

Policy Committee

19 February 2024



Reading
Borough Council
Working better with you

Title	Brighter Futures for Children - Appointment of External Auditors
Purpose of the report	To note the report for information
Report status	Public report
Report author	Kelly Hallett, Head of Commissioning, Contracts and Procurement, Brighter Futures for Children
Lead Councillor	Cllr Hoskin
Corporate priority	Not applicable, but still requires a decision
Recommendations	1. That Policy Committee approve the appointment of the new external audit firm, Buzzacott LLP, as Brighter Futures for Children's external auditor for an initial term of two years, commencing as soon as possible and covering the 2023/24 and 2024/25 financial statements.

1. Executive Summary

- 1.1. Under the provisions of the Articles of Association agreed between the Council and the Brighter Futures for Children, the appointment of external auditors is a 'reserved matter' that requires the prior consent of Reading Borough Council as the sole member.
- 1.2. On 14 January 2019, Policy Committee in its capacity as sole member for Brighter Futures for children (BFfC) approved the appointment of UHY Hacker Young as external auditors for BFfC. Following a competitive open tender, Brighter Futures for Children are seeking consent to appoint Buzzacott LPP as the new external auditor to the company.

2. Policy Context

- 2.1. As per the Articles of Association agreed between the Council and the Company, the appointment of external auditors is a 'reserved matter' that requires the consent of Reading Borough Council prior to appointment, which this report seeks to do.
- 2.2. The Auditor must be a registered and licensed to operate in the UK, as recognised by the Institute of Chartered Accountants in England and Wales (ICAEW). The ICAEW is responsible for the licensing, registering and monitoring of auditors who wish to carry out audits of local public bodies or similar.
- 2.3. In the preparation of the financial statements, the Auditor must adhere to the financial reporting framework, applicable law and United Kingdom Accounting Standards including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).
- 2.4. The Auditor must provide an opinion on the Company's financial statements in relation to giving a 'true and fair view' of the state of the Company's affairs, whether the accounts have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and whether they have been prepared in accordance with the requirements of the Companies Act 2006.

- 2.5. The Auditor must conduct the audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law.
- 2.6. The Auditor must be independent of the Company in accordance with the ethical requirements that are relevant to the audit of financial statements in the UK, including the FRC's Ethical Standard. The Auditor must fulfil their ethical responsibilities in accordance with these requirements to be able to provide an audit opinion.
- 2.7. The competitive process to appoint Buzzacott LLP was fully compliant with the Council's and BFfC's Contract Procedure Rules.

3. The Proposal

- 3.1. On 14 January 2019, Policy Committee in its capacity as sole member for Brighter Futures for children (BFfC) approved the appointment of UHY Hacker Young as external auditors for BFfC.
- 3.2. This was approved for an initial three year term, covering the 2018/19, 2019/20, 2020/21 financial statements. The contract then allowed for a two year extension covering financial statements 2021/22 and 2022/23.
- 3.3. 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.
- 3.4. In consultation with the Executive Director of Finance and Resources of BFfC and acting upon advice and support from the Council's procurement team, BFfC have conducted a procurement process to appoint a new auditing firm, determining which offered the most economically advantageous service. This process was fully compliant with the Council's and BFfC's Contract Procedure Rules.
- 3.5. Following a careful selection process of written bid and presentation, the selection panel were unanimous in that Buzzacott LLP should be appointed as the new external audit firm for BFfC. Formal recommendation has been made to the BFfC Board that they should be appointed as BFfC's external auditor for an initial term of 2 years, which runs up to the end of the current Service Delivery contract BFfC has with RBC to deliver Children's Services on behalf of the Council. Should the Service Delivery Contract be extended, the new contract with Buzacott LLP has the ability to be extended for up to 3 years, in 12 month extension periods.
- 3.6. The BFfC Board approved the appointment of Buzacott LLP at the board meeting on 21 December 2023
- 3.7. 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 Buzzacott LLP as the Company's new external auditors.

4. Contribution to Strategic Aims

- 4.1. The award of the contract for independent external auditors is required as part of the ongoing delivery of Children's Services by BFfC, which in turn has been created to support achievement of the Council's Corporate Plan aim to deliver long-term and sustainable improvements in the quality of life for children and young people in Reading.
- 4.2. The Council's new Corporate Plan has established three themes for the years 2022/25. These themes are:
 - Healthy Environment
 - Thriving Communities
 - Inclusive Economy
- 4.3. These themes are underpinned by "Our Foundations" explaining the ways we work at the Council:

- People first
 - Digital transformation
 - Building self-reliance
 - Getting the best value
 - Collaborating with others
- 4.4 Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

5. Environmental and Climate Implications

- 5.1. The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).
- 5.2. There are no Environmental and Climate Implications' arising from the decision to appoint Buzzacott LLP. The Company has had external auditors in place since its formation, and in recent years, the audits are now carried out remotely, reducing the impact on the environment.

6. Community Engagement

- 6.1. No consultation, community engagement or information is required in relation to the appointment of Buzzacott LLP as the external auditors to BFfC.
- 6.2. BFfC consulted with RBC Procurement and Legal Teams in relation to the procurement and appointment of Buzzacott LLP. The evaluation panel on the decision to appoint Buzzacott LLP included staff from BFfC's Board, Commissioning and Finance Teams. Board members approved the appointment at BFfC Board meeting in December 2023.

7. Equality Implications

- 7.1. Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2. It is not considered that an EIA is required for the awarding of this contract: The Company 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.

8. Other Relevant Considerations

- 8.1. There are not considered to be any other relevant considerations any number of other issues relevant to this report.

9. Legal Implications

- 9.1. The contract has been procured in accordance with the Company and Council's Contract Procedure Rules and relevant procurement legislation.

10. Financial Implications

- 10.1. The full costs of the external auditor contract will be covered by BFfC as part of the funding provided to the Company under the service delivery contract. There are no financial risks due to the successful bidder having submitted a clear pricing schedule as per the specification for required audit services. A robust tender and evaluation process has ensured that Buzzacott LLP will offer a value for money service based on quality

and price, and the delivery of these services will be ensured through the terms and conditions of the contract they have been awarded.

11. Timetable for Implementation

- 11.1. This contract is due to commence on 1 April 2024. There will be a handover period from the incumbent, UHY Hacker Young, to the successful bidder, Buzzacott LLP, prior to the commencement of the contract.

12. Background Papers

- 12.1. There are none.