The Annual Audit Letter for Rugby Borough Council

Year ended 31 March 2020

December 2020

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Executive Summary

Purpose
Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Rugby Borough Council (the Council) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit and Ethics Committee as those charged with governance in our Audit Findings Report on 10 November 2020.

Respective responsibilities
We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Our work

Materiality	We determined materiality for the audit of the Council's financial statements to be £1,100k, which is 2**%** of the Council’s prior year gross cost of services.
Financial Statements opinion	We gave an unqualified opinion on the Council's financial statements on 30 November 2020. We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Council's land and buildings and the Council’s share of the pooled property assets of Warwickshire Pension Fund given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.
Whole of Government Accounts (WGA)	We completed work on the Council’s consolidation return following guidance issued by the NAO.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.
Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 30 November 2020.
Certificate	We certified that we have completed the audit of the financial statements of Rugby Borough Council in accordance with the requirements of the Code of Audit Practice on 30 November 2020.

Executive Summary

Working with the Council

The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council. As a key body in the frontline response to the pandemic, the Council hs worked closely with key partners to provide support to businesses, support to individuals, establish shielding hubs and reassign staff to areas of need.

The Council are currently establishing their extended corporate strategy which will evolve into a Covid recovery plan.

Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financial statements to 30 November 2020.

Restrictions for non-essential travel has meant both Council and audit staff have had to adapt to new remote access working arrangements. This has been driven primarily by the use of technology and regular communication between the teams. We have both utilised video calling, screen sharing and other means to the fullest of our ability in order to carry out audit procedures and verify the completeness and accuracy of information.

The draft financial statements were published and provided to the audit team on 30 June 2020 and the audit has been conducted on an almost entirely remote basis, with members of the Council finance team making a limited number of visits to the Town Hall where necessary. Whilst the Council's finance team has avoided significant challenges through staff illness and lack of availability, we have experienced some challenges in this area.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff .

Grant Thornton UK LLP
December 2020

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Council's financial statements to be £1,100k, which is 2% of the Council's prior year gross cost of services. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

We set a lower threshold of £55k, above which we reported errors to the Audit and Ethics Committee in our Audit Findings Report.

We also set a lower level of specific materiality of £25k for senior officer remuneration. We consider the disclosures of senior manager's remuneration to be sensitive as we believe these disclosures are of specific interest to a reader of the accounts.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Covid-19 The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expected circumstances to have an impact on the production and audit of the financial statements for the year ended 31 March 2020, included and not limited to: • Remote working arrangements and redeployment of staff to critical front line duties potentially impacting on the quality and timing of the production of the financial statements, and the evidence we could obtain through physical observation • Volatility of financial and property markets increasing the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we could obtain to corroborate management estimates • Financial uncertainty requiring management to reconsider financial forecasts supporting their going concern assessment on whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and • Disclosures within the financial statements required significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.	We worked with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. We liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arose. We have evaluated: • the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic. • whether sufficient audit evidence could be obtained in the absence of physical verification of assets through remote technology • whether sufficient audit evidence could be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances • management's assumptions that underpin the revised Medium Term Financial Strategy (MTFS) and the impact on management's going concern assessment.	Our audit work has not identified any specific issues in respect of Covid-19. However, • In their report, the Council's external valuer confirmed that as a result of the Covid-19 pandemic and the subsequent lockdown and impact on market activity, less certainty – and a higher degree of caution – should be attached to their valuations than would normally be the case. Their valuations are reported on the basis of 'material valuation uncertainty'. • Similarly, two of the Warwickshire Pension Fund's investment managers, Threadneedle and Schroders, have highlighted valuation material uncertainty disclosures associated with pooled property funds as a result of Covid-19. As a result we have included Emphasis of Matters paragraphs highlighting these matters within our auditor's report. These do not affect our opinion that the statements give a true and fair view of the Council's financial position and the income and expenditure for the year but are added to indicate a matter which is disclosed appropriately but which we consider is fundamental to a readers' understanding of the financial statements. The Council has also updated its disclosure of post balance sheet events, to include information relating to funding received since 1 April 2020 and other significant events.

Audit of the Financial Statements (continued)

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Valuation of land and buildings **Council Housing - £195.487m** **Land and Buildings – Other - £31.105m** **Surplus assets - £2.766m** **Investment property - £0.740m** The Council revalues its council dwellings on a rolling five year basis. Other land and buildings (including surplus assets) in the general fund and HRA is valued on a rolling four year basis and investment property annually. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management need to ensure the carrying value of land and buildings in the Authority's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used. We therefore identified valuation of land and buildings, particularly revaluations and impairments, as one of the most significant assessed risks of material misstatement.	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • written to the valuer to confirm the basis on which the valuation was carried out • tested revaluations made during the year to see if they had been input correctly into the Authority's asset register and agreed underlying assumptions to supporting evidence • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.	We have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council. The housing stock has been revalued in full in the period based on recommendations in the prior period to not place reliance on indices for long periods of time. There have been no changes to the valuation methods for other land and buildings this year. We have considered the movements in the valuations of individual assets and their consistency with indices provided by Gerald Eve as our auditor's expert. As a result of our review of assets not revalued in the period, we identified a small number of assets that when compared to market data appeared to have moved materially in value since their last formal valuation. We have challenged management and by extension their expert, Godfrey-Payton and ultimately have gained assurance that based on the principles of Depreciated Replacement Cost (DRC) and provisions of the Royal Institute of Chartered Surveyors (RICS) Red Book, assets are free from material misstatement. We have however made a recommendation for improvement in relation to this matter. As noted on page 6, the Council's external valuer confirmed that as a result of the Covid-19 pandemic and the subsequent lockdown and impact on market activity, less certainty – and a higher degree of caution – should be attached to their valuations than would normally be the case. Their valuations are reported on the basis of 'material valuation uncertainty'. We have therefore included an Emphasis of Matter – 'effects of Covid-19 on the valuation of land and buildings' within our Independent auditor's report. This highlights the Council's disclosures to users of the financial statements. Our opinion is not modified in respect of this matter.

Audit of the Financial Statements (continued)

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Valuation of net pension liability **Net pension liability – £42.787m** The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statement. The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtained assurances from the auditor of Warwickshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.	The Authority's net pension liability at 31 March 2020 is £42.787m (PY £50.692m). A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. We have compared the assumptions used by the Authority's actuary against industry benchmarks. Based on the work performed we are able to conclude that management's assumptions overall are reasonable. There has been a £7.905m net actuarial gain during 2019/20. The pension fund auditor has included an emphasis of matter in their audit report on the accounts of Warwickshire Pension Fund to reflect a material valuation uncertainty given by the valuers on the Pooled Property Fund (as a result of the impact of Covid-19). At £217m in total, these investments accounts for approximately 10.67% of the total scheme assets. As the Council's share of the scheme assets is approximately 4.72% and the total assets attributable to the Council are £96.043m we can assume that the proportion of Property Fund Investments attributable to the Council is £4.53m. Therefore the Council have made appropriate disclosures explaining this uncertainty, which we have drawn to a reader's attention in our auditor's report by way of an Emphasis of Matter paragraph. Our opinion is not modified in respect of this matter.

Audit of the Financial Statements (continued)

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Management override of internal controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.	Our audit work identified a number of journal entries without user IDs or authoriser IDs, this was due to a configuration issue within the Agresso ledger system. We have been able to confirm that in every case where the automated workflow in Agresso failed these journals were manually forwarded to the appropriate authoriser. Overall, our work has not identified any issues in respect of management override of controls.

Audit of the Financial Statements (continued)

Audit opinion
We gave an unqualified opinion on the Council's financial statements on 30 November 2020.

Preparation of the financial statements
The Council presented us with draft financial statements in June in accordance with the agreed timescale, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Restrictions for non-essential travel has meant both Council and audit staff have had to adapt to new remote access working arrangements. This has been driven primarily by the use of technology and regular communication between the teams. We have both utilised video calling, screen sharing and other means to the fullest of our ability in order to carry out audit procedures and verify the completeness and accuracy of information.

Issues arising from the audit of the financial statements
We reported the key issues from our audit to the Council's Audit and Ethics Committee on 10 November 2020.

Annual Governance Statement and Narrative Report
We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website alongside the draft Statement of Accounts in June.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)
We carried out work in line with instructions provided by the NAO . We issued an assurance statement which confirmed the Council was below the audit threshold.

Certificate of closure of the audit
We certified that we have completed the audit of the financial statements of Rugby Borough Council in accordance with the requirements of the Code of Audit Practice on 30 November 2020.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

- *In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work. The risks we identified and the work we performed are set out below and overleaf. As part of our Audit Findings report agreed with the Council in November 2020, we agreed recommendations to address our findings.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

Significant Risk - what we said in our Audit Plan
The Council has a good track record of delivering in year budgets and targets. However, the Council has recognised it faces significant risks in respect of the possible loss of existing growth due to the Business Rates Reset, uncertainties around the outcome of the Fair Funding Review providing a reduction in its assessed funding need and significant changes and possible end of the New Homes Bonus scheme which it has used to reduce the impact of austerity to date. The out-turn for 2019/20 is expected to be better than expected by around £0.5m due to an increase in business rates retention which has enabled the Council to increase and then utilize the business rates equalization reserve to produce a balance budget for 2020/21. However, for the period 2021/22 to 2023/24 the Council needs to identify £3m of recurrent savings and requires a savings delivery plan in order to document how these values will be achieved. The Council plans to produce detailed action plans for achievement and the delivery of the savings as part of its financial and performance reporting for 2020/21. Understanding and assessing its arrangements to do this will be key to its medium term sustainability and our considerations. Given these challenges we believe a residual VFM risk in respect of planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions remains. However, this remains a significant risk in 2019/20 against the backdrop of a challenging Local Government landscape which is subject to high levels of uncertainty. In response to this risk we will: 1) Review performance in the period by comparing outturn position to budgeted for revenue and capital budgets, as well as assessing any achievement or shortfall of savings targets where applicable. 2) Hold enquiries of key officers to understand the process in place for future medium term financial planning and where available, review underlying documentation to ensure assumptions are reasonable. In light of the emerging issues of COVID-19, we have also had regard to the NAO's AGN 03 for 2019/20 and considered two areas of potential VFM risk in relation to financial resilience and service failure.

Value for Money conclusion (continued)

How we responded to the risk

The Council has achieved an underspend against the general fund budget of £16.7m in 2019/20 of £50k which includes proposed service net transfer to the budget stability reserves of £94k and service carry forwards totalling £0.331m. The positive contributions to reserves as well as carry forwards to the 2020/21 budget will be critical to future sustainability.

The Council has achieved 83% of its saving plans in 2019/20. Total savings of (£0.603m) were identified. The (£0.343m) of Corporate, Salary and Digitalisation savings was fully achieved and of the (£0.260m) of other savings required these were delivered with the exception of (£0.105m) in relation to kerbside collections. However, this was addressed as part of the budget setting process for 2020/21 and the in-year impact was mitigated by a supplementary budget approved at quarter two.

Savings plans for the coming year are £437k and are RAG rated. All savings are considered to be green or amber with no red risks flagged. We are satisfied that these are realistic based on our understanding of the entity. The most significant saving forecast is £140k achievable through the redesign of the community advice and support team (CAST) in 2019/20, this is amber rated.

There has been significant slippage in the capital budget. The combined GF and HRA capital programme for the year was £27.525m, the outturn position shows a variance of £16.006m. The major reasons for this were:

- (£1.959m) - Slippage relating to the Purchase of Vehicles scheme to reflect delays in delivery of refuse freighters and vans (expected summer 2020)
- (£8.483m) - Slippage of relating to profile of funding for the Housing Acquisitions Fund (HAF) into Year 2 of the programme
- (£3.217m) - Slippage relating to Biart Place deconstruction and capital design works budgets to 2020/21 to reflect revised project profiling

The slippage in the HAF relates to re-profiling as it was always planned to be over two years and the specialist deconstruction contract on Biart Place will entail works spanning financial years 2019/20 and 2020/21. With the delay in delivery of refuse no indicators of significant deficiencies in arrangements.

We note however that there are currently unidentified savings in 2021/22, 2022/23 and 2023/24 totalling £2.9m. Subject to cabinet approval, the Authority is proposing to move to a rolling 3 year budget which would remove these shortfalls in future years. Due to COVID-19 – 2020/21 may be a transitional year as the pandemic has significantly impacted on management ability to implement plans with COVID-19 recovery taking priority.

Fees and charges support only approximately 10% of the Council’s service expenditure, in comparison to nearly 27% by authorities in the top-quartile. This should insulate the Council somewhat but it has identified to date that loss of income to services for 2020/21 totals £1.200m of which only £0.686m is forecasted to be offset by Government funding 75p in every £1.

In respect of the pandemic, the Council has implemented at a corporate level to respond to COVID-19 and has produced a separate more detailed COVID specific register with collaborative input from across the authority including senior management and managers in the COVID-19 tactical management group. The Council has reported in Q1:

Value for Money conclusion (continued)

How we responded to the risk (continued)

- The General Fund has a risk of £1.506m to support any potential further impact of the Coronavirus Pandemic.
- The Budget Stability Reserve has a significant risk in excess of £0.800m to support service pressures from additional costs, loss of income and risk to the delivery of savings during 2020/21
- If all of the risks were to materialise over the next 2 years, then Corporate Reserves will be fully depleted by the financial year 2023/24.

There is no evidence to date that non-collection will be a driver of business rates losses. A significant number of ratepayers are receiving COVID-19 grants and up to 100% relief. This will continue to be monitored in the coming months.

Subsequently, we have updated our detailed review to bring this closer to the date of our anticipated audit sign off. We note from the Q2 finance monitoring to be reported to Cabinet that the current forecast position reports an increased pressure of £521k on the General Fund compared with £17k reported at Q1. This has been driven by a number of factors including:

- the impact of continued increased demand on council services and pressure experienced by partners
- costs associated with implementing the recovery plan and measures to ensure a safe environment for staff and customers; and
- the impact of the risk of reduced income collection rates, it is also noted that the realisation of the budgeted £570k of income generation for the 2020/21 period is significantly at risk.

The overall potential risk and losses of income include in the Q2 forecast totals £2.6m however it is acknowledged that some of this will be partly mitigated by the Government grant and co-payment scheme to compensate local authorities.Other areas significantly impacted by the pandemic include council tax as more residents claim council tax support, with this expected to increase over the coming months. At the end of September, the council tax base was reported at 1.7% below budget. In addition to this, at the end of Q2 business rates payable are 33% lower than estimated in the NNDR1 return due to reliefs afforded to ratepayers. Similar to Q1 however, it is noted that collection rates are not a cause for concern at the current time.

As a result of the significant level of uncertainty that COVID-19 gives rise to, the report to the Cabinet is heavily caveated through out and will be updated each quarter using the best available information.

Findings and conclusions

Overall, whilst the Council is facing significant challenges we are satisfied that the Authority have adequate arrangements in place to deliver value for money. A balanced budget is set for 2020/21, risks have been recognized and work is underway to plan for 2021/22 taking in to account Covid-19 and the detrimental impact this has had on the Authority.

The most significant risk to future financial sustainability will be the longer term impact of Covid-19 linked to the failure to deliver savings plans in 2021 onwards and knock on effect this will have on an already challenging reserves position. We believe that the Council have sufficient reserves to weather the adverse effects of the pandemic and future funding changes for 2020/21 and 2021/22 and are satisfied therefore that an unqualified conclusion is appropriate this year given the arrangements, plans and current reserves levels. However, strong reporting of the need for management and Members to remain focused and continuing to accelerate plans to plug the gap is appropriate.

A. Reports issued and fees

We confirm below our fees charged and proposed for the audit and provision of non-audit services and final reports issued

Fees

	Planned £	Actual Fees (Proposed) £	2018/19 fees £
Statutory audit scale fee	42,325	42,325	42,325
Additional proposed audit fees at planning stage	7,500	7,500	-
Total proposed audit fee at planning	49,825	49,825	42,325
Further additional fees proposed at completion		7,474	4,500
Total fees	**49,825**	**57,299**	**46,825**

Audit fee variation

The Audit Plan dated March 2020 included £7,500 of proposed addition fees to the scale fee to take account of the additional scepticism required on the audit and the raising of the bar by our regulator. This is reflected in the total proposed audit fees at planning above of £49,825.

Since the presentation of the audit plan we have now reflected on the additional time taken to discharge our responsibilities as a result of Covid-19. The impact of Covid-19 on the audit of the financial statements for 2019/20 has been multifaceted including an additional significant risk being added to our Audit Plan and the move to remote working impacting upon delivery. To date, we estimate that the issues highlighted are increasing the time taken on audits by an average of 25%, in some cases higher. We understand from discussions with the ICAEW that this is similar to other firms. We have looked to mitigate this as far as possible through reduced travel time and travel costs and will absorb some of the remaining overrun ourselves. However, it is unlikely that this will be sufficient to cover the full additional cost. As a result of this extra work we are proposing a further increase in fees of £7,474 (15%) in addition to those proposed at the planning stage of the audit. This further charge has not been entered into lightly but reflects only a proportion of the significant additional work we have had to undertake this year to discharge our responsibilities. This brings the total proposed audit fee up to £57,299.

We have been discussing this issue with PSAA over the last few months and note these issues are similar to those experienced in the commercial sector and NHS. In both sectors there has been a recognition that audits will take longer with local government and commercial audit deadlines being extended by 4 months and NHS deadline by a month. The FRC has also issued guidance to companies and auditors setting out its expectation that audit standards remain high and of additional work needed across all audits. The link attached https://www.frc.org.uk/covid-19-guidance-and-advice (see guidance for auditors) sets out the expectations of the FRC.

Please note that these proposed additional fees are subject to approval by PSAA in line with the Terms of Appointment.

A. Reports issued and fees continued

Fees for non-audit services

Service	Fees £
Audit related services	
- Certification of housing capital receipts grant	2,300
- Certification of Housing Benefit Claim	19,600

Non- audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.

Reports issued

Report	Date issued
Audit Plan and Audit Plan Addendum	24 March 2020 and 27 April 2020
Audit Findings Report	10 November 2020
Annual Audit Letter	December 2020

Grant Thornton