and Care Plan, and the establishment of the Stockport Provider Partnership to strengthen integrated partnership working across the Borough. Through these arrangements the Council works closely with healthcare providers including Stockport NHS Foundation Trust.

# Audit progress

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

The Council actively seeks partnerships with other local authorities in procurement activities and awards joint contracts where appropriate. The Council is a member of STAR Procurement which is a shared procurement service with Rochdale, Tameside and Trafford Councils. STAR report back to the Council on a regular basis and we have seen evidence that this approach is delivering financial savings and social value requirements.

Devolution in Greater Manchester continues to promote greater partnership working and the Council plays a key part in this agenda. Both the Leader and Chief Executive of the Council held key roles across the region as GM Portfolio Lead on Economy, and Chief Executive Portfolio Lead for Equalities and Ageing respectively. The Council works closely with other bodies to deliver its strategic priorities. In 2019, Greater Manchester Combined Authority agreed to create the Stockport Mayoral Development Corporation (MDC) to lead the regeneration of Town Centre West. This work continued throughout 2021/22, with work progressing on significant regeneration schemes such as the Weir Mill Development.

**Based on the above considerations we are satisfied there is not a significant weakness in the Council’s arrangements for improving economy, efficiency and effectiveness.**

# Audit progress

## ***Whole of Government Accounts (WGA) work (2021/22)***

We unable to complete the WGA assurance work as we are waiting for the National Audit Office to select its sample of component local authorities.

## **2022/23 Audit**

The position on the key elements of the 2022/23 audit is summarised below.

### ***Financial Statements***

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2023. Our Audit Completion Report for the 2022/23 audit is included as a separate item on this agenda and provides further detail on the progress made.

### ***Value for Money arrangements (2022/23)***

Our work on the Council's value for money arrangements for 2022/23 is well progressed. We plan to issue our Auditor's Annual Report alongside our audit opinion on the 2022/23 accounts.

## ***Whole of Government Accounts (WGA) work (2022/23)***

We unable to complete the WGA assurance work as we are waiting for the National Audit Office to select its sample of component local authorities..



# 02

Section 02:

**National publications**

# National publications

	Publication/update	Key points
<b>National Audit Office</b>		
1	Investigation into the homes for Ukraine scheme	The NAO has published its investigation into the Homes for Ukraine scheme. The UK government launched the Homes for Ukraine scheme (the scheme) on 14 March 2022, following the Russian invasion of Ukraine in February 2022. The scheme enables people in the UK to act as sponsors for Ukrainian nationals and their families seeking refuge from the war, with individuals being granted three-year visas to stay in the UK, with full access to public services, benefits, and other support.
2	Financial management in government: strategic planning and budgeting	The NAO has published a good practice guide in financial management aimed at senior finance leaders in government departments and other public bodies. It sets out the first stage in the financial management lifecycle: strategic planning and budgeting.
3	Approaches to achieving net zero across the UK	The NAO has published a report – Approaches to achieving net zero across the UK. This report is a joint piece of work between the public audit offices of the four UK nations – Audit Scotland, Audit Wales, NAO and Northern Ireland Audit Office – and has been produced with engagement from each respective government or administration. It sets out the UK and devolved governments' legislation, policy, strategy, governance and monitoring arrangements, relevant to achieving net zero greenhouse gas emissions.
<b>Other</b>		
4	Local authority administered COVID support schemes in England	This reports evaluate government's approach in relation to distribution of grants through local authorities, highlight failures and provide recommendation for better management of government grants.

# NATIONAL PUBLICATIONS

## National Audit Office

### 1. Investigation into the Homes for Ukraine Scheme

The NAO has published its investigation into the Homes for Ukraine scheme. The UK government launched the Homes for Ukraine scheme (the scheme) on 14 March 2022, following the Russian invasion of Ukraine in February 2022. The scheme enables people in the UK to act as sponsors for Ukrainian nationals and their families seeking refuge from the war, with individuals being granted three-year visas to stay in the UK, with full access to public services, benefits, and other support.

Any adult is able to act as a sponsor providing they pass eligibility checks conducted by the Home Office and local authorities. Sponsors must commit to hosting for a minimum of six months and can claim thank you payments from government for providing suitable accommodation for Ukrainians to live in of £350 per month for the first 12 months, and then £500 for the next 12 months. In addition, the local authority where the sponsor is based receives a one-off payment of £10,500 per arrival (reduced to £5,900 for all arrivals after 31 December 2022) to help with support and integration needs.

The scheme is jointly run by the Department for Levelling Up, Housing & Communities (DLUHC) and the Home Office, who established a joint taskforce in March 2022. The Home Office primarily leads on operational matters relating to the processing of visas and checks on the suitability of the sponsor. DLUHC leads on all aspects of the scheme from the point of arrival of Ukrainians into the UK, working closely with local authorities and devolved governments.

#### Scope of the report

The first people to arrive in the UK under the scheme are now halfway through their permitted stay, and the emergency phase of the UK government's response to the Ukraine refugee crisis has come to a close. This report aims to increase transparency by taking stock of what has been achieved to date, for what cost, and what can be learned. The report sets out:

- how the scheme was set up at speed and the scheme objectives
- arrival numbers and the checks conducted on applicants and sponsors
- the funding provided
- challenges and future risks with the scheme

This investigation does not seek to examine and report on the value for money of the scheme.

<https://www.nao.org.uk/reports/investigation-into-the-homes-for-ukraine-scheme/>

# NATIONAL PUBLICATIONS

## National Audit Office

### 2. Financial management in government: strategic planning and budgeting

The NAO has published a good practice guide in financial management aimed at senior finance leaders in government departments and other public bodies. It sets out the first stage in the financial management lifecycle: strategic planning and budgeting. Planning in a strategic and realistic way gives organisations the best chance to thrive – to help inform trade-offs and operate in an effective and efficient way.

The guide outlines how finance leaders can plan strategically and realistically to:

- Align strategy and planning
- Make planning inclusive
- Plan dynamically
- Address optimism bias
- Deal with risk and uncertainty

The insights have been drawn from NAO reports, the experiences of NAO audit teams, and the thoughts of a range of senior finance decision-makers.

[Financial management in government: strategic planning and budgeting - NAO insight](#)

# NATIONAL PUBLICATIONS

## National Audit Office

### 3. Approaches to achieving net zero across the UK

The NAO has published a report – Approaches to achieving net zero across the UK. This report is a joint piece of work between the public audit offices of the four UK nations – Audit Scotland, Audit Wales, NAO and Northern Ireland Audit Office – and has been produced with engagement from each respective government or administration. It sets out the UK and devolved governments' legislation, policy, strategy, governance and monitoring arrangements, relevant to achieving net zero greenhouse gas emissions.

This work has several aims:

- To set out how the responsibilities and powers for achieving the net zero target are split between the UK government and each of the devolved governments.
- To provide insight and stimulate public discussion on each UK nation's overall approach to achieving net zero.
- To support the scrutiny of governments' arrangements to achieve net zero.
- To lay the foundations for potential further work on climate change by the UK's public audit offices.

The report include the following key themes:

- The four nations have different emissions profiles and varied approaches to achieving net zero, but the choices they make must ultimately deliver net zero at the UK level.
- Given the different net zero targets, carbon budgets and policies across the nations, there will be opportunities for the governments to learn from each other.
- Achieving net zero in any one nation depends on UK-level action, and vice versa.
- Effective working relationships and close engagement between the UK and devolved governments will be vital to achieving the overall aim of net zero.

<https://www.nao.org.uk/reports/approaches-to-achieving-net-zero-across-the-uk/>

# NATIONAL PUBLICATIONS

## Public Accounts Committee

### 4. Local authority administered COVID support schemes in England

The government introduced a series of grant schemes to help businesses deal with the impacts of the COVID-19 pandemic on their businesses, including the effects of restrictions put in place to protect public health. Using funding from government, local authorities in England distributed £22.6 billion in grants to local businesses between March 2020 and March 2022. There were eight separate schemes that can be grouped into three separate 'cohorts', primarily corresponding to significant waves of COVID-19 restrictions.

HM Treasury decided the key features of each of the schemes, including the types of businesses they should cover and the level of funding available, and the Department for Business, Energy and Industrial Strategy (BEIS) was responsible for their implementation. The Department for Business and Trade (DBT) is now accountable for this funding, including the recovery of money paid out as a result of error or fraud.

The creation and delivery of these grant schemes was a partnership between local authorities and central government. Local authorities were responsible for identifying eligible businesses in their areas and paying grants to them, making 4.5 million payments over the course of the pandemic. BEIS created the detailed guidance for the schemes and oversaw their implementation by local authorities.

The full report, which includes a number of recommendations and conclusions, can be seen here:

<https://committees.parliament.uk/publications/41164/documents/202555/default/>



# Contact

## Mazars

Partner: Karen Murray

Email: [karen.murray@mazars.co.uk](mailto:karen.murray@mazars.co.uk)

Director: Daniel Watson

Email: [daniel.watson@mazars.co.uk](mailto:daniel.watson@mazars.co.uk)

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.

[www.mazars.com](http://www.mazars.com)

# Follow us:

**LinkedIn:**

[www.linkedin.com/company/Mazars](http://www.linkedin.com/company/Mazars)

**Twitter:**

[www.twitter.com/MazarsGroup](http://www.twitter.com/MazarsGroup)

**Facebook:**

[www.facebook.com/MazarsGroup](http://www.facebook.com/MazarsGroup)

**Instagram:**

[www.instagram.com/MazarsGroup](http://www.instagram.com/MazarsGroup)

**WeChat:**

ID: Mazars