



The Annual Audit Letter for Cheltenham Borough Council

Year ended 31 March 2020

04 December 2020



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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Cheltenham Borough Council (the Council) and its subsidiary and joint venture (the group) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the group and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit, Compliance and Governance Committee as those charged with governance in our Audit Findings Report on 11 November 2020

Respective responsibilities

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

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

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

Our work

Materiality	We determined materiality for the audit of the Council's financial statements to be £1.595m for the Group (£1.573m for the Council), which are 2% of the Group and Council's gross cost of services.
Financial Statements opinion	<p>We gave an unqualified opinion on the group's financial statements on 20 November 2020.</p> <p>We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Council's land and buildings, investment properties, council dwellings, surplus assets and the property assets of its pension fund given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.</p>
Whole of Government Accounts (WGA)	We completed work on the Council's consolidation return following guidance issued by the NAO.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.
Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 20 November 2020.
Certificate	We certified that we have completed the audit of the financial statements of Cheltenham Borough Council in accordance with the requirements of the Code of Audit Practice on 20 November 2020.

Executive Summary

Working with the Council

We would like to take this opportunity to record our appreciation for the assistance and collaboration provided by the finance team and other staff during these unprecedented times. We have worked flexibly with your finance team to complete the audit in the most effective way. We were initially due to begin the audit at the end of June 2020, however due to delays experienced by the finance team, the audit was rearranged for the middle of July. At this stage, a complete draft set of accounts was not available, and we were able to re-schedule the audit to take place in early August 2020. The completed draft financial statements were received on the 31 July. Additionally, the majority of working papers requested were received in early August. We encountered some delays in receiving appropriate evidence to support some sample testing undertaken, however after additional discussions with the finance team, this was resolved and we were able to complete our testing. The quality of working papers received require improvement, and a recommendation has been raised in respect of this.

Audit of the Financial Statements

Our audit approach

Materiality

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

We determined materiality for the audit of the group financial statements to be £1.595m, which is 2% of the group's gross cost of services. We determined materiality for the audit of the Council's financial statements to be £1.573m, which is 2% of the Council's gross cost of services. We used this benchmark as, in our view, users of the group and Council's financial statements are most interested in where the group and Council has spent its revenue in the year.

We also set a lower level of specific materiality for senior officer remuneration of £12k due to its sensitive nature,

We set a lower threshold of £79k, above which we reported errors to the Audit, Compliance and Governance Committee in our Audit Findings Report.

The scope of our audit

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

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

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

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

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

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

Audit of the Financial Statements

Significant Audit Risks

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

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Covid-19</p> <p>We identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have performed the following work in relation to this risk:</p> <ul style="list-style-type: none"> worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications on our audit approach. No changes were made to materiality levels previously reported. The draft financial statements were provided on 31st July 2020; liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Group's property valuation expert, and material uncertainty in relation to pension fund property assets; evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic; evaluated whether sufficient audit evidence could be obtained through remote technology; evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations ; evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment; discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence; and engaged the use of auditor experts to assess investment property valuations due to the size of this balance and the risk associated with future income as a result of Covid-19. 	<p>Our audit work has not identified any issues in respect of the Covid-19 significant risk</p>

Audit of the Financial Statements

Significant Audit Risks - continued

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

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities</p>	<p>We have performed the following work in relation to this risk:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals; analysed the journals listing and determined the criteria for selecting high risk unusual journals; tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>Our audit work has not identified any issues in respect of management override of controls.</p>
<p>The revenue cycle includes fraudulent transactions (rebutted)</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council and Group, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> there is little incentive to manipulate revenue recognition; opportunities to manipulate revenue recognition are very limited; and the culture and ethical frameworks of local authorities, including Cheltenham Borough Council, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for the Council.</p>	<p>N/A, this risk has been rebutted</p>

Audit of the Financial Statements

Significant Audit Risks - continued

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

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of land and buildings</p> <p>We identified valuation of land and buildings, including investment properties and surplus assets, as a significant risk as the valuation represents a significant estimate by management</p>	<p>We have performed the following work in relation to this risk:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; written to the valuer to confirm the basis on which the valuations were carried out; challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Council's valuer's report and the assumptions that underpin the valuation; tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Council's asset register; and as a result of the Covid-19 pandemic, management's expert reported the valuations on the basis of material valuation uncertainty. We reviewed the valuations in line with market trends, and challenged any valuations that were not in line with trends. 	<ul style="list-style-type: none"> Our testing identified that investment properties worth £1.9m and surplus assets worth £3.75m were not formally valued in 2019-20. The Council has undertaken an exercise which demonstrates their consideration that the current value and fair value of these assets at 31 March 2020 are not materially different. We have reviewed these judgments and are satisfied that they are appropriate. We have raised a recommendation for the Council to formally revalue all their surplus assets and investment properties on an annual basis. The Council has material investment properties worth £68m included within its Balance Sheet. Given the impact of Covid-19 on commercial investments, we have engaged an auditor's expert to review the valuations of investment properties. The auditor's expert highlighted some areas for follow up, which we reviewed as part of our testing. No issues were identified as part of this review. Management's expert has disclosed a material uncertainty with regards to the valuations of land, buildings, dwellings, investment properties and surplus assets and we have undertaken additional work as a result of this, as set out above. This will result in the audit report including an emphasis of matter, highlighting this material uncertainty.

Audit of the Financial Statements

Significant Audit Risks - continued

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

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of the net pension fund liability</p> <p>We identified valuation of the Council's pension fund net liability as a significant risk, due to the sensitivity of the estimate to changes in key assumptions.</p>	<p>We have performed the following work in relation to this risk:</p> <ul style="list-style-type: none"> updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report 	<ul style="list-style-type: none"> Gloucestershire Pension Fund has disclosed a material uncertainty with regards to the valuations of property funds included within the pension assets. A corresponding material uncertainty has been disclosed in the Council's financial statements as its share of these property funds is material. In 2018-19, the Council commissioned a revised IAS19 report to evaluate the impact of the McCloud judgment. The impact in 2018-19 was £458k which was not material, hence remained unadjusted. The Council has accounted for this in 2019-20 as a past service cost, which is appropriate. As the actuary prepared a revised report in 2018-19 and used this as the basis for the 2019-20 calculations, there is a £458k variance between the opening balances used by the actuary and the Council. The closing balances as at 31 March 2020 reconcile exactly, hence this is a presentation difference, which is considered appropriate.

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the group's financial statements on 20 November 2020.

Preparation of the financial statements

The completed draft financial statements were received on the 31 July. Additionally, the majority of working papers requested were received in early August. We encountered some delays in receiving appropriate evidence to support some sample testing undertaken, however after additional discussions with the finance team, this was resolved and we were able to complete our testing. The quality of working papers received require improvement, this has resulted in additional fees, as highlighted in Appendix A. Additionally, the nature of the new remote access working arrangements, i.e. remote accessing financial systems, video calling, and verifying the completeness and accuracy of information produced by the Council, resulted in additional time to complete the audit and, consequently, the cost of delivering the final audit.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Audit, Compliance and Governance Committee on 20 November 2020.

In addition to the key audit risks reported above, we identified the following adjustments and recommendations throughout our audit that we have asked the Council's management to address for the next financial year.

- We recommend that the Council make improvements to the quality of the working papers provided, and provide training to employees around audit evidence to be provided
- We recommend that the Council review and update their componentisation policy in 2020-21
- An unadjusted misstatement of £107k was identified in relation to the consolidated group financial statements

Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in the draft Statement of Accounts in November 2020

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

Whole of Government Accounts (WGA)

We carried out work in line with instructions provided by the NAO . We issued an assurance statement which confirmed the Council was below the audit threshold.

Other statutory powers

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

We have not exercised any of our additional statutory powers or duties.

Certificate of closure of the audit

We certified that we have completed the audit of the financial statements of Cheltenham Borough Council in accordance with the requirements of the Code of Audit Practice on 20 November 2020.

Value for Money conclusion

Background

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

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

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

As part of our Audit Findings report agreed with the Council in November 2020, we agreed the following recommendations to address our findings:

- that management continue to monitor the use of reserves when budget setting to ensure that medium term dependency on reserves is reduced; and
- the Council should continue to closely monitor their investment opportunities to identify additional savings.

Overall Value for Money conclusion

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

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	Findings and conclusions
<p>Medium Term Financial Strategy</p> <p>We reported in our audit plan in March 2020 that the Council have been required to deliver substantial savings since 2010/11, and forecast continued significant savings requirements going forward. The current MTFs indicates that the Council reflect a funding gap for the period 2021/22 to 2023/24 of £2.616m. It also indicates that the Council proposes to fund a gap of £1.084m with £0.826m of savings plans and additional income, with the residual gap to be funded from the Budget Strategy (Support) Reserve during 2020/21, and also includes a number of unidentified savings over the period to 2023/24.</p>	<ul style="list-style-type: none"> • Our detailed review of the assumptions underpinning the MTFs concludes that they are satisfactory and reasonable. • The Council has a strong track record of delivering balanced budgets and identifying required savings. The 2019/20 outturn was a deficit of £48k against the profiled budget which represents a negative variance of 0.3% against the net budget. The budget monitoring report to the end of December 2019 projected the expected delivery of services within budget. The recorded additional expenditure in respect of COVID-19 in 2019/20 was £72,798. The total amount received from Central Government in 2019/20 was £50,043. The non-collection fund losses from income were circa £400k, with the largest contributor to that figure being lost income from car parking which has been met via a contribution from the car parking equalisation earmarked reserve. Despite this, the overspend on the general fund was £48k, which is largely due to a number of reported savings not being achieved due to delays or slippage in carrying out particular tasks which will need to be completed in the 2020/21 financial year. The 2019-20 Capital Outturn shows a significant underspend of £4.6m, which is caused in large part due to timing delays on capital projects which will be carried forward into 2020-21. • Savings are monitored by Finance on a monthly basis. Savings are built into base budgets, and are therefore monitored through the variances reported in quarterly revenue budget monitoring. Any new capital scheme or projects with a financial implication have to be subject to a business case. Financial services will be involved in this process and have to sign off the financial business case, including the impact on the MTFs. Cabinet Members are involved on the project board, which is set up for all major schemes and are fully briefed and included in the project process, prior to a committee report being submitted for approval. This process is well established and has not significantly changed for a number of years. The savings for 2020/21 have been identified and can be attributed to specific plans, such as the Modernisation programme and Car Parking Strategy. The savings plans of £826k are after £258k reliance on reserves. • Due to the impact of Covid-19, £250k of the £350k amber rated savings included in the 2020-21 savings strategy have not been achieved. The s151 Officer plans to take a Covid-19 Revised Budget to Full Council in November 2020 setting out changes to the 2020-21 budget. This includes a change to the minimum revenue provision policy (MRP), which involves the use of capital receipts to pay off borrowing, thereby reducing the capital financing requirement, and correspondingly, the MRP. The savings attributable to this scheme in 2020-21 are £1.657m. The s151 officer has also created a policy around the use of capital flexibility, which will impact the 2021-22 savings plan and budget. • The Budget Strategy (Support) Reserve is part of the Council's medium term strategy and was set up in 2015 specifically for the purpose of supporting the budget. The use of this reserve has been appropriately considered by the Section 151 Officer and approved by Cabinet and Council. We have considered the use of reserves in 2019/20 to deliver financial balance. The Council plan to use £258k of the Budget Strategy (Support) Reserve in 2020/21. The level of reserves is sufficient to support the budget for 2020/21 but beyond this it will have to be replenished.

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	Findings and conclusions
<p>Medium Term Financial Strategy</p> <p>We reported in our audit plan in March 2020 that the Council have been required to deliver substantial savings since 2010/11, and forecast continued significant savings requirements going forward. The current MTFS indicates that the Council reflect a funding gap for the period 2021/22 to 2023/24 of £2.616m. It also indicates that the Council proposes to fund a gap of £1.084m with £0.826m of savings plans and additional income, with the residual gap to be funded from the Budget Strategy (Support) Reserve during 2020/21, and also includes a number of unidentified savings over the period to 2023/24.</p>	<ul style="list-style-type: none"> • We raised a recommendation as the reserve will require replenishment by 2021/22 under current plans. We recommend that management continue to monitor the use of reserves when budget setting to ensure that into the medium term dependency on reserves is reduced. • The Council formally adopted a Commercial Strategy in February 2018. The strategy identified that part of the Council's drive towards financial sustainability would now include identifying new opportunities to generate income and investment in projects which provide good financial returns. As communicated in our Audit Plan in March 2020, we have considered whether the commercial investments entered into are in line with the strategy. Furthermore, as a result of Covid-19, we have also considered the feasibility of reliance upon investment income in the medium term. • The Council has an Estates Team responsible for monitoring each of the investment properties owned by the Council. The s151 Officer, and Cabinet Finance Member have monthly meetings with the Estates team in order to get an update on the properties, any new tenants, and any issues with existing tenants. These are then taken forward as appropriate. The s151 Officer also receives monthly aged debt reports, where any non-payment of rents would be identified. We are satisfied that the governance arrangements around investment properties are appropriate, and in line with the commercial strategy. • Of the Council's existing investment properties, none have been particularly adversely impacted by Covid-19. The largest occupier is Sainsbury's. Other offices and shops have not defaulted on their rental agreements, and the majority are locked into agreements until 2023 and beyond, with rent reviews due on properties within the next year. • Overall, the income to the end of March 2021 is secure, however there are some tenancies expiring during the 2021-22 financial year, which may not be renewed if home working becomes more common. The Council will have to continue to closely monitor their investment opportunities to identify additional savings in this case. We have raised a recommendation in Appendix A for the Council to consider this alongside the recommendation around use of reserves in the medium term. <p>We concluded that the risk was sufficiently mitigated and the Council has proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities.</p> <p>We have made two recommendations in relation to the Council's use of reserves and reliance on investment income.</p>

A. Reports issued and fees

Audit fees	Proposed fee
Council scale fee	38,043
Additional proposed audit fee at planning stage	7,500
Total proposed audit fees (excluding VAT) at planning	£45,543
Further additional fees proposed at completion	15,386
Total proposed audit fees (excluding VAT) on completion	£60,929

Reports issued

Report	Dated issued
Audit Plan	11 March 2020
Audit Findings Report	02 November 2020 (Updated 11 November 2020)
Annual Audit Letter	04 December 2020

We confirm above our final fees charged for the audit and final reports issued.

The Cheltenham Borough Council Audit Plan presented in March 2020 included £7,500 of proposed addition fees to the scale fee to take account of the additional scepticism required on the audit and the raising of the bar by our regulator in relation to our work on pensions and PPE. This is reflected in the total proposed audit fees at planning above.

Since the presentation of the audit plan, we have added a significant risk to the audit following the impact of Covid-19. We have now reflected on the time taken to discharge our responsibilities this year and are proposing a further increase in fees of £15,386 in addition to those proposed at the planning stage of the audit. This brings the total proposed audit fee up to £60,929. This includes £4,000 in relation to the use of an auditor's expert around the valuations of investment property. Further details on the breakdown is provided on the next page.

This further charge has not been entered into lightly but reflects only a proportion of the significant additional work we have had to undertake this year to discharge our responsibilities.

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

We have discussed and agreed these additional fees with the Executive Director Finance and Assets. Please note that these proposed additional fees are subject to approval by PSAA in line with the Terms of Appointment.

Appendix A – Cheltenham Borough Council audit fee variations – Further analysis

Final proposed audit fees

The table below shows the proposed variations to the original scale fee for 2019/20 subject to PSAA approval.

Audit area	£	Rationale for fee variation
Scale fee	£38,043	
Increased challenge and depth of work	2,500	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity.
Pensions – valuation (IAS) 19	1,750	We have increased the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting.
PPE - valuations	1,750	The FRC has highlighted that auditors need to improve the quality of audit challenge on Property, Plant and Equipment (PPE) valuations across the sector. We will therefore increase the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations
New standards and developments	1,500	You are required to respond effectively to new accounting standards and we must ensure our audit work in these new areas is robust. This year we responded to the introduction of IFRS16.
Revised planning fee	£45,543	
Engaging an auditors' expert	4,000	Due to the Council's significant investment portfolio and the additional risks introduced by Covid-19 on the valuation of those assets, we were required to engage an independent external valuer as an auditors' expert to gain assurance that the values reported by the Council were appropriate.
Covid-19 and client delays	11,386	Over the past six months the current Covid-19 pandemic has had a significant impact on all of our lives, both at work and at home. The impact of Covid-19 on the audit of the financial statements for 2019/20 has been multifaceted. This includes: <ul style="list-style-type: none"> Revisiting planning - we have needed to revisit our planning and refresh risk assessments, materiality and testing levels. This has resulted in the identification of a significant risk at the financial statements level in respect of Covid-19 necessitating the issuing of an addendum to our original audit plan as well as additional work on areas such as going concern and disclosures in accordance with IAS1 particularly in respect to material uncertainties. Management's assumptions and estimates - there is increased uncertainty over many estimates including pension and other investment valuations. Many of these valuations are impacted by the reduction in economic activity and we are required to understand and challenge the assumptions applied by management. Financial resilience assessment – we have been required to consider the financial resilience of audited bodies. Our experience to date indicates that Covid-19 has impacted on the financial resilience of all local government bodies. This has increased the amount of work that we need to undertake on the sustainable resource deployment element of the VFM criteria necessitating enhanced and more detailed reporting in our ISA260. Remote working – the most significant impact in terms of delivery is the move to remote working. We, as other auditors, have experienced delays and inefficiencies as a result of remote working, including the delays in receiving accounts, quality of working papers, and delays in responses. These are understandable and arise from the availability of the relevant information and/or the availability of key staff (due to shielding or other additional Covid-19 related demands). In many instances the delays are caused by our inability to sit with an officer to discuss a query or working paper. Gaining an understanding via Teams or phone is more time-consuming.
Total proposed final audit fees	£60,929	

A. Reports issued and fees continued

Fees for non-audit services

Service	Fees £
Certification of Housing Capital receipts grant	£5,000
Certification of Housing Benefits Claim	£19,906

Non- audit services

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

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



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