

# Bristol City Council Value for Money

**Year ending 31 March 2023**

20 January 2023



# Contents

Section	Page
Value for Money arrangements	3
Initial planning	4
Approach	5
Risks of significant weakness	6

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

# Value for Money arrangements

## Revised approach to Value for Money work from 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money (VFM).

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary qualified/unqualified approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out here:



### Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



### Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).

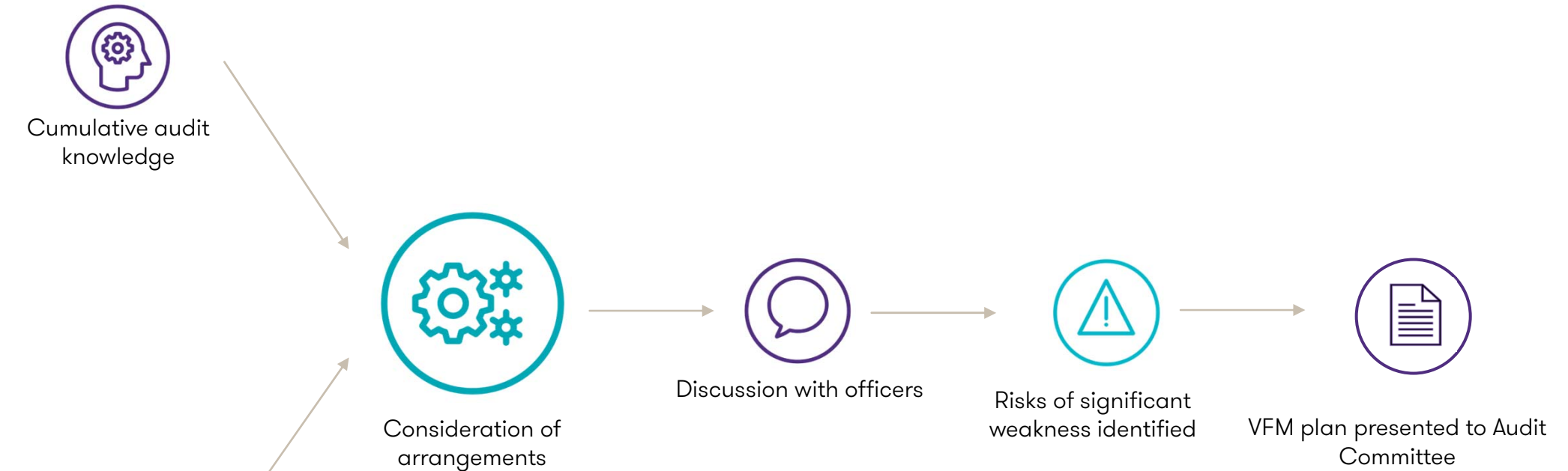


### Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information.



# Initial planning



September 2022

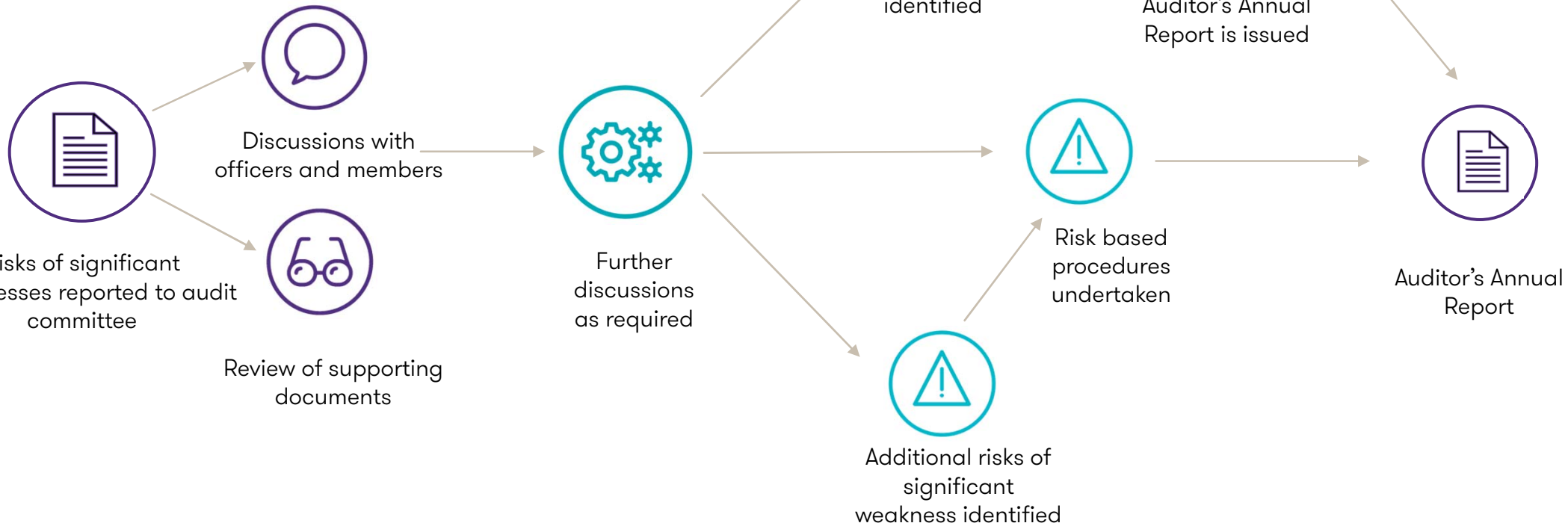
September and October 2022

January 2023

# Approach

Review to enable commentary on overall arrangements in combination with 2021-22 VFM work.

Risk based procedures focused on identified risks of significant weakness



November 2022

January 2023

January 2023

February 2023

April 2023

# Risks of significant VFM weakness

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The identified risks of significant weakness will be considered as well as follow-up of our findings from the previous year's Auditor's Annual Report.



## Setting and managing capital budgets

The annual capital budgets did not reflect actual spend in 2020/21 leading to an improvement recommendation in the Auditor's Annual Report. In 2021/22, the economic climate has led to significant fluctuations in the cost of construction. As a result the Council is reviewing all projects for feasibility. As a result of these factors, there is a risk that the Council's is unable to effectively manage its capital budgets.

Capital budgets

We will review the arrangements for:

- setting and agreeing the capital budgets
- profiling the budgets within year and across a number of years
- monitoring progress against budget
- amending the budgets in-year
- managing the risks associated with the Bristol Beacon, a large complex project.
- reviewing and amending the medium term capital plan in light of the economic climate
- any changes made since the improvement recommendation relating to the Bristol Beacon was issued



## The Council's arrangements for securing financial sustainability into the medium term

The Council set a balanced budget for 2021/22, but the longer term picture looks more challenging with a £37.535m gap identified over the Medium Term Financial Plan period to 2027/28. There is a risk that medium term financial plans are not sufficiently developed to close the funding gap, which in turn could impact on the council's ability to deliver services. Due to the inherent uncertainty we have concluded that there is a significant risk of weakness in arrangements for delivering financial sustainability.

We will review the arrangements for:

- the Council's arrangements for identifying and monitoring risks to financial delivery
- the robustness of the council's medium term financial strategy and savings plans.

# Risks of significant weakness



## Governance arrangements, how the Council ensures it makes informed decisions for its companies and for key decisions relating to high profile transactions

We will review the arrangements to ensure informed decision making for the following:

- the governance arrangements over changes to the Council's Group structure
- procurement processes

Our review will include:

- we will review the governance plans for the formation of new company structures, or amendments to existing structures, and consider whether proposals are in line with public sector laws and regulations



## The current level of spend on Adult Social Care and Children's Social Care is unsustainable

Value for Money work in 2020/21 identified that Bristol City has one of the highest Adult social care costs for Authorities of a comparable size. Liaison meetings with the council in September 2022 also confirmed a significant increase in the cost of Children's social care during 2022/23. There is a risk that with the costs remaining as they are the spend will be unsustainable and will contribute to further financial pressures on the Council's medium Term finances.

We will review the arrangements for:

- the Council's social care transformation programme
- plans to tackle the historic cost pressures
- monitoring spend against budget
- amending the budgets in-year
- reviewing and amending the medium term financial plan in light of the economic climate

At any stage of our new approach to VfM additional risks of significant weakness may be identified, these will be reported to you as they are identified.



---

[grantthornton.co.uk](https://www.grantthornton.co.uk)

© 2021 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.