

**Report to:** Cabinet

**Date of meeting:** 28 January 2025

**By:** Chief Finance Officer

**Title:** Auditor’s Annual (Value for Money) Report on East Sussex County Council 2023/24

**Purpose:** To provide Cabinet with Grant Thornton’s Annual (Value for Money) Report for 2023/24

**RECOMMENDATION**

**Cabinet is recommended to note the Auditor’s Annual (Value for Money) Report on East Sussex County Council 2023/24.**

**1. Background**

1.1 The Code of Audit Practice issued by the National Audit Office (NAO) requires the authority’s external auditor Grant Thornton (GT) to provide a separate Value for Money (VfM) assessment from the main audit of the statement of accounts. This requirement was introduced from 2020/21, in which GT are required to consider whether the authority has in place proper arrangements to ensure economy, efficiency and effectiveness in the use of its resources. Whilst there is no qualified/unqualified VfM conclusion, the report provides more detail on the authority’s arrangements, together with any key recommendations on any significant weaknesses in arrangements identified during the audit.

**2. Annual Report 2023/24**

2.1 The Annual Report 2023/24 (Appendix 1) sets out the work that GT has undertaken to assess the arrangements the Council has in place to secure economy, efficiency and effectiveness in the use of its resources; with particular focus on risks in respect of financial sustainability, governance arrangements and improving economy, efficiency and effectiveness.

2.2 Given the financial challenges this Council - and local government more broadly - faces, GT are reporting a significant “red” weakness with regard to Financial Sustainability. It is pleasing to be able to report that, given the financial challenges, GT have not identified any significant weaknesses in the Council’s response to these challenges in terms of Governance arrangements and Improving Economy, Efficiency and Effectiveness.

2.3 In reporting this outcome and in comparison to 2022/23 where there were 2 improvement recommendations, GT has made 1 key recommendation with regard to Financial Sustainability, together with 2 improvement recommendations, for Governance, (these are advisory and not mandated) which are summarised below:

<b>Financial Sustainability (Key Recommendation)</b>	<b>Management Response</b>
1. The Council should continue to seek to be financially sustainable in the medium to longer term by continuing to raise the challenges faced in all appropriate forums, including	We recognise the challenges we face and through our well established Reconciling Policy, Performance and Resources (RPPR) process we will strive to set a

<p>MHCLG. Savings plans should continue to be developed, to identify savings, via efficiency, and/or changes in services, to ensure the cost profile of the Council is as lean as it can be, whilst providing the statutory services required. Conversations should continue, on suitable funding for demand led services alongside national local government reform, as being discussed at a national level.</p>	<p>balanced budget for 2025/26 and a sustainable Medium Term Financial Plan. We will be dependent on government recognising the challenges Local Government faces, particularly across social care services, and our lobbying efforts will continue as we seek a longer term fair funding solution.</p>
<p><b>Governance (Improvement Recommendations)</b></p>	<p><b>Management Response</b></p>
<p>2. The Council should review the format of both the Council, and Pension Fund, risk register to ensure that the best practice is achieved in the information it presents to decision makers, notably, including a clear link to objectives within the Council Plan, target risk score for each risk, a responsible individual for each risk and information on the impact v likelihood score for each risk, consistently in the two registers.</p>	<p>We will take on board the comments raised and review the risk registers for the County Council and Pension Fund to ensure best practice principles are being followed.</p>
<p>3. The Council should seek to strengthen contract management by ensuring arrangements are in place to monitor the performance of individual contracts centrally, to provide a Council-wide picture of performance and take action accordingly.</p>	<p>The implementation of the Procurement Act 2024 will provide the opportunity to review contract management and performance reports of such activity.</p>

### 3. Conclusion and Recommendation

3.1 The Annual (Value for Money) Report for 2023/24 has identified a significant weakness within Financial Sustainability but has been able to provide assurance around Governance and Improving Economy, Efficiency and Effectiveness. One key recommendation and 2 improvement recommendations have been reported and responded to by management.

3.2 Cabinet is recommended to note the Annual (Value for Money) Report on East Sussex County Council for 2023/24.

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Local Member(s): All  
Background Documents: None