

Tony Crawley
Chief Executive, PSAA
Email: workandfeesconsultation@psaa.co.uk
(via email)

PSAA Scale Fee – Consultation response – Oct 2023

Dear Tony,

You have kindly invited comments from local authorities in respect of the recently proposed scale fee increase for PSAA audits for 2023/24. We have set out below comments on behalf of the London Borough of Hammersmith and Fulham.

As you have set out, the scale fee for LB Hammersmith and Fulham is proposed to increase by 151% (after adjustments to the prior year fee for new audit requirements etc.). This will increase our scale fee from £171k to £430k, excluding potential one-off charges of circa £80k based on 2022-23. We understand that this increase is substantially driven by the increase in underlying audit fees and that this is in keeping with similar authorities.

From a budgetary perspective this significant increase in the scale fee is, naturally, disappointing. As the PSAA will be aware, our sector continues to face significant financial challenges and whilst some funding has been indicated by government to support local audit, this is both temporary and only covering a fraction of the proposed increases. The proposed increase in the scale fee will, in the main, need to be met through compensating savings and reductions in spend in key statutory services.

We have taken on board the commentary that the price increase reflects the wider problems in the local authority audit market and changes to the regulatory landscape. These problems and changes have been elucidated through the Redmond review and we, like many authorities, have experienced them first-hand through significant audit delays. We understand that there is a pressing need to fix this and that this, in part, will be governed by commercial realities.

We accept that the pricing is pursuant to a competitive procurement process however would counsel that this process can only be as competitive as the underlying market in the first place. In the long-term we would urge the PSAA and other relevant bodies to consider ways to address potential market failure in this area.

On the basis that the proposed fee increases proceed, we firmly believe that this needs to be reflected in improvements to audit resourcing and timeliness and are

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pleased that absolute mandatory deadlines for both 2021/22 and 2022/23 are now in place (we are working with our auditors to sign off 2022/23 and 2021/22 is substantially complete).

We will gladly work with the PSAA in future in trying to secure the objectives that we have proposed above.

Yours sincerely,

Cllr. Patrick Walsh,
Chair – Audit Committee
LB Hammersmith and Fulham

Sukvinder Kalsi
Director of Finance
LB Hammersmith and Fulham