

Brentwood Borough Council

Annual Audit Letter for the year
ended 31 March 2020

June 2021

Contents

		Page
Section 1	Executive Summary	3
Section 2	Purpose and Responsibilities	7
Section 3	Financial Statement Audit	10
Section 4	Value for Money	15
Section 5	Other Reporting Issues	17
Section 6	Focused on your future	20
Section 7	Audit Fees	24

Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



Section 1

Executive Summary

Executive Summary

We are required to issue an annual audit letter to Brentwood Borough Council (the Council) following completion of our audit procedures for the year ended 31 March 2020. Covid-19 had an impact on a number of aspects of our 2019/20 audit. We set out these key impacts below.

Area of impact	Commentary
Impact on the delivery of the audit	
▶ Changes to reporting timescales	As a result of Covid-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities. We substantially completed our audit work by 30 November 2020. However, the delay was due to management wanted to support going concern assessment based on the revised budget finalised in February 2021. This was reviewed by our technical team to support our going concern assessment for next 12 months from the date of audit report.
Impact on our risk assessment	
▶ Valuation of Property Plant and Equipment (PPE) and Investment properties (IP)	The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Council's external valuer. We consider that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures on the valuation of PPE and IP.
▶ Disclosures on Going Concern	Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the council would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Council's actual year end financial position and performance.
▶ Events after the balance sheet date	We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the Council.
Impact on the scope of our audit	
▶ Information Produced by the Entity (IPE)	We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems. We undertook the following to address this risk: <ul style="list-style-type: none">▶ Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and▶ Agree IPE to scanned documents or other system screenshots.
▶ Consultation requirements	Additional EY consultation requirements concerning the impact on auditor reports. The changes to audit risks and audit approach changed the level of work we needed to perform.

Executive Summary (cont'd)

The tables below set out the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's :	
▶ Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2020 and of its expenditure and income for the year then ended. Our audit opinion included an emphasis of matter paragraphs on Other Land & Building and a material uncertainty paragraph on going concern. These are not modifications or qualifications to the audit report.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts
▶ Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources
Area of Work	
Conclusion	
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council
▶ Public interest report	We had no matters to report in the public interest
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Executive Summary (cont'd)

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	We had no matters to report. The Council is below the specified audit threshold of £500mn. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was presented to the 24 th November 2020 Audit and Scrutiny Committee Committee.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 28 May 2021

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Neil Harris
Associate Partner
For and on behalf of Ernst & Young LLP

Section 2

Purpose and Responsibilities



Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2019/20 Audit Results Report to the 24th November 2020 Audit and Scrutiny Committee Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities

Responsibilities of the Appointed Auditor

Our 2019/20 audit work has been undertaken in accordance with the Audit Plan that we issued on February 2020 Audit and Scrutiny Committee Committee. Our audit is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2019/20 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £500m. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit



Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 28 May 2021.

Our detailed findings were reported to the November 2020 Audit and Scrutiny Committee Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Misstatements due to fraud or error</p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>We have not identified any material weaknesses in controls or evidence of material management override.</p> <p>We have not identified any instances of inappropriate judgements being applied.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business</p>
<p>Misstatements due to fraud or error - Inappropriate capitalisation of revenue expenditure</p> <p>As noted above, under ISA 240, management is in a unique position to perpetrate fraud through the override of controls. We have considered the main areas where management may have the incentive and opportunity to do this. We have identified the inappropriate capitalisation of revenue expenditure on property, plant and equipment as an area of risk, given the extent of the Councils capital programme.</p>	<p>We did not identify any material issues or unusual transactions to indicate any misreporting of the Council's financial position through the inappropriate capitalisation of revenue expenditure.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Significant Risk	Conclusion
<p>Valuation of Property, Plant and Equipment and Investment Properties</p> <p>The fair value of Property, Plant and Equipment (PPE) and Investment Property (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. Covid-19 has impacted the valuation of the Council's investment properties and other assets valued using market data as outlined by the Council's valuer. This is because of the paucity of reliable market information available at 31 March 2020 upon which to give those valuations. The Council has included in Note 38 of the accounts reference to the valuers material uncertainty.</p> <p>Our work on valuations focussed on assessing the reasonableness of the methodologies adopted by the valuers in undertaking their valuations in 2019/20 and of the key assumptions input into these valuations. We have also considered those assets that were not valued in 2019/20 and the potential for material misstatement in the valuation of those assets.</p> <p>We engaged our valuations specialist (EY Real Estates) to review a sample of other land & buildings & investment properties asset valuations to verify the reasonableness of the valuation methodology applied and key assumptions used. Our sample also include assets owned by the Council's subsidiary which are audited by non-EY.</p>	<p>The Council's external valuer did disclose a 'material uncertainty' in its year end valuation report in line with RICS guidance. We requested the Council repeat the 'material uncertainty' in the statement of accounts. Based on the work we have undertaken we are satisfied that the carrying value of PPE and IP disclosed in the financial statements is materially accurate. We included an emphasis of matter paragraph in our audit report highlighting the Council's disclosure in this area to the reader of the accounts.</p> <p>For clarity, an emphasis of matter paragraph is not a modification of our opinion. It is a paragraph in our report which highlights a disclosure in the financial statements that, in our judgment, is of importance to the users' understanding of the financial statements.</p> <p>Our audit work did not identify any material issues.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Other Key Findings	Conclusion
Pension liability valuation	<p>The Council's pension liabilities were appropriately disclosed in the accounts. We have considered the IAS19 assurance letter from the auditor of the Pension Fund. This letter noted exceptions related to the Council. Management have deemed this to be immaterial. We note that as it did not have a material impact on the pension liability and reported as un-adjusted audit differences in the representation letter.</p>
Group accounts	<p>We have tested consolidation and engaged EY Real Estates to review the valuation of 44 East Street Chichester (TK Maxx) owned by Seven Arches Investment Limited (SAIL). We have challenged the valuer on the key assumptions applied. This resulted in reduction in Group investment property by £0.835million which is adjusted in the financial statements.</p>
Going concern	<p>Only limited disclosures were included in the draft financial statements submitted for audit. During the course of the audit management refined both its disclosures and underpinning assessment. We reviewed the reasonableness of management's updated assessment by:</p> <ul style="list-style-type: none">• Challenging the assessment by reference to available Council data, market data, current details of government funding, the Council's own internal reporting and its current reserves position. We modelled different scenarios to assess potential different outcomes. We are satisfied that updated disclosures in the financial statements are reasonable and complete based on this challenge.• Reviewing and challenging the cash flow forecast produced by management in support it assessment of liquidity. Based on our review we are satisfied that management's assertion that it is able to continue as a going concern for a period of 12 months from the balance sheet date is reasonable. <p>We have drawn the attention of a user of the financial statements to the Council's updated going concern disclosure at Note 41.1 of the accounts through the inclusion of a material uncertainty paragraph in our auditors report. The updated financial statements disclosure describes the extent and duration of current income losses, the Council's ability to refinance debt, the cost of replacement borrowing and the Council's ability to borrow further should there be a need to do so. As stated in Note 41.1, these combine to indicate that a material uncertainty exists that may cast significant doubt on the Council's ability to continue providing the current level of services without an increase in planned income.</p>

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £0.964m, which is 2% of gross revenue expenditure reported in the accounts.</p> <p>We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council</p>
Reporting threshold	<p>We agreed with the Audit and Scrutiny Committee Committee that we would report to the Committee all audit differences in excess of £0.048m.</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits
- ▶ Related party transactions

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

Section 4

Value for Money



Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

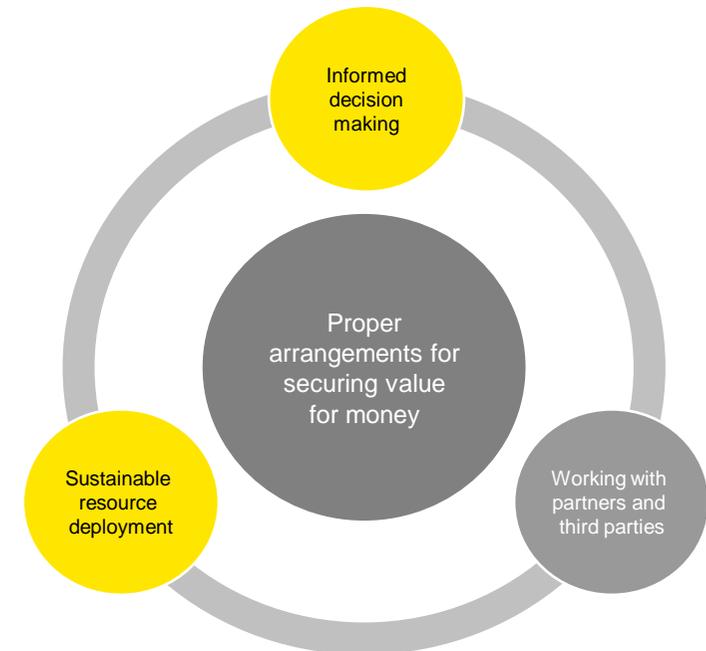
- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider local authorities response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019-20 VFM arrangements conclusion.

We identified one significant risk in relation to these arrangements in respect of the Council's Governance arrangements for Joint Venture decision making.

We reported in detail as part of the Audit Results Report and do not repeat our findings here.

We performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.





Section 5

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes.

The Council is below the specified audit threshold of £500m. Therefore, we were not required to perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Other Reporting Issues (cont'd)

Objections Received

We did not receive any objections to the 2019/20 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit and Scrutiny Committee Committee in November 2020. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

Our audit did not identify any controls issues to bring to the attention of the Audit and Scrutiny Committee Committee.

Section 6

Focused on your future



Focused on your future

The NAO has a new Code of Audit Practice for 2020/21. The impact on the Council is summarised in the table below

Council responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources

Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- ▶ Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- ▶ Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- ▶ Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Focused on your future

20/21 VFM risk of significant weakness

Financial sustainability

The Council's going concern disclosure note in the audited 2019-2020 financial statements expresses a material uncertainty on the continuity of service provision looking 12 months from the end of May 2021 to the end of May 2022. This uncertainty has been driven by the significant increase in the Council's borrowing during the 2020-2021 financial year. The Council's borrowing has increased to £233.2million as at 31st March 2021, from £96.4million as at 31st March 2020. £124.9million of the £233.2million borrowing is on short-term financing arrangements with other Local Authorities. A substantial proportion of the increase in borrowing is the Council providing additional financing to its subsidiary company, SAIL (£60million) as well as £78million for the acquisition of sites in the Borough of Brentwood. The borrowing is for a dual purpose, to support economic regeneration, socio-economic objectives in the Borough, but also with a view of generating a return on investment and providing additional sources of income to support the Council's medium term financial strategy.

The Council's 2019-2020 accounts going disclosure describes the extent and duration of current income losses post Covid-19, the Council's ability to refinance debt, the cost of replacement borrowing and the Council's ability to borrow further should there be a need to do so. As stated in Note 41.1, these combine to indicate that a material uncertainty exists that may cast significant doubt on the Council's ability to continue providing the current level of services without an increase in planned income.

These conditions mean that there is a risk of significant weakness in the Council's arrangements to secure its financial sustainability, and which could be exposed as a result of the increased levels of borrowing and the level of uncertainty on future income from fees, charges and commercial investments. To determine whether a significant weakness exists and what that means for our reporting commentary and recommendations, our approach in our 2020-2021 audit is likely to focus on:

- The adequacy of the Council's financial planning and management arrangements including the robustness of any assumptions, income generation and cost pressures used in medium term planning;
- The effective use of scenario planning to assist the budget setting and medium term financial planning process;
- The savings plans and concepts in place, assessing the likelihood of whether these can provide the Council with the required savings/efficiencies over the medium term;
- The robustness of the assumptions the Council has made on any risks it is exposed to significant level of increase in borrowings;
- The assessment of Councils ability to refinance its debt, the cost of replacement borrowing and the Council's ability to borrow further should there be a need to do so;
- The Council's arrangements to assess the sustainability and commercial viability of SAIL and its joint venture and how it is mitigating any risks and exposure that might arise in its budget and medium term financial planning.

We have still to complete our Value for Money arrangements planning and risk assessment work for 2020-2021 audit. Nevertheless, we do expect this area to feature in our work programme. We will update the Audit and Scrutiny Committee on our planned response and audit procedures in our 2020-2021 audit planning report. We will also determine during our planning work whether we draw on specialist support to work with the audit team on a specific financial resilience assessment which stress tests the assumptions contained in the Council's 2021-2022 budget and medium term financial strategy.

Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	<p>The CIPFA LASAAC Local Authority Accounting Board has recently announced the implementation of this standard will be deferred until the 2022/23 financial year. This is in response to the ongoing pandemic and the impact on local authority finance teams. The Board has indicated this will be for one year only and there is no intention to grant any further extensions based on lack of preparedness.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p>	<p>Whilst there is a further delay in implementation, it is clear is that the Council will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Council must therefore ensure that all lease arrangements are fully documented.</p>

A hand is holding a bright yellow rectangular box over a row of file folders. The folders are arranged in a row, and each folder has a colored tab (blue, white, yellow, white, yellow, white, blue). The folders are filled with papers, and some papers are visible, showing tables and text. The background is a light-colored wall with a grid pattern.

Section 7

Audit Fees

Audit Fees

Fees

In the Final Audit Results Report we indicated that we had carried out additional work as a result of the impact of Covid-19 that necessitated an additional audit fee. We have now quantified the proposed fee. We will shortly discuss the proposed additional fees with the s151 officer after providing supporting details. We will then seek approval from PSAA.

All fees exclude VAT	Planned fee 2019/20	Scale fee 2019/20	Final Fee 2018/19
	£	£	£
Code work fee	52,365	52,365	52,365
Property valuations significant risk including review of SAIL assets	7,500	N/A	6,000
RICS related material uncertainty (Note 1)	1,500	N/A	-
Group consolidation	3,000	N/A	3,000
VFM risk	3,000	N/A	2,500
Going concern assessment and disclosure (Note 2)	3,000	N/A	-
Change in PPE system	N/A	N/A	1,000
Additional fee to address Covid-19 related risks (Note 3)	1,500	N/A	-
Total audit	71,865	52,365	64,865

Notes:

1. We have carried out additional work in response to the material uncertainty reported by the Council's valuer on property valuations. This has led to an emphasis of matter paragraph in the audit report.
2. We have carried out additional work to review, assess and challenge the Council's going concern assessment and associated disclosure including subsidiary.
3. To ensure that we are giving the right assurance to the council, EY have instigated a consultation process involving the Firm's Professional Practice Directorate.

Please note that our fee analysis above represents proposed variations to the Council's scale fee of £52,365 consistent with changes in audit scope, risk assessments and findings from our audit procedures. The proposed variation set out above is not the same as the exercise we undertook at the planning stage of the audit to reassess what we believe the baseline (or scale) fee should be to deliver sustainable high quality audits and address the professional, regulatory expectations and risk environment we are experiencing. We have discussed with the Council's finance officers (and set out in our audit planning report) that our assessment is that the scale fee should be increased from £52,365 to £80,952. We have provided this information to PSAA who will determine whether there should be any changes to the baseline fee. Our baseline fee does not factor in additional fee associated with Covid-19 procedures noted above.

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