

Independent auditor's report to the Members of Canterbury City Council

In our auditor's report issued on 14 March 2024, we explained that we could not formally conclude the audit and issue an audit certificate for Canterbury City Council ('the Authority') for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- Completed our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.
- Completed the work necessary to issue our Whole of Government Accounts Component Assurance statement for the Authority for the year ended 31 March 2023. The National Audit Office has now concluded their work in respect of Whole of Government Accounts for the year ended 31 March 2023 and confirmed that audit certificates that are open in relation to this can be issued. We are therefore satisfied all required work is complete.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2023 issued on 14 March 2024 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2023 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We identified one significant weakness in relation to economy, efficiency and effectiveness in its use of resources and raised a key recommendation on the Housing Revenue Account (HRA) working balance being below the £1.5m threshold recommended by the Council and at a level that offering limited contingency, presenting risk to financial sustainability of the HRA. The Council needs to place a significant focus on introducing measures to ensure that the HRA working balance reaches the minimum level as recommended by the Council's Section 151 officer. This should include:

- An Immediate review of the repairs and maintenance assumptions included within the annual HRA revenue budget, in comparison to actual performance, to ensure assumptions are accurate.
- The development of an agreed plan to sufficiently resource and then conduct a programme of condition surveys, to ensure Council has a clear understanding, relating to the condition, maintenance and investment needs of its housing stock.
- The introduction of a transformational programme, overseen by the corporate leadership team to review the current HRA operating model, service contracts, skills and resource needs. This could assist the Council to ensure optimal arrangements are in place and potential efficiencies or savings are identified.
- The development, agreement and introduction of a current HRA business plan and HRA management strategy.

We also recommended that the Council reviews its financial reporting process to ensure current and accurate information is to be provided to those charged with governance, including information relating to the HRA working balance.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Canterbury City Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the Members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Sophia Brown

Sophia Brown Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

30 April 2025