

# Auditor's Annual Report on Warwickshire County Council

2022/23

November 2023



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Executive summary



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Council may set out actions to make improvements. Our conclusions are summarised in the table below.

Criteria	2022/23 Risk assessment	2022/23 Auditor judgement on arrangements	2021/22 Auditor judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified.	<b>G</b> No significant weaknesses in arrangements identified, and no improvement recommendations made.	<b>G</b> No significant weaknesses in arrangements identified, but one improvement recommendation made.	↔
Governance	No risks of significant weakness identified.	<b>G</b> No significant weaknesses in arrangements identified and no improvement recommendations made.	<b>G</b> No significant weaknesses in arrangements identified, but one improvement recommendation made.	↔
Improving economy, efficiency and effectiveness	No risks of significant weakness identified.	<b>A</b> No significant weaknesses in arrangements identified, but three improvement recommendation made.	<b>A</b> No significant weaknesses in arrangements identified, but two improvement recommendation made.	↔

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

# Executive summary (continued)



## Financial sustainability

Although it has continued to be an extraordinary year for Local Authority finances, with the impact of inflationary pressures felt throughout, the Council has continued to perform strongly in terms of its financial planning and management. The national picture for Councils across the Country is one of struggling to meet the emerging cost of living pressures for citizens, as well as ongoing demand led pressures in key service areas such as Children and Adult Social Care, SEND and Home to School Transport. Whilst the uncertainty of funding and overspends place additional pressure on the longer-term financial position of the Council the Council is working hard to mitigate this risk. The Council has a healthy reserves position putting it in a strong position to manage the arising pressures over the short to medium term. The Council should continue to acknowledge the importance of seeking ways other than use of reserves to manage the financial budget gap in the medium term, given the finite nature of reserves. There is slippage on capital programmes which whilst is commonplace across other Councils, the Council needs to continue to actively monitor and report slippage on projects needs to be actively monitored and reported. Our work has not identified any evidence which leads us to conclude that there are weaknesses present which require recommendations to be raised.



## Governance

The Council continue to have good processes in place for the monitoring of risks, ensuring standards, behaviour and effective decision making.

Our work has not identified any evidence which leads us to conclude that there are weaknesses present which require recommendations to be raised.



## Improving economy, efficiency and effectiveness

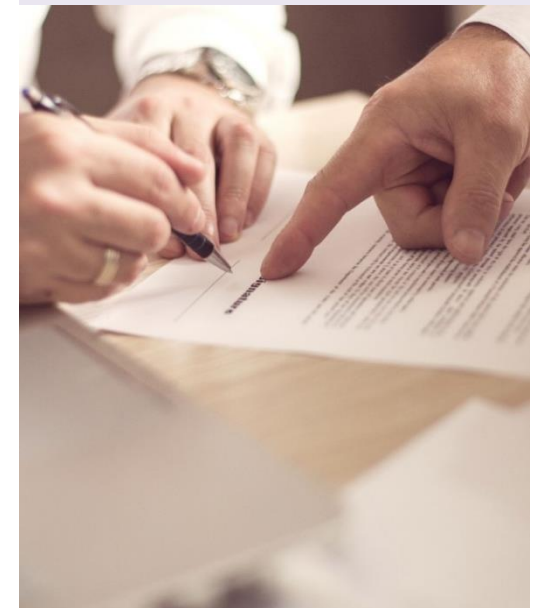
Overall, we are satisfied that the Council has appropriate arrangements in place to ensure it can deliver economy, efficiency and effectiveness with good processes in place for performance monitoring, procurement and contract management and partnership working. However there remain several improvements outstanding from the March 2021 Ofsted and Care and Quality Commission (CQC) inspection report, Local Area Arrangements for SEND. The recent inspection by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), published in September 2023, has also highlighted a number of key areas of required improvement.

Our work has not identified evidence of significant weaknesses within the arrangements in place. However, we have identified areas where the Council could improve arrangements and as such, have raised three improvement recommendations which have been accepted by Management. See pages 21, 22 and 23 for more detail.



## Financial Statements opinion

We have substantially completed our audit of your financial statements and propose to issue an unqualified audit opinion, following the full Council meeting on 19 December 2023. Our findings are set out in further detail on pages 26 to 28.



# Use of auditor's powers

We bring the following matters to your attention:

2022/23

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.

# Securing economy, efficiency and effectiveness in the Council's use of resources

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Council, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit and Standards Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Council's Annual Governance Statement and other publications



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 8 to 24.

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# The current Local Government landscape

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## National context

Local government in England continues to face significant challenges as a sector. These include a high level of uncertainty over future levels of government funding, alongside delays to the Government's plans for reform of the local government finance system, impacting on medium-term financial planning. This is also a time of generationally significant levels of inflation – the UK inflation rate was 7.8% in April 2022, rising to a 41-year high of 11.1% in October 2022, then reducing to 10.1% in March 2023. Inflation levels put pressure on Councils' revenue and capital expenditure, as well as the associated cost of living crisis impacting on local communities and businesses, leading to an increase in demand for Council services such as children with special education needs with associated transport costs, and mental health support, as well as impacting on some areas of Council income such as car parking and the collection rates of Council tax and business rates. This follows a significant period of funding reductions by Government (2012 to 2017) and the impacts of EU Exit and the COVID-19 pandemic which, for example, have contributed to workforce shortages in a number of Council service areas, as well creating supply chain fragility risks.

The local government finance settlement for 2023/24 was better than many in the sector anticipated demonstrating an understanding by Government of the financial challenges being faced by the sector. However, the Local Government Association, in July 2023, estimated that the costs to Councils of delivering their services will exceed their core funding by £2bn in 2023/24 and by £900m in 2024/25. This includes underlying cost pressures that pre-date and have been increased by the pandemic, such as demographic pressures increasing the demand for services such as social care and homelessness.

Over the past decade many Councils have sought to increase commercial activity as a way to generate new sources of income which has increased the nature of financial risk, as well as the need to ensure there is appropriate skills and capacity in place to manage such activities.

Local government is coming under an increased spotlight in terms of how the sector responds to these external challenges, including the Government establishing the Office for Local Government (Oflog) and there has been an increase in the number of Councils who have laid a Section 114 Notice, or are commenting on the likelihood of such an action, as well as continued Government intervention at a number of Councils.

There has also been an increase in the use of auditors using their statutory powers, such as public interest reporting and statutory recommendations. The use of such auditor powers typically derive from Value for Money audit work, where weaknesses in arrangements have been identified. These include:

- a failure to understand and manage the risks associated with commercial investments and Council owned companies
- a failure to address and resolve relationship difficulties between senior officers and members
- significant challenges associated with financial capability and capacity
- a lack of compliance with procurement and contract management processes and procedures
- ineffective leadership and decision-making.

Value for Money audit has an important role in providing assurance and supporting improvement in the sector.

# Financial sustainability



## We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## Financial performance in 2022/23

The Council faced significant financial challenges during the 2022/23 financial year. The period was characterised by economic uncertainty, with inflation and interest rates rising beyond expectations, resulting in additional in-year costs. Furthermore, the Council continued to face escalating demand for children's and adult social care services, as well as for home-to-school transport as a result of demand led pressures.

As a result of the pressures stated above the Council's financial outturn position for the 2022/23 period was an overspend of £9m. The overspend was covered by provisions included in the Medium-Term Financial Strategy (MTFS) to cover £5m of the overspend. After considering this funding, the remaining net overspend amounts to £4m, equivalent to 1.1% of the net revenue budget. This residual overspend was financed through reserves set aside by the Directorate and the General Risk Reserves, which were created to cover such residual overspends. Despite the overspend in the outturn position in Q4, it is a decrease of £4.5m from the forecast outturn reported in January.

## 2023/24 MTFS

On 7 February 2023, the Council approved a balanced budget for the financial year 2023/24. During the budget setting process, a comprehensive approach was taken with internal and external engagement. Budget options and flexibilities were presented to Cabinet on 15 December 2022, with an update on the MTFS reported on 27 January 2023 covering the impact of the Local Government Finance Settlement and taxbase information.

In developing the MTFS, key risks were identified and considered such as pay inflation, demand led spending pressures, the DSG deficit, and delivery of savings.

The key spending highlights from the budget include:

- Investing almost £25m to address the rising numbers and expenses of supporting elderly and vulnerable adults;
- Investing £5m for children's social care services to accommodate the increasing number of children and families needing support, including £3m earmarked for additional staffing;
- Investing £5m to provide support for children and young people with disabilities and special educational needs;
- Investing £187m to support the delivery of the 2023 business plans of the Warwickshire Property and Development Group and the Warwickshire Recovery and Investment Fund; and
- Investing £140m for capital programme.

The key income highlights from the budget include:

- Use of £94m of government grants to support the budget;
- Use of business rates funding of £81m to support the budget;
- Use £23m of reserves in 2023/24 to fund time-limited costs and budget allocations; and
- Increase in Council tax by 3.94% in 2023/24.



# Financial sustainability (continued)

## DSG

The Council is dealing with several issues related to the Dedicated Schools Grant (DSG). DSG saw a net overspend over four segments - schools, early years, high needs, and central services as illustrated in the table to the right. Included within the High Needs Block overspend of £4m, the Independent Special Schools recorded a significant overspend of £4m, as demand for provision increased by 10%, while £2m was allocated for top-ups of teacher's pay and pension payments to special schools. This has contributed to a cumulative deficit of £20m. This deficit has been a significant challenge for the Council, as it has resulted in a shortfall in funding for critical services such as special education needs and disabilities provision. However, the DSG Deficit Offset Reserve is currently £22m, which means the Council currently has excess funding of £2m.

The Council has also highlighted concerns regarding the level of funding for children with Special Education Needs and Disability (SEND) and the impact of funding reforms and what impact it will have on the Council's finances.

These challenges have been compounded by broader economic uncertainties such as inflation and interest rate increases, as well as rising demand for social care services and home-to-school transport. The Council has had to work hard to balance its budgets while ensuring that vital services continue to be delivered to residents.

The Council is seeking to mitigate the challenges it is facing in the DSG domain with interventions by the SEND & Inclusion Change programme (SICP). With the over-arching aim of the programme over the long term to ensure appropriate school place for each child whilst ensuring costs are appropriate. For example, reducing the reliance of Independent Specialist Provision and increasing "SEND Top-ups" to mainstream and special schools. A decision taken at the inception of the SICP is to set budgets for services as they might be after several years of the change programme does lead to several reported large over/ under-spends as budget is set for the future while the forecasted costs are for the present, so the Council is approaching it holistically.

Nevertheless, the High Needs Block remains an area of concern, with the recurring yearly overspend drawing attention to the funding structural deficit in this service. It is essential to note that this issue is not specific to the Council and is, in fact, a nationwide problem.

DSG block	Effect of Outturn 2022/23 £m	Reserve Position as at 1 April 2023 £m
Schools Block	(0.103)	(0.494)
Early Years Block	(0.408)	(3.341)
High Needs Block	4.436	20.416
Central Services Block	0.005	0.484
<b>Total</b>	<b>3.930</b>	<b>16.097</b>

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# Financial sustainability (continued)

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## Identifying savings

The Council's budget reduction plan is expected to generate savings of £15.158m in 2023/24 to balance the budget and an additional £52.513m over the Medium-Term Financial Strategy period increasing to £68m by 2028. The Council plans to achieve this by enhancing procurement procedures, generating more revenue, and reducing demand. The Council set up a Member Working Group in March 2023, to enhance focus on the demand and cost management of home to school transport. This approach complements the Council's previous efforts, which led to savings of £9m in 2022/23 and £114m over the last nine years.

The savings plan for 2022/23 required the delivery of £10.244m of savings, accumulated from 54 individual saving initiatives. At outturn, £9.574m (93.5%) has been delivered in line with the plan, with £0.670m (6.5%) unachieved in year.

In recent years, the Council has shown that it can deliver a high proportion of its savings targets which demonstrates the strong processes it has in place to monitor and manage the delivery of savings. Given the low percentage of savings not achieved in the year, it is not considered detrimental or critical to the financial landscape of the Council, coupled with the uncertainty around financial pressures that the Council has experienced in 2022/23.

## Monitoring Capital Programmes

The Council's assets are valued at £1.4 billion, and there is an annual requirement to allocate funds to maintain their suitability for service provision and invest in new assets to meet changing needs and requirements.

Approval was granted for a capital programme worth £849m in February 2023. Of this amount, £317m is profiled to be spent for 2023/24, and £532m is allocated to future years. The Capital Investment Fund holds £91m, which will be allocated to specific schemes aligned with the Council's priorities as bids are developed and evaluated over the five years of the 2023-28 Medium Term Financial Strategy.

The actual capital spend in 2022/23 was £117m and the actual controllable capital payments made by the Council were £98m representing a 18.9% slippage on actual controllable expenditure.

The main reasons for capital underspend on projects are the reprofiling of expenditure and delayed projects. This is mainly due to the availability of contractors and materials, project reviews and redesigns due to inflationary pressures and longer than anticipated procurement and planning processes.

However, it should be noted that the Council has reprofiled these projects, meaning they will still be delivered within the Council's capital programme and related strategies but at a revised timescale.

One project that has been significantly affected is the Bermuda Connectivity Project. This project was initiated in 2014/15 and is ongoing at the date of this report. The project had an initial approved budget of £3.7m in 2014/15 which was subsequently increased to £8.9m in 2018/19. The budget was further increased in 2020/21 to £10.4m and increased further to £15 million in 2022/23. Cumulative expenditure on the project as at the end of 2022/23 was £10 million. The reason of the increased expenditure was due to the changes in the scheme which meant that the project grew, and this went through the appropriate Council governance for approval.

We are satisfied that where there is scope increases on projects like this, the Council has arrangements to ensure that these enhancements are necessary and provide wider benefits to residents. For example, reassessing the Benefit Costs Ratio scores for projects, and looking at a schemes impact on wider economic benefits, before incurring the increased expenditure on the project.

# Financial sustainability (continued)

## Monitoring Capital Programme continued

### Increase in 2022/23

Between 2021 and 2022/23, the costs of the scheme increased due to unforeseen issues that became apparent during the construction phase of the project. These issues in combination with higher-than-expected inflation resulted in a higher budget requirement that was approved as per the Council's governance arrangements.

### Governance arrangements in relation to the Bermuda Connectivity Project

Whilst the budget for the Bermuda Connectivity Project has needed to be increased several times since the initial budget approval, we consider that the Council has taken appropriate action to inform Members of the required increases and request approval in line with its agreed governance. For each of the required budget increases, as discussed earlier in this section of our report, the Council has complied with its Capital rules and has obtained formal approval for the increase from either full Council or Cabinet. Further, the Council has acted to improve the governance and management arrangements in respect of its Capital Programme, as outlined below.

FY	Expenditure (Annual) £000's	Expenditure (Cumulative) £000's	Approved Budget £000's
2014/15	53.5	53.5	3,702
2015/16	377	430	3,702
2016/17	697	1,127	3,702
2017/18	190	1,317	3,702
2018/19	306	1,622	8,900
2019/20	636	2,259	8,900
2020/21	621	2,880	10,359
2021/22	3,526	6,405	10,359
2022/23	3,712	10,117	14,941
2023/24	979	11,096	14,941

### Capital Programme Governance Arrangements

As a result of costs increasing on various projects between the preliminary and detailed design and slippage against project delivery timelines, the Council has initiated a Capital Financial Management (CFM) project. This project aims to:

- improve monitoring of capital programmes across the Council,
- improve the risk management skills of project managers
- Improve the level of understanding and cooperation between finance and project delivery teams.

The CFM project commenced in 2020/21 and has issued 12 recommendations to date and progress against these is reported twice a year to the Resources and Fire & Rescue Overview and Scrutiny Committee. The benefits of the CFM project have been realised from April 2023.

One of the recommendations of the CFM project is the establishment of the Investigation Design Fund which enables service lines to access funding at an earlier stage. This allows them to complete detailed design and carry out other preliminary activities, including surveys, before requesting budget approval from Members. This should improve the accuracy and completeness when estimating costs and help to reduce slippage in project timeline by reducing the occurrence of unforeseen and uncoded activities.

It is apparent that the Council is undertaking a series of actions to address known weaknesses in its Capital Programme management and governance arrangements with some activity already underway. Whilst we have given credit to the Council for this, we have recommended that it continue to implement the recommendations made by the CFM project and monitor their effectiveness. This will help to reduce the risk of existing and future projects being subject to delays and higher than anticipated costs. A project closure report is due to be considered by the Overview and Scrutiny Committee on 13 December 2023.

The progress on the 12 recommendations to date is that 10 of the proposed changes have now been implemented. The remaining 2 being:

- Production of a video tutorial to support project managers with capital forecasting on the FP&A system. This recommendation will be actioned in quarter 3 of 2023/24.
- The completion and publication of the first Capital Annual Report for 2022/23. Currently a draft report has been considered by the Capital Strategy Group and reviewed by the Executive Director of Resources, and final changes are being made.

# Financial sustainability (continued)

## Reserves

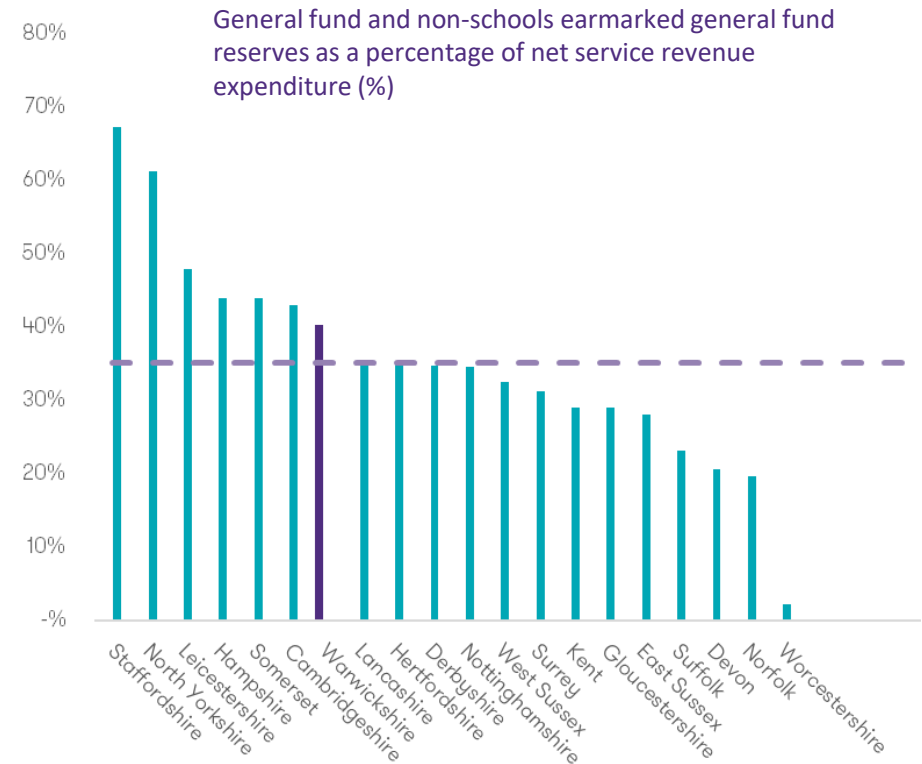
The Council has an annual Reserves Strategy which is updated every year. The Reserves Strategy is appended to the MTFS and supports decision-making. An analysis of reserves and any changes are reported in quarterly monitoring reports.

The Reserves Strategy outlines the primary aim of holding reserves and their intended use as follows:

- Reserve to manage financial risk, including volatility;
- Reserve for investment in projects to drive forward the delivery of the Council's objectives;
- Reserve to meet externally set funding conditions; and
- Reserve for investing to pump-prime the delivery of the Council's core outcomes and to support the resourcing of the MTFS by managing timing differences between spending need and the delivery of budget reductions.

As of March 2023, the Council's reserves as per the quarter 4 outturn report are £223m. The impact of the outturn on 31 March 2023 has meant a decrease in the overall reserves held by the Council over the 2022/23 financial year of £22m, taking the total reserve balance to £223m from £245m as of April 2022. The reserves are expected to reduce by a further £42m by the end of the MTFS period.

However, despite a reduction of 26% in reserves from April 2022 to the end of the MTFS, the Council has a healthy reserves balance as noted in the table on the right where Warwickshire Council ranks 7<sup>th</sup> when compared to other County Councils in the County in terms of its general fund and non-schools earmarked reserves as a percentage of net service expenditure (40%).



# Financial sustainability (continued)

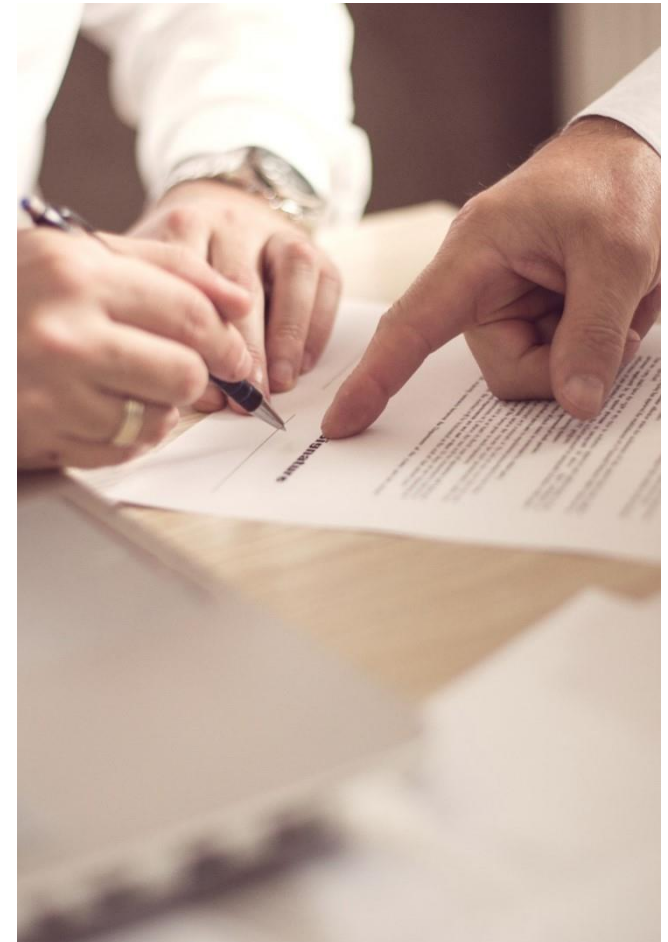
## Conclusion

Although it has continued to be an extraordinary year for Local Authority finances, with the impact of inflationary pressures felt throughout, the Council has continued to perform strongly in terms of its financial planning and management. The national picture for Councils across the Country is one of struggling to meet the emerging cost of living pressures for citizens, as well as ongoing demand led pressures in key service areas such as Children and Adult Social Care.

Whilst the uncertainty of funding and overspends place additional pressure on the longer-term financial position of the Council the Council is working hard to mitigate this risk. The Council has a healthy reserves position putting it in a strong position to manage the arising pressures over the short to medium term. The Council should continue to acknowledge the importance of seeking ways other than use of reserves to manage the financial budget gap in the medium term, given the finite nature of reserves.

There is slippage on capital programmes which whilst is commonplace across other Councils, the Council needs to continue monitoring and reporting these slippages.

Our work has not identified any evidence which leads us to conclude that there are weaknesses present which require recommendations to be raised.



# Governance



## We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

## Risk management and internal controls

The Council continues to have good processes around risk monitoring. The Strategic and Service Risk Register are presented to the Cabinet on a quarterly basis. This document assesses risk and evaluates against a matrix. The impact of risks range from insignificant to catastrophic and likelihood from highly unlikely to very likely. The definitions and criteria are set out in the risk management framework. The Strategic Risk Register is updated on an ongoing basis and has risks for current challenges such as “Being unable to deliver Local Area SEND Inspection Written Statement of Action within required timescales “

The Council also receives assurance on internal control and risk management processes from its Internal Audit function. In 2022/23, Internal Audit provided opinions on 25 pieces of work:

Full Assurance	Substantial Assurance
1	11

Moderate Assurance	Limited Assurance
9	4

Internal Audit provided an overall opinion of “Substantial Assurance” on the Council’s control environment. The number of limited assurance opinions provided was consistent with last year and represents a low percentage of all opinions given.

During 2022/23 an independent review of the Internal Audit Service was performed by CIPFA. This was in line with required standards that state an external reviewer must undertake a full assessment or validate the Internal Audit Service’s own self-assessment at least once in a five-year period. The review concluded that the Internal Audit Service generally conforms to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

## Informed decision making including the Audit Committee

The basis of the Council’s decision making is governed by the Constitution. The Constitution was reviewed during 2022/23 with minor updates made to ensure the document remains compliant and meet the organisations operating arrangements.

The Audit and Standards Committee provides oversight of the Council’s arrangements for corporate governance, risk management and internal and external audit matters. The Committee is chaired by an independent member and a Council appointed second independent member. The Committee has six members, in line with CIPFAs practical guidance for Audit Committees.

Attendance at the Audit and Standards Committee demonstrates that members provide sufficient challenge and scrutiny of officers, and the Committee benefits from a balance of different experiences among its members. Additionally, the Committee prepares an annual report summarizing its work and contribution to the governance framework, in conjunction with officers, internal audit, and external audit.

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# Governance (continued)

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Relevant information is provided to decision makers before major decisions are made to ensure there is appropriate challenge and the Council has a forward plan that provides information about key decisions that are scheduled to be made.

As reported in our 2021/22 prior year AAR, the recommendations from the independent review of Overview and Scrutiny that was commissioned by the Council in February 2020 were built into an action plan. A March 2023 update report that went to the Audit and Standards Committee highlighted the way in which this action plan has strengthened the Council's scrutiny function through training, increased number of programmes scrutinised and joint scrutiny arrangements.

## Standards and behaviour

The Council has a legal services team led by a Monitoring Officer who is responsible for ensuring the organization complies with legislative and regulatory requirements. The Monitoring Officer attends relevant meetings of the Cabinet, Council, or other committees where applicable, providing advice on legal and regulatory matters.

The Council have a counter fraud, bribery and corruption framework which is underpinned by the need to "support a culture of openness, honesty and integrity". The Framework defines the approach to managing the risk of fraud, bribery and corruption across the organisation and ensures that best practice is embedded across all services, projects and partnerships.

The Council has set guidance for gifts and hospitality for members and staff. In our 2022/21 Annual Audit Report we recommended that consideration should be given to the review and renewal of the gifts and hospitality policy as they were due for renewal in 2021. During 2022/23 the Council has reviewed and refreshed this policy. As such we have marked our recommendation as complete.

There is also evidence of the Council creating their own review process when standards don't achieve expected results. An example of this is the review and subsequent improvement plan that was put in place following problems with in year schools admissions in 2022.

## Annual budget setting

The Council's budget setting process is a detailed and comprehensive approach to allocating resources to meet the needs of residents while ensuring financial sustainability. The Council's budget setting process typically begins in the summer of each year, with the identification of priorities and key areas of expenditure for the upcoming financial year. The Council starts by reviewing its strategic priorities and identifying any new or emerging areas of need. The Council also considers the impact of national policy changes on local services and any changes in the Council's workforce or service delivery models.

The basis for the budget are the three strategic priorities of the Council which are stated in the Council plan.

- A County with a thriving economy and places with the right jobs, skills, and infrastructure;
- A place where people can live their best lives; where communities and individuals are supported to live safely, healthily, happily and independently; and
- A County with sustainable futures which means adapting to and mitigating climate change and meeting net zero commitments.

The Director of Finance at the Council oversees the internal communication of the annual process and timelines for setting budgets and refreshing the Medium Term Financial Strategy. To facilitate this process, a range of documents are provided that contribute to the overall process. These include:

- A Revenue cost and demand pressure proforma, which details permanent additional costs, time-limited costs, one-off costs, and future savings identified by officers. These items must be supported by narrative explanation and applicable assumptions.
- A Capital cost and demand pressure proforma, which outlines required capital costs (excluding any third-party contributions), associated revenue costs, and anticipated savings. Like the Revenue cost and demand pressure proforma, this document must be supported by narrative explanation in all cases.

Subsequently, the budget is discussed at Corporate Board, working groups, Councillors/members, and at Cabinet and full Council meetings.

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# Governance (continued)

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The Council's budget report is subject to review and consultation with key stakeholders. The Council also engages with service users and carers to gather feedback on the quality of services and identify areas for improvement. Once the Council has received feedback from stakeholders, the Council's budget is then presented to the Cabinet for approval. Cabinet members scrutinize the budget, ask questions, and make recommendations for changes. Once approved by Cabinet, the budget is then presented to the full Council for final approval

## Budgetary control

Throughout the year, the Council monitors its budget closely, making adjustments where necessary to ensure that expenditure remains within the approved budget. The Council also produces regular financial reports, which are reviewed quarterly by Cabinet.

The Council monitors its performance against budget through a range of measures and processes. The Council uses a combination of financial and non-financial indicators to assess its performance and ensure that expenditure remains within budget.

One key measure used by the Council is regular financial reporting. The Council produces regular financial reports, which are reviewed by Cabinet and the full Council. These reports provide updates on expenditure and income, highlighting any areas where spending is above or below budget. The Council also produces an annual statement of accounts, which sets out the Council's financial position for the previous financial year.

In addition to financial reporting, the Council also uses a range of non-financial indicators to monitor performance against budget. These indicators are aligned with the Council's strategic priorities and objectives and are used to measure progress towards these goals.

The Council also uses performance management frameworks, which are designed to monitor and improve the quality and efficiency of services. These frameworks include regular performance reviews, audits, and inspections, which are used to identify areas for improvement and ensure that services are delivered to a high standard.

Another important aspect of the Council's monitoring of its performance against budget is the use of benchmarking data. The Council uses benchmarking data to compare its performance against other local authorities, identifying areas where it may be falling behind or excelling. This helps the Council to identify best practices, areas for improvement, and ways to improve efficiency and effectiveness.

## Conclusion

**The Council continue to have good processes in place for the monitoring of risks, ensuring standards, behaviour and effective decision making, budget monitoring and budget setting. We have not identified any areas of improvement.**



# Improving economy, efficiency and effectiveness



## We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

## Use of financial and performance information

The Council reported performance against the Council Plan 2022-27 in 2022/23. The Council ensured comprehensive reporting was enabled through its use of Power BI dashboards and the Council Plan was monitored against key business measures (KBMs). In 2023/24 performance will be based on a refreshed set of KBMs that were approved in June 2023 by the Cabinet.

The year-end performance report shows that of the 76 KBMs available for reporting, 50 (66%) KBMs are "On Track". In situations where KBMs are not being met, there is clear narrative that sets out why the KBM is not being achieved and what improvement activity is underway to improve under performance.

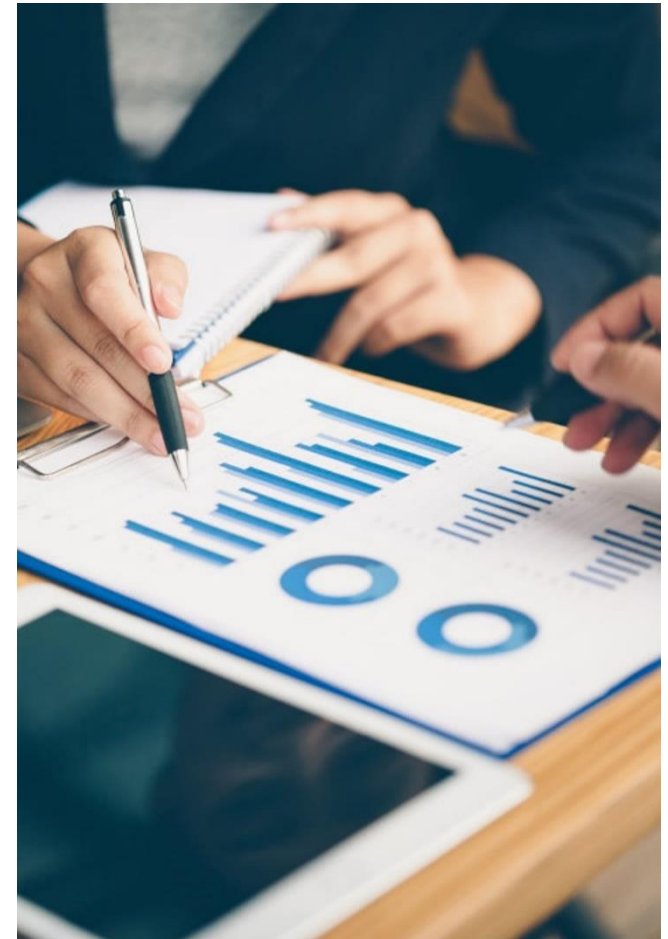
In situations where reporting against KBMs is not readily available (due to national suspension or data not being readily available at the time of reporting), the Council highlights alternative proxy measures or reports the data later to ensure performance is consistently monitored.

The performance reports show on track percentages across each quarter and highlight key themes emerging from the data, to further support decision makers with their roles.

The Council also considers performance through its use of benchmarking data. It utilises nationally and regionally available benchmarking data to ensure the value for money of services across a range of services.

## Assessing performance and identifying improvement

The Council receives assurance of the performance of services through external reviews from regulators.



# Improving economy, efficiency and effectiveness (continued)

## Ofsted

One of these regulators is the Office for Standards in Education, Children's Services and Skills. During the year, the Council has had two Ofsted inspections, both of which rated the Council as a Good provider:

- In October 2022, the Warwickshire Adult and Community Learning Service underwent a Short Inspection, and the result was that 'Warwickshire County Council continues to be a Good provider,' according to Ofsted. The inspection report identified two areas for improvement. Firstly, to ensure that all learners receive high-quality, impartial careers advice and guidance. Secondly, to improve the timeliness of information received on learners' progression and destinations, which will help to determine the effectiveness of the curriculum.
- In March 2023, Warwickshire County Council Children's Services underwent a Focused Visit, and the report was published in May 2023. Since the last inspection in November 2021, where Children's Services were rated good overall, there has been a continued and effective focus on improving services for care-experienced young people by partner agencies, elected members, and senior leaders. The inspection report identified two areas for improvement: firstly, to improve the timeliness with which personal advisers are allocated, and secondly, to enhance the effectiveness of management oversight of work with young people in custody and those living in unsuitable accommodation.

## SEND

In September 2021 the Care and Quality Commission (CQC) and Ofsted reported on the joint inspection of the effectiveness of SEND that was performed in July 2021. The report highlighted issues with long waiting times for assessment of children with autism, lack of stakeholder communication in some areas, a legacy of leadership teams and forums not working together closely, diminished confidence in schools to support SEND children appropriately based on insufficient training and the online resources available to parents and carers. The Council formally published the written statement of action (WSOA) in January 2022, following approval from CQC and Ofsted.

As part of our 2021/22 Annual Audit Report (AAR), we assessed the governance arrangements around the WSOA and progress to date. Whilst we highlighted the strong governance arrangements in place and the good progress to date, we raised an improvement recommendation for the Council to ensure progress continues and improvements are realising their expected benefits.

During 2022/23, four monitoring meetings were held between January 2022 and February 2023, attended by senior leaders from across Education, Social Care and Health, Warwickshire Parent Carer Voice and advisers from Department for Education (DfE) and NHS England (NHSE). DfE and NHS noted the positive improvements to date. In terms of progress, the March 2023 WSOA update report provided this summary of actions to date:

Overall we have:		
10 actions	19 sub actions	72 measures
Status	Quantity	Percentage
Completed	43 (38)	60% (53%)
On track, no concerns	18 (22)	25% (31%)
On track, some concerns	10 (9)	14% (13%)
No progress, major concerns	0	0
Not due yet	1 (3)	1% (4%)

The next steps for the Council is for a reinspection to be organised under the new SEND inspection framework by Ofsted and CQC. Whilst we acknowledge the improvements delivered through the WSOA, there remains significant pressures around the funding and demand pressures faced by the SEND service. It should be noted that this is a national issue affecting local authorities and is not unique to Warwickshire.

To support in the improvement of the value money for SEND services, the Council is currently part of the Delivering Better Value (DBV) programme. The DBV programme is set up by the DfE for 55 local authorities to collaborate and collate good practices in delivering services for children and young people with SEND.

# Improving economy, efficiency and effectiveness (continued)

As a participant in the programme the Council will receive dedicated support from Newton Europe, a transformation and improvement partner, and the Chartered Institute of Public Finance and Accountancy (CIPFA) to provide valuable expertise and skills on identifying opportunities for change.

## Improvement recommendation

**We recommend that the Council continues to closely monitor the value for money arrangements in relation to the SEND service. It should pay particular attention to the remaining outstanding actions within the WSoA and delivery of the wider transformation plans within the service that will need to be delivered within funding constraints. Further, the Council should closely monitor the risk that the transformation plans do not deliver the required benefits.**

### HMICFRS Inspection

In March 2021, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) completed an inspection of Warwickshire Fire and Rescue Service (WFRS). The inspection report was publicly released in January 2022 and graded WFRS against three pillars of Efficiency, Effectiveness and People. The possible gradings are Outstanding, Good, Requires Improvement and Inadequate. WFRS received a grading of requires improvement in all three pillars.

Within the inspection report, HMICFRS highlighted three "Causes of Concern":

- The service hasn't done enough since the last inspection to develop a prevention activity that prioritises those most at risk of fire;
- The service hasn't done enough since the last inspection to identify its highest risk premises to inform its risk-based inspection programme; and
- The service isn't taking a proportionate approach to promoting equality, diversity and inclusion (EDI) in the workplace.

In response the Council developed a WSoA which was submitted to HMICFRS. As part of our 2021/22 AAR we raised an improvement recommendation for the Council to ensure that progress continues to be made and that any improvements are realising the expected benefits.

In November 2022, the HMICFRS published a letter setting out their conclusions following revisits in February 2022 and November 2022. They concluded that progress had been made in several key areas, but also that there were outstanding issues. Overall, they closed the cause of concern around prevention and stated they would monitor progress against the remaining two open areas of concern during an inspection in 2023.

The HMICFRS published their latest inspection of WFRS, for the year 2022/23, in September 2023. This inspection was undertaken under a new framework and as such it isn't possible to make direct comparisons with the 2020/21 inspection report.

The inspection made the following graded judgements of WFRS:

Outstanding	Good	Adequate	Requires improvement	Inadequate
		Understanding fire and risk	Preventing fire and risk	
		Responding to fires and emergencies	Public safety through fire regulation	
		Responding to major incidents	Best use of resources	
		Promoting values and culture	Future affordability	
			Right people, right skills	
			Promoting fairness and diversity	
			Managing performance and developing leaders	

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# Improving economy, efficiency and effectiveness (continued)

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As well as these recommendations, several improvements were also recognised since the 2020/21 inspection. This included the closure of one additional area of concern in relation to promoting equality, diversity and inclusion (EDI) in the workplace, meaning only one cause of concern remains. The positive trajectory of the WSoA and actions taken should be noted.

WFRS is in the process of developing an action plan in relation to the new report, with an action plan on how they will deal with the remaining cause of concern already submitted to the HMICFRS. The service already has governance arrangements in place for improvement plans following the prior WSoA, which as part of their revisits in February and November 2022, the HMICFRS commented were sufficient and had been maintained. However, WFRS need to consider whether these arrangements need to be strengthened given the current pace of change highlighted by the latest report. The inspectors had highlighted that several recommendations made, had already been made in the prior inspection and little improvement had occurred since they were initially raised.

The service has worked with external advisors in assessing the value for money of their arrangements in the year. With several recommendations highlighted to drive improvement across the service.

Whilst good progress has been made on the prior action plan, the new inspectorate report has highlighted several ongoing issues that still need action to rectify. We have therefore raised the following improvement recommendation.

## Improvement recommendation

**The Council develops, publishes and monitors its action plan in response to the latest HMICFRS inspection report.**

## Commissioning and procurement

The Cabinet approved the new Procurement and Contract Management Strategy in 2022/23. As reported in our 2021/22 AAR we consider this to be a good strategy with a clear direction of travel, which aligns to the Council's strategic objectives.

Although the strategy has been communicated across the organisation the formal training to underpin its implementation has yet to be delivered.

During 2022/23 the Council has also created a working group between legal and procurement services to strengthen procurement practice across the Council, in anticipation of the changes that will occur from the new national procurement regulations.

## Improvement recommendation

**We note that the Council has not provided formal training on the new Procurement and Contract Management Strategy during the year. We recommend that the Council continue to develop and provide training on the new strategy to all staff involved in procurement and contract management. Further, we recommend that the training should be expanded to include additional changes that will occur from changes to national procurement legislation. Training on the strategy and new procurement regulations will help to support the knowledge, behaviours and cultural shift that will be required to maximise the potential benefits of the changes.**

## Conclusion

Overall, we are satisfied that the Council has appropriate arrangements in place to ensure it can deliver economy, efficiency and effectiveness. It has good processes in place for performance monitoring, procurement and contract management and partnership working. There has been good progress in relation to recommendations made by external regulators, however on-going financial and demand challenges may lead to a slowdown in improvements.

# Improvement recommendations

## Improvement Recommendation 1

The Council continues to closely monitor the value for money arrangements in relation to the SEND service. It should pay particular attention to the remaining outstanding actions within the WSoA and delivery of the wider transformation plans within the service that will need to be delivered within funding constraints. Further, the Council should closely monitor the risk that the transformation plans do not deliver the required benefits.

## Improvement opportunity identified

The Council has made improvements at pace following the development of the WSoA, however due to final pressures on the service and end of the monitoring meetings with DfE/NHSE there is a risk that the Council will lose momentum. This may have a significant impact on the service user and the Council's reputation.

## Summary findings

In September 2021, CQC and Ofsted performed a joint inspection of the effectiveness of the SEND arrangements in the local area of Warwickshire. The inspection identified some weaknesses in areas such as wait times for assessments, relationships and communication, placements, training and online offering.

There has been good progress to rectify these weaknesses, as discussed on page 18. However as this is an ongoing change programme that is awaiting a reinspection by CQC and Ofsted, we have raised this improvement recommendation to ensure that progress continues to be made.

## Criteria impacted



Improving economy, efficiency and effectiveness

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

We will continue to monitor progress on the written statement of action until all the improvements have been delivered and the expected benefits are being realised. During 2023/24 this activity will be consolidated into a single improvement plan/WSoA with the recommendations that emerge from the joint Delivering Best Value project being undertaken in conjunction with the DfE

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

# Improvement recommendations

## Improvement Recommendation 2

The Council develops, publishes and monitors its action plan in response to the latest HMICFRS inspection report.

## Improvement opportunity identified

The recent inspection by HMICFRS has highlighted a number of areas of improvement for the service, some of which had been highlighted in the prior inspection completed in 2020/21. There is a risk that the service is not making the improvements at the pace required, which could lead to significant impact on the service user and Council's reputation.

## Summary findings

In September 2023, the HMICFRS published their latest inspection of WFRS. This inspection rated the service as adequate across four areas and requires improvement across seven. There were several areas that had been highlighted as improvement recommendations in the 2020/21 inspection report.

As no areas have been highlighted as inadequate we have not highlighted a significant weakness in arrangements, however we have raised this improvement recommendation to ensure we monitor progress in our 2023/24 value for money assessment.

## Criteria impacted



Improving economy, efficiency and effectiveness

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

We have put in place an improvement plan following the latest HMICFRS inspection report. This was considered and approved by Cabinet in November 2023 alongside the HMI report itself. The action plan will be monitored on a regular basis with update reports twice a year to the Resources and Fire and Rescue Overview and Scrutiny Committee. Where needed this will also incorporate the outstanding activity in the current WSoA

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

# Improvement recommendations

## Improvement Recommendation 3

The Council develop and provide training on the new strategy to all staff involved in procurement and contract management. Further, we recommend that the training should be expanded to include additional changes that will occur with the new procurement regulations. Training on the strategy and new procurement regulations will help to support the knowledge, behaviours and cultural shift that will be required to maximise the potential benefits of the changes.

## Improvement opportunity identified

The Council has not yet provided training on the new Procurement and Contract Management Strategy. There is an opportunity for the Council to expand this training to cover the changes that will occur within the upcoming procurement regulations, to support the behavioural and cultural shift that will be required in public sector organisations to maximise its benefits.

## Summary findings

The Cabinet approved the new Procurement and Contract Management Strategy in 2022/23. As reported in our 2021/22 AAR we consider this to be a good strategy with a clear direction of travel, which aligns to the Council's strategic objectives. However, training on this strategy and its meaning for staff has not yet been undertaken.

## Criteria impacted

Improving economy, efficiency and effectiveness



## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

A training strategy for all staff involved in procurement and contract management is in development. The new legislative regime will require changes to process and approach (including Contract Standing Orders) that are not yet fully apparent – a working group of legal and procurement officers meet regularly (and have doing so throughout the year) to plan and develop the Council's preparedness for the new legislation. It is intended to incorporate both the impact of the new procurement regulations and the Procurement and Contract Management Strategy (amended if required as a result of the new legislative regime) within this training strategy. The strategy and progress on its implementation will be reported to Audit and Standards Committee twice a year once launched.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

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# Warwickshire Pension Fund

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## Financial sustainability

The Pension Fund is responsible for managing the pension funds for approximately 57,000 members across Warwickshire. As of March 31, 2023, the fund had £2,755m in assets under management. The fund's primary objective is to deliver long-term investment returns to support the pension benefits of its members. Broadly speaking, the primary sources of the pension fund can be classified into two categories: contributions made by active members and investment returns such as interest, dividends, and profits on the disposal of assets.

As per regulations, the pension fund must undergo a formal valuation every three years (triennial valuation) by a qualified actuary. During this process, the actuary will conduct a detailed examination of the fund based on its current funding objectives, which includes determining the required level of assets to meet future benefit payments, the timeframe for achieving this goal, and setting the contribution rate that employer bodies must pay for the next three years. It is important to note that for significant employers, rates may be paid in advance to cover the three-year duration, which should align with the funding strategy statement.

The Fund was assessed as 92% funded as of 31 March 2019, an improvement on the funding level of 82% on 31 March 2016, and the 2022 valuation assessed the Funding level to be 104%.

As of March 31, 2022, the Pension Fund achieved a surplus in its assets of £101m with assets valued at £2,782m and liabilities £2,680m. On 31 March 2019, there was a deficit of £180m with asset valued at £2,166m and liabilities at £2,346m. The Pension Fund's investments have been diversified across different asset classes, including equities, fixed income, and alternative investments. The stability of the Pension Fund's funding level is due to a combination of strong investment returns and contributions from employers and members.

## Governance

The WPF has a governance structure that is overseen by the Pension Committee, which consists of a mix of elected members, employer representatives, and independent members. The committee is responsible for setting the fund's investment strategy, monitoring investment performance, and ensuring compliance with relevant regulations and policies. The Pension Fund has a range of policies and practices in place to ensure effective governance. The fund has a Code of Conduct, which sets out standards of behaviour for committee members and staff.

The fund also has a Risk Management Framework, which identifies and assesses risks to the fund and outlines strategies to mitigate those risks. The full risk register is presented to the Pensions committee once a year in June with the highest risks assigned a RAG rating if red are as follows:

- Cyber security
- Long term asset values do not meet expectation
- Climate change

The Pension Fund has a clear investment strategy that is reviewed and updated regularly. The fund's investment portfolio is diversified across different asset classes to minimise risk and optimise returns.

## Improving economy, efficiency and effectiveness

The Local Pensions Board and the Investments Sub-Committee monitor investment performance quarterly in line with reporting provided by fund managers. The Board receives a high-level commentary on the portfolio of assets held by the fund, including their value and cash flow information. A more detailed analysis of funding and performance is considered by the Investment Sub-Committee and reviewed in private due to its commercially sensitive nature. The Board receives a detailed report providing information on valuation, sensitivity, and benchmarking to identify potential improvements in investment activity.

Quarterly reports are produced to update the Local Pension Board on key developments affecting pensions administration and the performance of the Pensions Administration Service. These reports cover a suite of KPIs and measure performance against them, identifying areas for improvement. Workloads, policy breaches, and ongoing projects to improve the service are also monitored in these reports.

The Pension Fund Annual Report captures the fund's performance for the year.

## Conclusion

**Overall, we are satisfied that there are process and procedures in place to ensure the Warwickshire Pension Fund manages its resources to ensure it can continue to deliver its services, has processes in place to make informed decisions and manage its risks, and has procedures in place to monitor its performance effectively.**



# Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1 Consideration should be given to the review and renewal of the gifts and hospitality policy as these were due to review in February 2021.	Improvement	February 2022	The Gifts and Hospitality policy has been reviewed and updated.	Yes	No
2 Continue to implement the special educational needs and/or disabilities (SEND) in the local area improvement plan set out in the written statement of action following the CQC and Ofsted report from their joint review.	Improvement	February 2022	The Council has continued to deliver and monitor the written statement of action throughout 2022/23, however several actions remain outstanding.	Partially	We have re-raised a recommendation to ensure that the Council is focused on delivering improvements. See improvement recommendation No. 2
3 Continue to implement the Warwickshire Fire and Rescue Service improvement plan set out in the written statement of action following the HMICFRS inspection in January 2022	Improvement	February 2022	The Council has continued to deliver and monitor the written statement of action throughout 2022/23, however a new HMICFRS report published September 2023 has highlighted a number improvement recommendations.	Partially	We have re-raised a recommendation to ensure that the Council is focused on delivering improvements. See improvement recommendation No. 3

# Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

International Standards on Auditing (UK)

- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

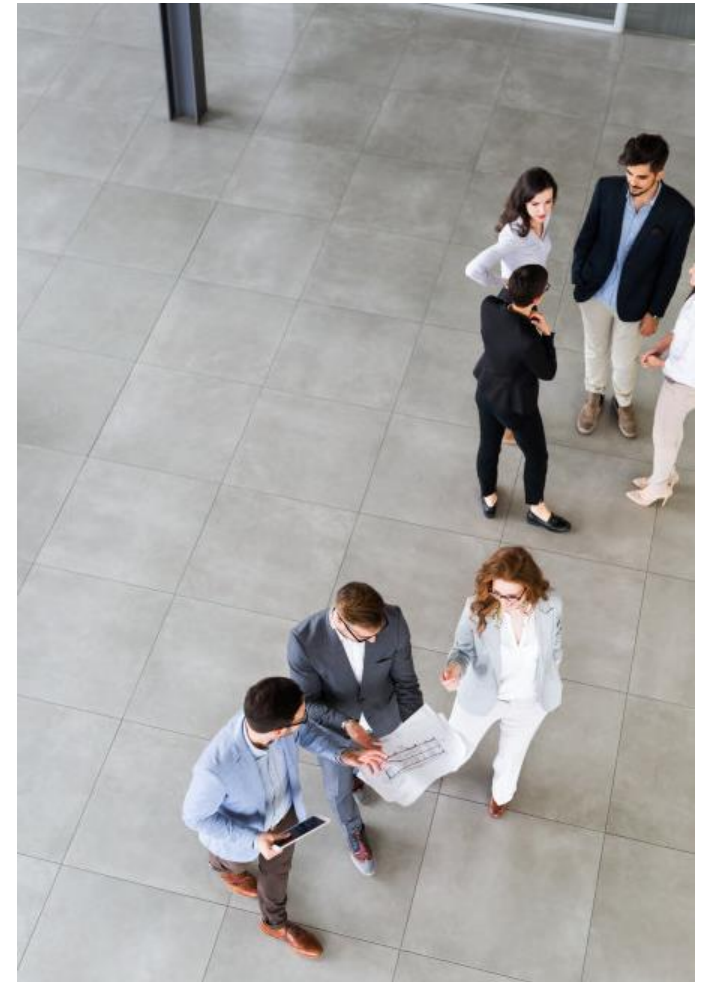
We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

## Audit opinion on the financial statements

We propose to issue an unqualified opinion on the Council's financial statements.

The full opinion will be included in the Council's Annual Report for 2022/23, which can be obtained from the Council's website.

Further information on our audit of the financial statements is set out overleaf.



# Opinion on the financial statements



## Timescale for the audit of the financial statements

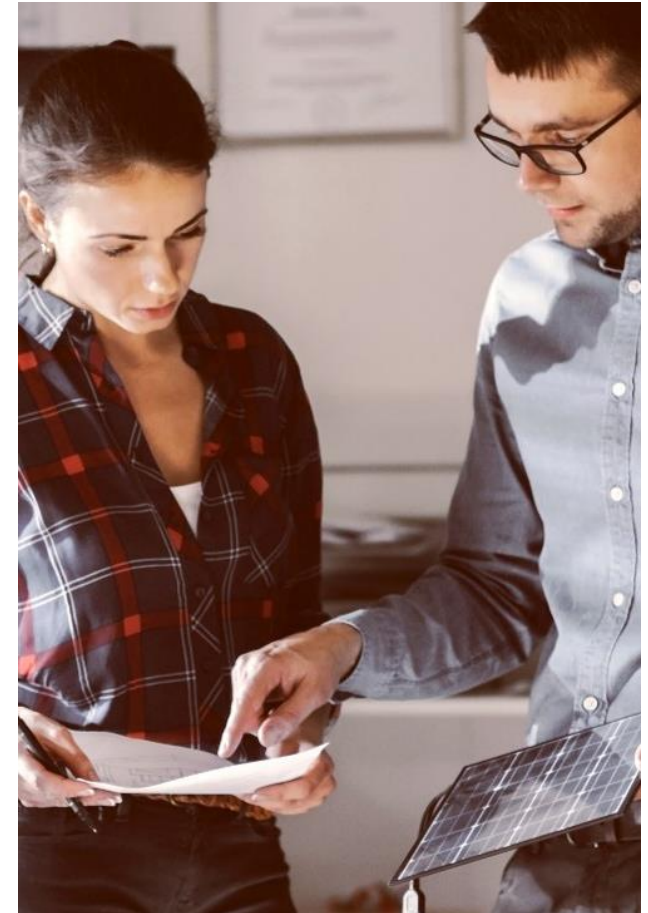
- Our Audit Plan was issued and presented to Audit and Standards committee on 20 July 2023.
- The Council provided draft financial statements in line with the national timetable.
- Our audit work has been completed remotely and on-site from July to December 2023.
- The accounts presented for audit were of good standards and were supported by appropriate working papers. Management have cooperated with us throughout the audit.

## Findings from the audit of the financial statements

Our audit work is substantially complete, and we anticipate issuing an unmodified opinion.

More detailed findings are set out in our Audit Findings Report, which was presented to the Council's Audit and Standards Committee on 30 November 2023.

Requests for this Audit Findings Report should be directed to the Council.



# Other reporting requirements



## Other opinion/key findings

We anticipate issuing an unmodified opinion in respect of other information.

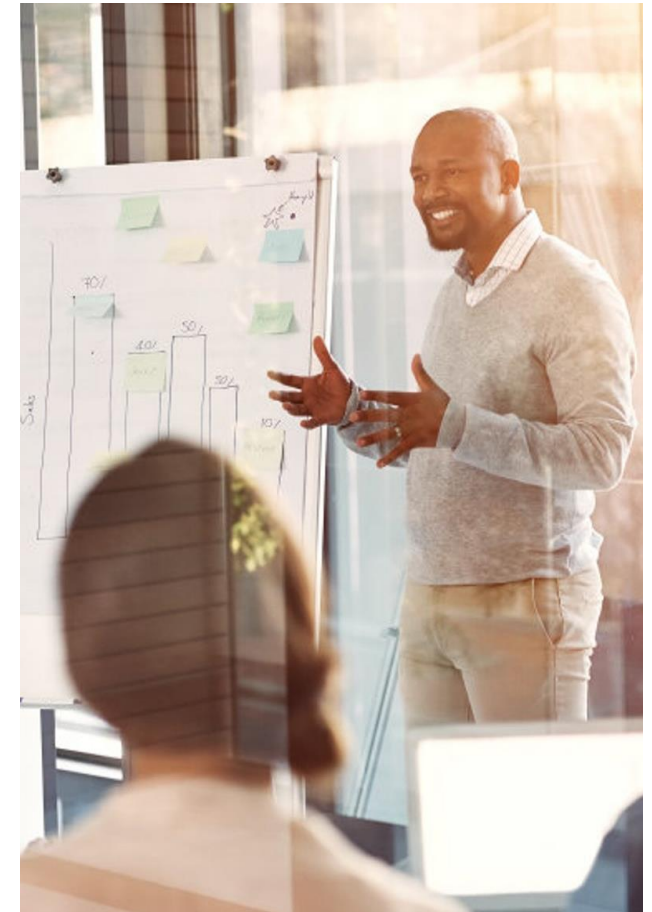
## Audit Findings Report

More detailed findings can be found in our AFR, which will be published and reported to the Council's Audit and Standards Committee on 30 November 2023

## Whole of Government Accounts

To support the audit of the Whole of Government Accounts, we are required to examine and report on the consistency of the Council's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

The Council was below the threshold requiring extended audit procedures. We will issue the required assurance statement to the NAO following the completion of the audit.



# Appendices

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# Appendix A: Responsibilities of the Council

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Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

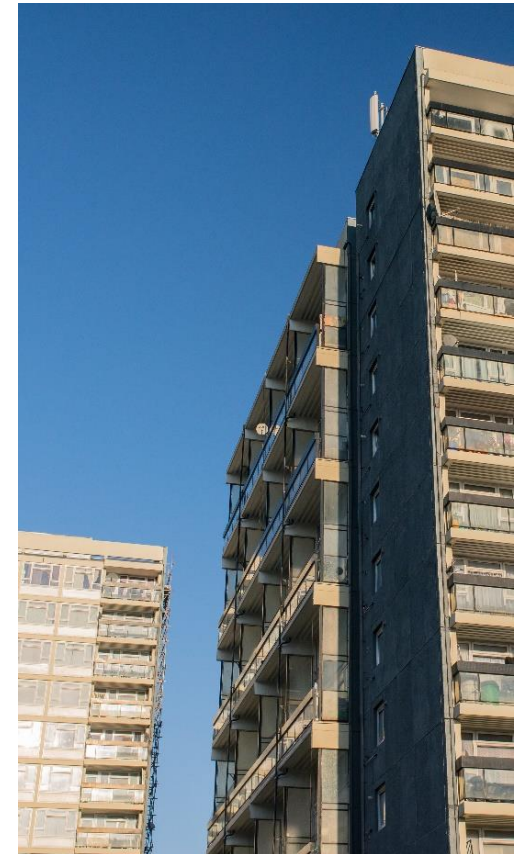
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Appendix B:

## An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Council's arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	21, 22 and 23

