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Agenda Item 6

Progress Report

Surrey Heath Borough Council

External Audit 2014-15

17 December 2015

Surrey Heath Borough Council

December 2015 progress report

2014/15 Financial Statements Audit and Value for Money Conclusion	Summary of work to date on the 2014/15 Financial Statements Audit and Value for Money Conclusion <ul style="list-style-type: none">• The Authority submitted draft financial statements for audit on 8 July 2015, missing the submission deadline of 30 June 2015. The Authority submitted its draft Whole of Government Accounts (“WGA”) pack on 29 July 2015, missing the Department of Communities and Local Government (“DCLG”) deadline of 10 July 2015.• The accounts and Value for Money Conclusion audit is ongoing. The filing deadline was 30 September 2015. The output of this work will be our ISA 260 audit report, which will be agreed with Management and presented for Audit Committee approval, once the audit fieldwork and the financial statements are complete.
2014/15 Housing Benefits Certification	Summary of work on the 2014/15 Housing Benefits (“BEN01”) grant claim certification <ul style="list-style-type: none">• The Authority submitted its draft BEN01 certification form in time for the DCLG deadline of 30 April 2015.• We have concluded our audit work over the BEN01 certification form, and issued our opinion and qualification letter by the DCLG deadline of 30 November 2015.
Technical update	Technical update <ul style="list-style-type: none">• We have prepared our technical update, which is presented in Appendix A.
Actions	We ask the Audit Committee to: <ul style="list-style-type: none">• NOTE this progress report and technical update.

Surrey Heath Borough Council

Appendix A: Technical update

Technical update

We present below recent policy announcements from the Department for Communities and Local Government, the NAO and other bodies:

Area of update

Governance arrangements work over the Better Care Fund.

The £3.8 billion Better Care Fund (BCF) (formerly the Integration Transformation Fund) was announced by the Government in the June 2013 Spending Round, to ensure a transformation in integrated health and social care. The BCF is a single pooled budget to support health and social care services to work more closely together in local areas. The BCF not only brings together NHS and Local Government resources, but also provides a real opportunity to improve services and value for money, protecting and improving social care services by shifting resources from acute services into community and preventative settings.

The governance arrangements for the BCF will therefore have to meet the requirements of all partners to achieve economy, efficiency and effectiveness in their use of resources. Each partner will also need to satisfy itself that the pooled budget complies with the requirements of its appropriate code of governance and annual governance reporting guidance.

Each partner must also satisfy itself that all other regulatory requirements are met – for example, that discrete funding streams are only spent appropriately at a local level. Partners therefore need to make arrangements to ensure that that is happening. Additionally, there will be a requirement for an audit certificate on this expenditure and arrangements need to be in place to ensure appropriate records are kept to provide sufficient audit assurance.

With this in mind, CCG governing bodies and Local Authority Executives are now considering whether governance arrangements and structures are fit for purpose and will ensure the effective management of the BCF and the pace of development and implementation.

Local Authorities therefore need to consider the following key tenets regarding any Better Care Fund arrangements they may have:

- Governance arrangements.
- Engagement and communication.
- Hosting arrangements.
- Signed agreement.
- Performance management.
- Financial management.

Surrey Heath Borough Council

Appendix A: Technical update

Area of update

KPMG/Shelter report: Fix the housing shortage or see house prices quadruple in 20 years

Without a radical programme of house building, average house prices in England could double in just ten years to £446,000 at current prices, according to research. In twenty years they could quadruple, with the average house price estimated to rise to over £900,000 at current prices by 2034 if current trends continue.

The research from KPMG and Shelter also reveals that more than half of all 20-34 year olds could be living with their parents by 2040, as soaring housing costs caused by the shortage of affordable homes leave more and more people priced out of a home of their own.

The warning comes in a landmark report from KPMG and Shelter outlining how the 2015 government can turn the tide on the nation's housing shortage within a single parliament. With recent government figures showing that homeownership in England has been falling for over a decade, the consequences of our housing shortage are already being felt.

The report sets out a blueprint for the essential reforms that will increase the supply of affordable homes and stabilise England's rollercoaster housing market. It calls on politicians to commit to an integrated range of key measures, including:

- giving planning authorities the power to create 'New Homes Zones' that would drive forward the development of new homes. Combined with infrastructure, this would be led by local authorities, the private sector and local communities, and self-financed by sharing in the rising value of the land;
- unlocking stalled sites to speed up development and stop land being left dormant, by charging council tax on the homes that should have been built after a reasonable period for construction has passed;
- introducing a new National Housing Investment Bank to provide low cost, long term loans for housing providers, as part of a programme of innovative ways to finance affordable house building;
- helping small builders to get back into the house building market by using government guarantees to improve access to finance; and
- fully integrating new homes with local infrastructure and putting housing at the very centre of City Deals, to make sure towns and cities have the power to build the homes their communities need.

To read the report, visit www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/building-the-homes-we-need-programme-2015.aspx

Surrey Heath Borough Council

Appendix A: Technical update

Area of update

NAO report – Care Act first-phase reforms

The NAO's report examines the first phase of the Department of Health's new approach to adult social care, finding that it has been implemented well, but places new responsibilities on local authorities whose core funding is being significantly reduced. This could result in their having to delay or reduce services in the short term if demand for care exceeds expectations, presenting a risk to VFM which needs to be managed.

Key findings within the report include:

- The *Care Act* will increase demand for assessments and services at a time when local authority provision has been falling and the number of people in need is rising.
- The Department's innovative joint governance with the sector has provided support to implement this challenging legislation. It has provided guidance materials and will give extra support to local authorities.
- The Department's tight time frame for the sector to act on final guidance and funding allocations has inhibited local implementation planning in some areas.
- Despite the challenging timetable, of local authorities with adult social care responsibilities, 99% were confident that they would be able to carry out the Care Act reforms from April 2015. However, it will take longer to change the culture.
- The Department might have underestimated the demand for assessments and services for carers.
- The Department has learned from the problems it encountered in modelling the cost of Phase 1 and has improved its approach for Phase 2.
- There is variation in the extent to which individual councils might have been over or underfunded.
- A significant proportion of the funding which the Department is providing for the Care Act's new burdens is not new money. The Department assumes that £174 million (40%) of Care Act funding will come through the Better Care Fund, from money previously allocated to clinical commissioning group budgets and existing local authority capital grants.
- If costs exceed expectations, pressures will fall first on individual local authorities. The Department may not have sufficient information and does not have a contingency fund to avoid impacts on services.

The full report is available from the NAO website at www.nao.org.uk/report/care-act-first-phase-reforms/

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