

Auditor's Annual Report

Tameside Metropolitan Borough Council
– year ended 31 March 2021

October 2023



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Section 01: **Introduction**

1. Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Tameside Metropolitan Borough Council ('the Council') for the year ended 31 March 2021. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report on 14 August 2023. Our opinion on the financial statements was unqualified.



Wider reporting responsibilities

We have received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. The Council is below the audit threshold of £2bn, therefore we are not required to complete any audit work on the Council's WGA submission.



Value for Money arrangements

In our audit report issued we reported that we had not completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Council's arrangements. One significant weakness in arrangements has been identified resulting in a related recommendation.

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Section 02:

Audit of the financial statements

2. Audit of the financial statements

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council’s financial position as at 31 March 2021 and of its financial performance for the year then ended. Our audit report, issued on 14 August 2023 gave an unqualified opinion on the financial statements for the year ended 31 March 2021.

Our Audit Completion Report, presented to the Council’s Audit Panel on the 1 August 2023, provides further details of the findings of our audit of the Council’s financial statements. This includes our conclusions on the identified audit risks and areas of management judgement, internal control recommendations and audit misstatements identified during the course of the audit.

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Section 03:

Commentary on VFM arrangements

3. VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements. Where we identify significant risks, we design a programme of work (risk-based procedures) to enable us to decide whether there is a significant weakness in arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses. We did not identify any risks of significant weaknesses through our work on Value for Money arrangements.

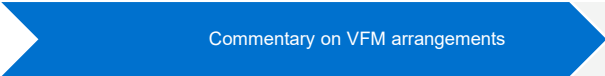
Where our risk-based procedures identify actual significant weaknesses in arrangements, we are required to report these and make recommendations for improvement.

The table below summarises the outcomes of our work against each reporting criteria. On the following page we outline further detail of the work we have undertaken against each reporting criteria, including the judgements we have applied.

Reporting criteria	Commentary page reference	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability	12-13	Yes	No
Governance	14-17	Yes	Yes
Improving economy, efficiency and effectiveness	18-19	No	No

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3. VFM arrangements – Financial Sustainability

Risks of significant weaknesses in arrangements

We have outlined below the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>1</p> <p>Financial sustainability The Council’s medium term strategy for the period 2019/20 to 2023/24 sets out the financial challenges it faces. A balanced budget was proposed for 2020/21 after use of reserves, and delivery of targeted savings. The budget gap for the remainder of the medium term strategy is significant with an identified deficit of £31m by 31 March 2024, and it has been identified that the level of reserves cannot sustain this position, and that pressures resulting from the pandemic have further impacted on the Council’s finances. The continuing challenges the Council faces are not new and are not unique to Tameside Metropolitan Borough Council. The challenges do, however, present a significant audit risk in respect of considering the arrangements that the Council has in place to deliver financial sustainability over the medium term. Including the ability of members and management to effectively manage the savings plans and budget position.</p>	<p>Work undertaken We have reviewed:</p> <ul style="list-style-type: none"> • the arrangements the Council has in place for ensuring financial resilience; • the medium term financial plan and we have confirmed this has taken into consideration factors such as future funding sources and levels, levels of other income, salary and general inflation, demand pressures, restructuring costs and sensitivity analysis given the degree of variability in the above factors; • the arrangements in place to monitor progress delivering the 2020/21 budget and related savings plans • reports which demonstrate how Council proposes to address the cumulative deficit over the medium term as well as reviewing the decisions and actions taken / progress made against these plans. <p>Results of the work We are satisfied the Council had appropriate arrangements in place in 2020/21 in relation to financial sustainability.</p>

3. VFM arrangements – Financial Sustainability

Risks of significant weaknesses in arrangements

We have outlined below the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>2</p> <p>Ofsted Inspection: Children’s Services Over the past 12 months, Ofsted has issued a number of reports following focused visits to the Council and an inspection of the Council’s SEND services. Each report identified areas for improvement and areas for priority action. The SEND inspection required a Written Statement of Action from the Council and Clinical Commissioning Group because of significant areas of weakness in the area’s practice.</p> <p>These matters indicate a risk of significant weaknesses in proper arrangements.</p>	<p>Work undertaken To address the identified risk we have undertaken the following work: Discussions with relevant Council Officers Review of Improvement Board meeting minutes Review of other relevant documents, including</p> <ul style="list-style-type: none"> - Tameside Improvement Plan - Improvement ‘Plan on a Page’ - Improvement Plan ‘We Said, We Did’ update reports - Children’s Services Performance and Quality Assurance Scorecard <p>Results of the work We are satisfied the Council has appropriate arrangements in place to respond to weaknesses identified during Children’s Services inspections by Ofsted.</p>

3. VFM arrangements – Financial Sustainability

Risks of significant weaknesses in arrangements

We have outlined below the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>3</p> <p>Financial reporting Our 2020/21 audit highlighted the poor quality of the draft Statement of Accounts submitted for audit. Significant difficulties were encountered during the audit process. In particular, the Council's approach to the valuation of its Property Plant and Equipment (PPE) was inadequate. There were issues arising from both internal estates records and the valuations completed by the external valuer.</p> <p>These issues have led to a number of material adjustments to the 2020/21 financial statements and a significant delay in the issuing of the audit opinion for 2020/21 and 2021/22.</p> <p>Overall, the Council's draft accounts were wrong in respect of a number of technical issues because of a failure to properly understand and apply the requirements of the applicable financial reporting standards and the CIPFA Code of Practice.</p> <p>These matters indicate a risk of significant weaknesses in proper arrangements.</p>	<p>Work undertaken To address the identified risk we have undertaken the following work</p> <ul style="list-style-type: none"> • Reviewed the Council's arrangements to produce its financial statements; • Discussed with management how they engage with, and challenge the information provided by its experts; • Considered the number and value of technical errors and disclosure amendments required to the draft accounts; and • Drawn on conclusions from the accounts audit to determine whether these highlight any actual weaknesses in arrangements. <p>Results of the work In our view, the matters identified with respect to weaknesses in financial reporting and internal control represent a significant weakness in the Council's governance arrangements.</p>

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Background to Tameside’s operating environment in 2020/21

Tameside entered the 2020/21 financial year as the first national lockdown began and the Council immediately faced a significant operational impact to respond to the range of challenges presented by the pandemic. As part of the national response to Covid-19, central government made a series of policy announcements, a number of which directly impacted on local authorities such as Tameside. As a result the Council was at the forefront of efforts to protect local residents, including the most vulnerable, and to support local businesses.

Some of the government’s initiatives to respond to the covid-19 pandemic were supported by additional funding for the Council. Tameside received significant additional funding in the form of government grant for 2020/21. The Council received £57.6m in covid related grants during the 2020/21 financial year, £20.1m of which was carried forward as an earmarked reserve for covid related spend in future years. Government grant funding received in 2020/21 enabled the Council to provide targeted support and interventions to manage and contain infection rates and support those impacted most significantly by the pandemic.

During the early months of the pandemic the Exchequer Services team administered more than £45m in local business grants through the various Business Rate Grants to small businesses and retail businesses between April and September 2020.

2020/21 Financial 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 remained relatively stable when compared to the prior year. The levels of cash and cash equivalents (£52.4m 2019/20; £50.3m 2020/21) and short-term debtors (£57.9m 2019/20; £57.9m 2020/21) have remained stable. The most significant change in the balance sheet relates to movements in the Council's share of the pension fund net liability (being a deficit position) of £372.6m, up from £279.0m in 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 was also typical across the sector for the 2020/21 financial year.

The Council's usable reserves increased from £174.2m at 31 March 2020 to £206.6m at 31 March 2021. This includes an increase in General Fund & Earmarked Reserves to £177.3m (up from £146.7m the previous year). The increase is partly due to the £0.5m adjustment to transfer the Dedicated Schools Grant (DSG) deficit from the general fund to the DSG adjustment account (unusable reserve) as part of the Government’s new arrangement for a statutory override.

The Council's reserves provide some mitigation against future financial challenges. However, the Council will need to ensure that any use of reserves to smooth the financial position over the next few years is properly planned. This is because the use of reserves cannot be relied on to provide a long term solution to funding gaps.

Financial planning and monitoring arrangements

In February 2020 the Council set a balanced budget for the 2020/21 financial year. The budget for 2020/21 includes a number of budget reductions due to additional income and delivery of savings, including the full year effect of savings identified in previous years. New savings to be delivered by management of £5.1m were identified for 2020/21. Proposed savings have been subject to robust review and challenge by finance, Senior Officers and Members and this review process will continue to monitor both the delivery of savings and the identification of new savings for future years. The total savings and additional income identified in the 2020/21 budget reduces the service budgets by a total of £14.6m. Throughout the year the Council regularly updated its budget forecast, this enabled budgets to remain up-to-date in the fast-changing and uncertain operating environment of the pandemic.

.A detailed analysis of the Council's balances and reserves is carried out as part of the budget setting process and the report provided to Budget Council each February under the Local Government Act 2003 to provide assurance that the level of reserves and balances are appropriate.

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria (continued)

The final outturn position on the 2020/21 budget presented a small underspend on Council Budget. The financial impacts of COVID for 2020/21 were addressed with significant one-off funding during the year.

The main area of overspend for 2020/21 was in Children’s Social Care Services. The outturn position of £3.0m over budget is an improvement on the forecasted in-year reporting but remains significantly in excess of budget. The overspend is predominantly due to the number and cost of external placements. As at the end of March the number of Cared for Children was 682, a reduction of 19 from the 701 reported in the previous month.

The Council has arrangements in place for the quarterly monitoring of all revenue and capital budgets, which are reported to the Single Leadership Team, Board and Executive Cabinet. Arrangements are also in place for the regular monitoring of Service Delivery Plans by directorates in terms of performance indicators and updates. During the year, the Council reported its financial position to Cabinet four times. We have reviewed a sample of the reports presented for 2020/21. These contain appropriate detail of the significant variances to budget and provide an update on the delivery against savings targets. 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.

We have considered the arrangements in place in respect of budget management as part of the Governance criteria on page 14.

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

The Medium Term Financial Plan (MTFP) is a five year plan which sets out the resources available to deliver the Council’s overall commitment to provide services that meet the needs of people locally and represent good value for money. The MTFP also assesses the adequacy of reserves and of provisions held for past events which may impact on the Council’s resources.

The MTFP is routinely refreshed throughout the year to update forecasts for known and anticipated cost pressures, savings, and funding changes. Emerging pressures are also identified through the in-

year budget monitoring process and factored into future year budget forecasts.

Arrangements and approach to 2021/22 financial planning

In February 2021, Full Council approved a budget that included £8.9m of savings to be delivered during 2021/22. The Medium Term Financial Plan assumed that a further £4.9m of savings will be delivered in 2022/23.

Progress on the delivery of proposed savings as part of the 2021/22 budget process is monitored on a monthly basis, with a proportion of schemes reviewed at different points during the year. All directorates completed an implementation template as part of their original proposal and the reporting schedule has been tailored to align with key implementation points of proposals. For those assessed to be a red or amber delivery risk this reporting provides assure to members that delivery is on track. As part of this reporting, detailed plans are reviewed by the Senior Leadership Team against the implementation section of the original savings templates.

The final outturn position on the 2021/22 budget presented a small overspend on the Council Budget of £0.1m. This overspend was funded by general reserves resulting in an overall balanced position. There remain a number of savings targets which have not been delivered in full in 2021/22, and mitigated by one-off alternatives.

Based on the above considerations we are satisfied there is not a significant weakness in the Council’s arrangements in relation to financial sustainability

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Risk management and monitoring arrangements

The Council's assurance arrangements conform with the governance requirements of the CIPFA Statement. The Head of Risk Management and Audit Services reports directly to the Assistant Director of Finance as the Deputy Section 151 Officer and reported to the Audit Panel and the Greater Manchester Pension Fund Local Board.

The Internal Audit opinion for 2020/21 as reported to the Audit Panel on 27 July 2021 is that members and senior management can take "reasonable assurance" that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively within those areas reviewed.

Throughout the year we have attended all Audit Panel meetings. Through attendance at these meetings, we have confirmed the committee receives regular updates on both internal audit progress and risk management in the form of risk registers. Members have an opportunity to raise any questions.

Arrangements for budget setting and budgetary control

Budget setting and the MTFP review is a 6 to 9 month process which starts in May/June each year and concludes during February, with the final full Council sign off at the February Council meeting. The Director and Assistant Director of Finance have worked with the Executive Members and the Single Leadership Team, during the budget preparation period to ensure a robust set of savings plans are in place and a clear delivery plan has been drawn up for the year ahead.

A detailed analysis of the Council's balances and reserves is carried out as part of the budget setting process. A report provided to Budget Council each February under the Local Government Act 2003 to provide assurance that the level of reserves and balances are appropriate.

Monthly budget monitoring is led by Finance Business Partners in partnership with Directorates. Financial reports are produced monthly, and regular meetings are held to discuss progress against the financial forecasts. Significant variances against budget are investigated. During the year the

Council reported its financial position to Cabinet monthly. We have reviewed a sample of the reports presented for 2020/21. These contain appropriate detail of the significant variances to budget and provide an update on the delivery against savings targets. During 2020/21 the monthly finance reports included a separate section on Covid-19 related income and expenditure for Councillors to make clear the impact Covid-19 was having on the Council's finances.

Decision making arrangements and control framework

Tameside has an established governance structure in place which is set out within its Annual Governance Statement. This is supported by the Council's Code of Corporate Governance, the Governance Framework, the Constitution and scheme of delegation. Members and Officers are governed by Codes of Conduct, Cabinet Portfolios, contracts of employment, employment rules and procedures, Professional Codes of Conduct and bound by the Constitution and Code of Corporate Governance. Conflicts of interest are recorded in the minutes of all meetings, where applicable, and a register is maintained for both members and officers by the Monitoring Officer.

The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is the document that describes the decision making process and establishes the legal framework in which the Council operates.

The Council has in place all relevant policies we would expect including policies on:

- Gifts and hospitality
- Declarations of interest
- Whistle blowing

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria (Continued)

Audit of the 2020/21 Statement of Accounts

Draft accounts were received from the Council on 19 July 2021. However, the draft accounts were not prepared to the required standard and contained numerous technical and disclosure issues. This indicates the draft statements had not been subject to an appropriate quality control review by the Finance Team before they were made available on the Council's website for public inspection.

During the course of the audit we encountered a number of significant difficulties including:

- in obtaining information from management's expert valuer, where we experienced significant delays. This was made more challenging where the quality of the information provided was insufficient for our purpose.
- where the Council's estates team were required to provide information on the floor and land areas for relevant assets, the information provided was not always up-to-date and contained errors.
- in 2020/21 central government provided for a statutory override to be applied to remove the deficit balance on the Council's Dedicated Schools Grant from the Council's usable reserves and to reclassify this in unusable reserves. This "ring-fencing" of the deficit within unusable reserves improves the Council's overall financial sustainability. Management did not apply the statutory override in the draft financial statements.

Our audit work and detailed testing identified a number of errors in the draft financial statements. This resulted in a high value of errors being reported in our Audit Completion Report to Audit Panel:

- Total unadjusted errors – 5 errors totalling c.£11m.
- Total adjusted errors – 16 errors totalling c.£105m.
- A large number of disclosure adjustments were also required.

As part of our Audit Completion Report presented to Audit Committee in August 2023 we outlined 6 internal control recommendations of which three were classed as high priority, one as medium priority and two of low priority.

The 3 high priority control recommendations were linked to the control deficiencies identified from our work:

- the floor areas used by the Council's valuer to prepare the valuations reflected in the accounts contained errors. The information used by the valuer, provided by the Council's estates team, was incorrect and did not reflect the true measurements of the assets.
- land values determined by the valuer in the calculation of some valuations were not reflective of the fair value of land in the respective areas of Tameside. This led to material discrepancies in the original valuations.
- the Council did not have formal disaster recovery provisions in place. Work was underway to commission a new Disaster Recovery facility, located at Tameside Hospital. A Corporate IT Business Continuity and Disaster Recovery plan had been prepared and was going through the internal governance process.

The significant issues identified in our 2020/21 external audit indicate a weaknesses in the Council's internal control arrangements.

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3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria (Continued)

Regulators

We have reviewed the regulatory reports issued in respect of the Council.

Care Quality Commission (CQC)

The CQC has rated both of the CQC registered services provided by Tameside Council (Tameside Learning Disability Service and Wilshaw House) as “Good”. Both services received either ‘good’ or ‘outstanding’ ratings across each of the five CQC inspection areas of: Safe; Effective; Caring; Responsive; and Well-led. Tameside Learning Disability Service was last inspected by the CQC in July 2017 and the Wilshaw House was last inspected in June 2018. The CQC carried out a review of both services in July 2023 which concluded the ratings did not require review at that time.

Ofsted

The most recent full inspection of Children’s Services by Ofsted was carried out between 13 May and 24 May 2019. The service was assessed as “Requires improvement to be good”, with the rating “Requires improvements to be good” over all 4 inspection areas: The impact of leaders on social work practice with children and families; The experiences and progress of children who need help and protection; The experiences and progress of children in care and care leavers and Overall effectiveness. This grading was an improvement on the Council’s previous Ofsted inspection in 2016 where the Council were graded as “Inadequate”.

During 2020/21 Children’s Services continued on their journey to implement the improvements identified by the various Ofsted Inspections, which commenced in 2016. The Council has taken a number of direct and positive steps to ensure that effective monitoring takes place regarding improvement activity and service development. Improvement remains under close review and oversight continues to be provided through regular performance reviews with lead Members, the Tameside Safeguarding Children’s Partnership and the Children’s Improvement Board and the scrutiny role provided by the Integrated Care and Wellbeing Scrutiny Panel.

During May 2021 Ofsted completed a ‘Focused Visit’ but due to Covid-19 restrictions the visit was carried out remotely. Inspectors used video calls for discussions with Council staff, carers, key stakeholders and children. They also looked at the Council’s performance management and quality assurance information and reviewed children’s case records. There was no grading given by Ofsted following this visit, however the lead inspector provided a letter setting out the findings and areas for improvement.

The May 2021 Ofsted visit findings did not indicate a decline in the performance of Children’s Services since the previous Ofsted report in May 2019. Areas for improvement were noted.

During April 2022 Ofsted undertook a further “Focused Visit” to Tameside’s Children’s Services. Inspectors looked at the Council’s arrangements for the “front door”. This inspection again did not give a rating but a letter, outlining the findings, was provided by the inspector. This letter highlighted concerns about the pace of change and improvement made. However, the letter noted the pace of change had recently increased following the appointment of a new Director of Children’s Services in early 2022. The Ofsted inspector noted that the new Director of Children’s Services had made some positive changes intended to support improvements in social work practice, staff morale and partnership working. These improvements included the move of the multi-agency safeguarding hub (MASH) to new premises, which enabled the co-location of the early help team and MASH, the development of neighbourhood teams and the reintroduction of duty and assessment teams.

In July 2022 Tameside established The Children’s Services Scrutiny Panel. This panel has responsibility to consider all matters related to Children’s Social Care and Education. The Panel is the main mechanism by which members scrutinise and monitor the planning and performance of the Council’s services to children and young people and the Council’s Corporate Parenting role, including regular reporting of the improvement plan and safeguarding partnership. To promote ‘critical friend’ challenge to the Council’s Executive specific to Ofsted improvement and to deliver statutory functions when educational matters are considered.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria (Continued)

Ofsted (continued)

Part of the Panel’s work includes seeking information on the “lived experience” of children and young people in respect of the services they receive. The Panel looks to ensure there are sufficient and adequate mechanisms in place to encourage participation so that the information can inform service delivery, support wider improvement as set by the Ofsted framework, and improve practice standards.

The Panel meets at least quarterly and receives updates on Children’s Services improvements including a scorecard. A sample of the agenda papers and minutes of these Panel meetings have been reviewed. The Improvement Plan was presented to the Panel in July 2022, this Improvement Plan focusses on 7 priorities to drive improvements in line with Ofsted’s findings.

Overall we are satisfied the Council has arrangements in place to respond to the Ofsted findings, and that actions are being taken in line with the agreed improvement plans including the appointment of a new Director of Children’s Services, who Ofsted noted to have been making positive improvements, and the introduction of the Children’s Services Scrutiny Panel.

Ofsted and CQC Joint Inspection

During October 2021, Ofsted and the CQC conducted a joint inspection of the local area of Tameside to judge the effectiveness of the area in implementing the special educational needs and/or disabilities (SEND) reforms as set out in the Children and Families Act 2014. As a result of the findings of this inspection and in accordance with the Children Act 2004 (Joint Area Reviews) Regulations 2015, Her Majesty’s Chief Inspector (HMCI) has determined that a Written Statement of Action (WSOA) is required because of significant areas of weakness in the area’s practice. HMCI has also determined that the local authority and the area’s clinical commissioning group(s) (CCG) are jointly responsible for submitting the written statement to Ofsted.

Although several areas for development were noted as part of the inspection findings, the inspection also noted several strengths which were identified as showing good practice in some areas.

Although concerns were raised in the SEND Ofsted and CQC inspection, we do not regard this to be a value for money significant weakness due to the very specialised nature of this service. This reflects is being relatively small part of the Council’s overall responsibilities. We are satisfied the weaknesses identified are not indicative of wider issues in respect of the Council’s services.

We have identified a significant weakness in arrangements against the governance reporting criteria as a result of the matters arising from the 2020/21 External Audit of the Statement of Accounts.

3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

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

Performance Management

Tameside’s Corporate Plan ‘Our People – Our Place – Our Plan’ outlines the Council’s aims and aspirations for the area. The corporate plan is reflects five themes:

- Starting Well;
- Living Well;
- Ageing Well;
- Great Place; and
- Inclusive Growth.

The corporate plan is based on a relationship between public services and citizens, communities and businesses that enables shared decision making, democratic accountability and voice, genuine co-production and joint delivery of services.

A Corporate Scorecard which sets out a range of data (financial and non-financial) is reported to the senior leadership team and Council Board. Data monitored and used to drive corrective action includes: staff headcount, sickness rates (by Directorate), Freedom of Information requests, Subject Access Requests, key cost and demand drivers including temporary accommodation, numbers of care users and so on.

We reviewed the Corporate Scorecard for December 2020. This showed the position at the time compared to the outcome metrics specified in the corporate plan, along with the previously reported

position and direction of travel. This allowed Senior Leadership Team and members to see easily how services were performing and to identify trends.

Services have comprehensive performance monitoring regimes underpinning this. This is exemplified by children’s services who have a number of tools and mechanisms to monitor and manage performance including data quality booklets, a monthly scorecard setting key headline performance data, and a children’s analysis tool. They undertake deep dives into areas of concern and use all of the information to support future demand modelling.

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.

Tameside use STAR procurement for procuring services. STAR partners include Rochdale, Stockport, Tameside and Trafford Councils who govern STAR through a Joint Committee, as well as NHS Tameside & Glossop, and NHS Trafford CCGs,.

STAR and the organisations it provides services to have agreed a Responsible Procurement Strategy to reflect how they work and to place responsible, sustainable and ethical procurement at the heart of their service. The Strategy recognises the national, regional and local influences which shape procurement world and sets out how STAR will achieve their business objectives through procurement activity. The STAR Partners are fully committed to supporting Greater Manchester to achieve net carbon zero by 2038.

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

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3. Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we have identified significant weaknesses in the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below.

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement	Our views on the actions taken to date
<p>1 Quality of the Draft Statement of Accounts Submitted for Audit</p> <p>Our 2020/21 Audit Completion Report highlights several issues including the poor quality of the draft financial statements submitted for audit and the significant difficulties encountered during the audit process.</p> <p>The issues identified were pervasive and affected significant balances and disclosures within the draft financial statements published by the Council. This included but was not limited to Property, Plant and Equipment valuations where management failed to provide sufficient oversight and challenge of the valuations process, leading to material misstatements identified during the audit process.</p> <p>The issues arising led to a significant delay in issuing the audit opinions for both 2020/21 and 2021/22.</p> <p>In our view, the significant of the issues identified indicate a significant weakness in relation to the governance reporting criteria.</p>		●		<p>The Council should:</p> <ul style="list-style-type: none"> • Produce a detailed action plan setting out how it intends to improve the quality of the draft Statement of Accounts submitted for audit; • Improve its processes for engaging with, and challenging the information provided by valuation experts; • Review the capacity within the Council's Estates team to build resilience into the improvement of the underlying asset records held by the Council; • Consider the skills and capacity of the finance team; and • Review the issues raised as part of the 2020/21 audit in order to strengthen the overall control environment surrounding the preparation of the draft Statement of Accounts. 	

04

Section 04:

**Other reporting responsibilities and
our fees**

4. Other reporting responsibilities and our fees

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers tailor as appropriate where powers have been used.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data, and to carry out certain tests on the data. We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.

4. Other reporting responsibilities and our fees

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Panel in July 2021. Having completed our work for the 2020/21 financial year, we can confirm that our fees are as follows:.

Area of work	2019/20 fees	2020/21 fees
Actual fee in respect of our work under the Code of Audit Practice	£80,863	£80,863
<i>Fee variations:</i>		
Additional fees in respect of testing on Property, Plant & Equipment as a result of changes in regulatory expectations	£13,050	£18,750
Additional fees in respect of testing on Property, Plant & Equipment as a result of errors in draft financial statements	-	£25,000
Additional fees in respect of testing on Property, Plant & Equipment due to the Council applying the statutory override in respect of infrastructure assets	-	£10,000
Additional fees in respect of testing on Defined Benefit Pensions Schemes as a result of changes in regulatory expectations	-	£6,250
Additional fees in respect of testing arising from quality issues with the draft financial statements	-	£20,000
Additional fees in respect of testing as a result of the implementation of new auditing standards: ISA 220 (Revised): Quality control of an audit of financial statements; ISA 540 (Revised): Auditing accounting estimates and related disclosures; ISA570 (Revised) Going Concern; and ISA 600 (Revised): Specific considerations – audit of group financial statements	-	£2,500
Additional fees in respect of additional Value for Money work arising from the change in the Code of Audit Practice	-	£12,500
Additional fees in respect of additional Value for Money work arising from risks of significant weaknesses in the Council's arrangements	-	£8,000
Other additional costs	£7,150	-
Total fees	£101,063	£183,863

Fees for other work

We confirm that we have not undertaken any non-audit services for the Council in the year.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

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