

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 06/11/2024

Subject: Annual Audit Report (Value for Money) 2023/24

Report author: James Newman, Assistant Director - Finance

Responsible Director: Sukvinder Kalsi, Executive Director of Finance and Corporate Services

SUMMARY

This report presents the external auditor's Interim Annual Audit Report concerning the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (commonly known as "Value for Money" reporting). The report covers the financial years 2023/24.

In summary, the external auditors have assessed the Council as 'green' on economy, efficiency and effectiveness and 'amber' for both financial sustainability and governance. In addition, there is only one improvement recommendation for 2023/24 and the external auditors have not applied any of their extensive powers regarding statutory recommendations, public interest reports, advisory notices or judicial reviews.

RECOMMENDATIONS

1. To note the contents of the "Auditor's Annual Report for the Year Ended March 2024" from Grant Thornton LLP (being the Council's external auditor) (Appendix 1).
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Wards Affected: All

H&F Values

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	The Annual Audit Report is a key tool in demonstrating how the Council attains of value for money.

Financial Impact

This report presents the external auditor's Value for Money assessment and is wholly of a financial nature.

Legal Implications

There are no direct legal implications in relation to this report. The External Auditor is required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to verify that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 29th October 2024

Contact Officer(s):

Name: James Newman
Position: Assistant Director - Finance
Telephone: 07775 705 707
Email: james.newman@lbhf.gov.uk

Name: Angela Hogan
Position: Chief Solicitor (Contracts and Procurement)
Telephone: 07919227585
Email: angela.hogan@lbhf.gov.uk

Background Papers Used in Preparing This Report

None

Annual Audit Report 2023/24

1. The external auditor is required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to verify that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (commonly known as “value for money” or VFM arrangements).
2. The Code of Audit Practice issued by the National Audit Office (NAO) requires the auditor to report to the Council commentary relating to those proper arrangements.
3. The Council’s external auditor is Grant Thornton LLP.
4. The attached report from Grant Thornton LLP presents both a summary and detailed analysis of their review of the Council’s VFM arrangements including key findings, recommendations and the Council’s response to those recommendations.
5. The auditor is required to review the Council’s value for money arrangements in the areas of Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness. The key messages in the auditor’s report for these areas are as follows:

Financial Sustainability - The Council achieved a stable financial outcome for the 2023/24 general fund budget. In response to a key recommendation finding in prior years, the Council has worked to improve the financial sustainability of its housing services and this recommendation will be reviewed in 2024/25. The Council has been assessed as 'amber' on financial sustainability (the same as 2021/22 and 2022/23).

Governance – The Council has established appropriate risk managements for the year 2023/24. The auditor has not found a significant weakness in the Council's governance arrangements with regard to their ability to secure value for money. The Council has been assessed as 'amber' on governance (the same as 2021/22 and 2022/23).

Improving Economy, Efficiency and Effectiveness – The Council has demonstrated a strong commitment to financial efficiency and effectiveness through various initiatives and strategies. The housing service was identified as weak in previous reports and the current report notes that the Council has made significant strides in improving this area. Given the need for these improvements to take time to embed, this finding and key recommendation remains in place for the 2023/24 year. The Council has been assessed as 'green' on economy/efficiency/effectiveness (the same as 2021/22 and 2022/23).

6. Overall, the auditor has made one improvement recommendation for the year 2023/24 (indicating that the Council should include more scenario planning in developing the annual budget). This is in contrast to two key recommendations and seven improvement recommendations made for the previous report covering 2021/22 and 2022/23. Of these, implementation of the two key recommendations remains ongoing, whilst of the seven improvement recommendations four are now complete and three are ongoing. Recommendations from all other prior years are now complete.

LIST OF APPENDICES:

Appendix 1 – Annual Auditor's Report on Hammersmith and Fulham Council 2023/24.