

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF RESOURCES

TO:	POLICY COMMITTEE (ACTING AS SOLE MEMBER FOR BRIGHTER FUTURES FOR CHILDREN)		
DATE:	14 JANUARY 2019	AGENDA ITEM:	13
TITLE:	BRIGHTER FUTURES FOR CHILDREN - APPOINTMENT OF EXTERNAL AUDITORS		
LEAD COUNCILLORS:	CLLRS LOVELOCK, TERRY, PEARCE, & BROCK	PORTFOLIO:	LEADERSHIP, CHILDREN, EDUCATION, CORPORATE AND CONSUMER SERVICES
SERVICE:	CORPORATE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	KATE GRAEFE	TEL:	0118 937 4132/ 74132
JOB TITLE:	HEAD OF PROCUREMENT AND CONTRACTS	E-MAIL:	kate.graefe@reading.gov.uk

1. PURPOSE OF REPORT

- 1.1 This report seeks approval from Policy Committee in its capacity as sole member for Brighter Futures for Children Limited (BFfC) for the appointment of UHY Hacker Young as external auditors for Brighter Futures for Children Limited.

2. RECOMMENDED ACTION

That Policy Committee:

- 2.1 Approve the appointment of UHY Hacker Young as BFfC's external auditors for a three year term, commencing as soon as possible and covering the 2018/19, 2019/20, 2020/21 financial statements.

3. BACKGROUND

- 3.1 At Full Council on the 16th October 2018, the transfer of the delivery of the Council's children's services to a newly established, wholly owned subsidiary Company of the Council, Brighter Futures for Children Limited ('BFfC' / the 'Company'), was approved.
- 3.2 The establishment of the new Company means there is a requirement for BFfC to appoint their own independent external auditors to approve their accounts. Under the provisions of the Articles of Association agreed between the Council and the Company, the appointment of external auditors is a 'reserved matter' that requires the prior consent of Reading Borough Council as the sole member.
- 3.3 In consultation with the Director of Resources and acting upon advice and support from the Council's procurement team, BFfC have conducted a

procurement process to determine which audit firm offered the most economically advantageous service. This process was fully compliant with the Council's Contract Procedure Rules.

- 3.4 Following careful evaluation of the written bids and presentations, the selection panel were unanimous in their selection of UHY Hacker Young as the preferred bidder and made a formal recommendation to the BfFC Board that they be appointed as BfFC's external auditors for an initial three year term. This decision was made on the basis of clearly defined criteria and a scorecard that had been communicated to all firms involved. The Council's Chief Auditor was a member of the selection panel and confirmed that the selection process had been completed correctly and in a compliant manner.
- 3.5 The BfFC Board approved the recommended appointment of UHY Hacker Young at their meeting on the 18th December 2018.
- 3.6 As the appointment of external auditors is a "Reserved Matter" within the Articles of Association agreed between the Company and Council, this report is the formal recommendation to the Council of the appointment of UHY Hacker Young as the Company's external auditors.

4. CONTRIBUTION TO STRATEGIC AIMS

- 4.1 The award of the contract for independent external auditors is required as part of the set-up of the Company, which in turn has been created to support achievement of the Council's Corporate Plan aim to deliver long-term and sustainable improvements for children and young people in Reading.

5. EQUALITY IMPACT ASSESSMENT

- 5.1 It is not considered that an EIA is required for the awarding of this contract: The Council has reviewed the scope of the service as outlined within this report and considers that the proposals have an equal impact on all members of the general public.

6. LEGAL IMPLICATIONS

- 6.1 The contracts have been procured in accordance with the Council's Contract Procedure Rules and relevant EU and UK legislation.

7. FINANCIAL IMPLICATIONS

- 7.1 The full costs of the external auditor contract will be covered by BfFC as part of the funding provided to the Company under the services contract.

8. BACKGROUND PAPERS

- 8.1 None