

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Cabinet

**DATE:** 27 February 2023

**SUBJECT:** Financial Action Plan – Update

**CHIEF OFFICER:** Executive Director Finance and Commercial (S151)

**CONTACT OFFICER:** Executive Director Finance and Commercial (S151)

**WARD(S):** All

**PORTFOLIO:** Councillor Rob Anderson  
Cabinet Member - Financial Oversight & Council Assets

**KEY DECISION:** No

**EXEMPT:** No

**DECISION SUBJECT TO CALL IN:** No

### **APPENDICES:**

Appendix 1 - Risk assessment  
Appendix 2 - Response to CIPFA Review  
Appendix 3 - Response to DLUHC Governance Review (Finance only)  
Appendix 4 - Response to Grant Thornton's recommendations  
Appendix 5 – Response to Directions (Finance only)  
Appendix 6 – Assumptions, risks and mitigations  
Appendix 7 – Finance and Commercial Services Improvement Plan

## **1 PURPOSE AND RECOMMENDATIONS**

1.1 To provide Cabinet with a summary update on the key areas of the work undertaken to respond to the many and very serious financial challenges and the recommendations made by external agencies. Specifically, it provides an update on the following issues:

- Capitalisation Direction
- progress being made on generating capital receipts
- budgets
- Minimum Revenue Provision (MRP)
- the Council's borrowing levels
- accounts
- the dedicated schools grant
- the finance structure
- revenues and benefits

- Council accounting, HR and procurement system (ERP)
  - commercial and procurement improvements
  - internal audit actions
  - company governance and actions
- 1.2 Cabinet is recommended to note the progress and issues arising from the continued work on the above.
- 1.3 Cabinet is requested to recommend the report to Council.

### **Commissioner Review**

1.4 The report provides a very detailed and comprehensive progress report in the Financial Recovery Plan. The commissioners are pleased to note the progress.

## **2 REPORT**

### **Background**

- 2.1 The range and extent of the financial issues facing the Council have been well documented and reported to Cabinet in the last 20 months
- 2.2 The Cabinet, auditors and commissioners expect regular reports to evidence progress made. This report summarises the overall key issues, clearly a lot of the detail is contained in the accompanying budget papers and the appendices:
- capitalisation direction
  - progress being made on generating capital receipts
  - budgets
  - MRP
  - the Council's borrowing levels
  - accounts
  - the dedicated schools grant
  - the finance structure
  - revenues and benefits
  - Council accounting, HR and procurement system (ERP)
  - commercial and procurement improvements
  - internal audit actions
  - company governance and actions

- 2.3 It also includes a summary of the progress made in respect of the recommendations in the various reports from external agencies during 2021/22. These recommendations provide the basis of the financial improvement agenda and assist in framing the scale of the financial challenges facing the council.
- 2.4 Appendices 2 - 6 have been presented as they show the detail and the current position and progress against the recommendations in external reports among other matters:
- the DLUHC Governance Review (Finance Only)
  - the CIPFA Review
  - Grant Thornton's statutory recommendations
  - Directions (Finance Only)
  - Risks, mitigations and assumptions in the current forecast CD and budget
- 2.5 The financial strategy agreed and actioned by the Council was to:
- address the identified problem, this began in July 2021
  - sell assets to reduce borrowings and thus reduce MRP/interest costs and finance the CD – agreed September 2021
  - reduce net revenue expenditure, both general fund and the dedicated schools grant – ongoing since July 2021
  - produce and have audited annual accounts – ongoing since July 2021
  - operate proper and rigorous budgeting and building up reserves – from July 2021
  - design and implement a permanent structure for the Council's finance service – now complete and currently being filled through recruitment
  - all to an appropriate standard and in an appropriate manner and with an understanding that this will take up to 5 years
- 2.6 The Council's **strategy is starting to come to fruition** although there is a great deal of work still to do and risks to be managed before stability can be achieved, the position throughout this paper is of course at a point in time and will undoubtedly change. The key developments have been:
- achieving asset sales of over £173m to date this financial year with a planned total of over £200m for the whole year and forecast sales of £200m in 2023/24. This is greatly in excess of the budget and is paying down minimum revenue provision costs, repaying temporary borrowing, reducing interest costs and reducing the Capitalisation Direction
  - an overall reduction in the Capitalisation Direction from a worst-case potential £782m to £357m
  - projecting a budget which for 2022/23 is currently showing a reduction of £27m in the Capitalisation Direction for this year

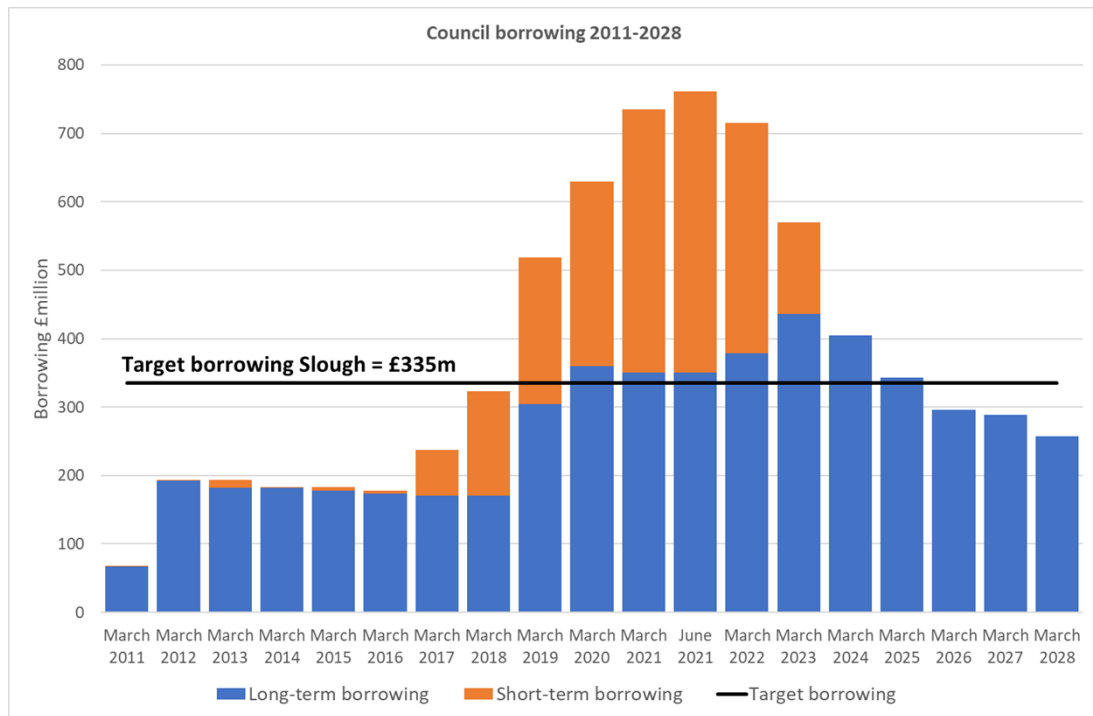
- planning for savings of £22.4m in 2023/24
- agreeing with the DfE, subject to formal approval, a DSG recovery plan that achieves an in year balanced position by 2025/26 from what was a previously forecast £7m annual increase in the overspend and should see the Council's historic deficit of £27m financed by the DfE
- producing annual accounts, two so far produced and submitted for audit, one in progress
- starting to build up reserves as indicated in the CD
- designing and implementing a new finance service structure which has seen some success in recruitment from external candidates and transfer of contract staff to permanent positions. The first phase has now completed and a plan is being put in place to recruit to remaining vacancies.

### **Summary Updates**

- 2.7 The Council applied for and received a minded to **Capitalisation Direction** of £307m to 31/3/23. Looking forward the Council modelled to 2028/29 a total that could have risen to £474m. For further modelling purposes if the Council was unable to deliver £20m annual revenue savings from 2022/23 to 2028/29 and instead achieved £13m as a guide then the Capitalisation Direction would have to increase further and allowing for MRP on that would have totalled an estimated £782m.
- 2.8 It is currently estimated that **the overall Capitalisation Direction could be reduced from a potential total of £782m to £357m. However, it is important that in providing this figure that there is a clear understanding of the assumptions and risks inherent in this figure. These are set out in Appendix 6**
- 2.9 The Council is thus beginning to see the potential benefit and the outcome of the strategy adopted. Overall, this leaves the Council with a very large and challenging capitalisation direction of £357m but does represent a reduction of £425m and can be fully financed by:
- applying capital receipts from 2021/22 to 2027/28                      £348m
  - paying MRP in 2022/23 and 2023/24 of                                      £9m
- 2.10 **Capital receipts** of £400m are forecast to be potentially achievable by 31 March 2024 from the sale of assets which is more than sufficient to cover the CD. Thus, if manageable challenges arise with achieving the total from the current plans sufficient flexibility is retained in the current estimates to do this by other means. **However equally if sites do not achieve sales on time or to this value there will be a very serious impact on the Council's financial position.** Current assumptions related to capital receipts are that:

- the production and cleansing of the accounts will generate circa £25m of available capital receipts;
  - the work on reviewing the Council's companies and generating capital receipts from those of circa £40m (excluding JEH);
  - asset sales of circa £385m up to 2027/28 by disposing of investment properties and surplus operational assets;
  - a potential capital receipt of £200m from a stock transfer (from a desk exercise) should be achievable, if it is decided to pursue stock transfer;
- 2.11 The **budget** savings required in future years currently remain as previously reported and the estimated position as at month 9 is as reported elsewhere on this agenda
- 2.12 The **2023/24 budget** has a target of £22.4m of savings which has been completed with options to that value to be tabled at Scrutiny in November/December 2022 and January/February 2023. The budget is also allowing for various estimated cost pressures such as pay, contracts, investment income reductions and service demand pressures.
- 2.13 The **2024/25 budget** has a current estimated savings target of £12.9m and is progressing with options totalling a potential £7m currently being explored.
- 2.14 The lack of adequate budget for **MRP** was identified when the s114 was issued and reported extensively to Cabinet and Council. The Council's MRP budget for 2021/22 was £40k. The original estimated total impact of MRP was £18.3m in 2021/22 and £28.0m in 2022/23, the latter has now reduced by £10.7m. This is due to the identification of £40m capital receipts from redrafting the accounts which has enabled capital expenditure from previous years to be fully financed thus reducing the need for MRP.
- 2.15 The Council's **borrowings** are forecast to reduce as follows and as shown in Table 1 below:
- by £190m from £760m at 30 June 2021 to £570m by 31 March 2023, and
  - down to £280m by 31 March 2028.
- 2.16 The reduction reflects the forecast receipts from asset disposals as profiled by advisors AY. By using the capital receipts from the programme of asset disposals, the Council is on track to reduce temporary borrowing to £133m by 31 March 2023 (a £203m reduction from the opening balance of £336m at 1 April 2022), and fully repay all temporary borrowing by September 2023. This will virtually eliminate the Council's exposure to interest rate risk.

**Table 1: Forecast reduction in borrowing**



## 2.17 Improvements in Financial Monitoring

We have improved the openness and transparency of virements through the year in the budget monitor and made a range of other improvements as shown below:

- budget monitoring reporting and commentary is more robust and insightful than seen previously – covering more areas and with more meaningful commentary
- a clear analysis on capital budgets and slippage approval. Clarity on how each project is funded. The capital review board needs to be reconvened in 23/24 to add further to governance, review and approval processes
- a thorough exercise undertaken on fees and charges with improved analysis of all charges shared with Cabinet. An in-depth analysis to test cost recovery needs to be undertaken in 23/24
- a thorough budget assessment and rebalancing from bottom up undertaken for Place directorate so now staff budgets are robust. Other issues identified and addressed include the budget for Libraries, CCTV and a Highways income target that was unachievable.
- a recharges review needs to be undertaken in some depth but some realignment against HRA with Place and Corporate Services being undertaken to address particular risk areas

- the HRA budget on the system was found to bear no resemblance to what was agreed at Council in March 2022, presumably due to turnover of staff and no handover. Identified and rectified
- new categories of analysis inserted into Agresso to capture member portfolio at cost centre level and make analysis at this level of reporting easier to undertake
- HRA and DSG categorisation added into Agresso to make these clearer and easier to exclude from GF analysis and reporting – this had previously been very confusing and led to errors in reporting in the past and was even harder to understand with staff turnover
- old budget targets from prior years found in “Savings to be identified” account code in various service areas. These have/will be moved to the relevant codes
- all grants are being logged when received through the year along with grant letters, in a grant register. A review of the process of how grants are recorded (balance sheet or I&E first, drawdowns etc) will be undertaken to build further clarity
- ECP process has helped to capture any spend which is questionable but the spend which is challenged at a corporate level are now reducing.
- undergoing the budget review in Place and restructures in F&C and IT have helped to ensure the Council now has a detailed working paper behind staffing costs in those areas which will be expanded out across all other areas

**2.18 Accounts** have been submitted for 2018/19, the audit is being conducted in more detail than originally anticipated due to the greatly increased risk profile of the Council. The Council will receive an audit opinion commensurate with the lack of accounting records. This will be a matter for the auditors judgement and cannot be pre-judged although it is likely to be one of a serious nature for the 2018/19 accounts. The 2019/20 accounts were submitted to the auditors on 1/11/2022. 2020/21 accounts are now estimated to be completed by February 2023.

**2.19 The Dedicated Schools Grant** deficit for 2021/22 has been reduced from a forecast of £7.2m to £4.9m, and for 2022/23 is now forecast at £2.1m. The management plan has now been finalised and secures an in-year balance by 2025/26. With a potential historic deficit write off by the DfE of £27m.

**2.20** The Council has been participating in the DfE’s Safety Valve programme and has been engaging with the DfE on a bi-monthly basis and in doing so the DfE has been offering challenge and support to the process of recovery. The meetings have been focused on providing an effective service and achieving financial sustainability rather than simply reducing expenditure..

- 2.21** The Council submitted its initial proposal to the DfE on 13th January 2023 with a feedback session held on 23rd January 2023. The Council submitted a final proposal on the 3rd February 2023.
- 2.22** If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement in early 2023. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.
- 2.23** The **Finance and Commercial restructure** was approved in July 2022 following extensive consultation. Following a new Direction from DLUHC in September 2022 the recruitment of the new Executive Director, Deputy Directors and third tier posts was passed to the Commissioners. An appointment to the ED post was made in January 2023. The Deputy Director posts remain vacant after a first round of recruitment.
- 2.24** The wider recruitment in the department was in three phases – the first offered opportunities for existing permanent staff to be promoted into the new structure, the second offered opportunities for contractors and other Council staff to be considered for permanent roles and the third stage opened the remaining vacancies up to external candidates. Recruitment advertising took place during September, October and November and completed on 9 December 2022.
- 2.25** A total of 102 applications were received across all posts. 3 candidates were promoted internally, a further 8 permanent appointments were made from contractors or other council departments and a further 9 external candidates were appointed into key roles within the structure.
- 2.26** The original structure included 60 posts which were increased to 90 including the bringing back in-house of Internal Audit and Commercial Services. Of the original 60 posts in scope there were 36 permanent staff and 24 vacancies. Following the restructure there are 51 permanent staff in post and 39 vacancies of which 20 are currently staffed by agency staff and 19 posts are vacant. Plans are actively being considered to recruit to the remaining vacancies especially in priority areas.
- 2.27** **Revenues and Benefits** - Work continues in revenues and benefits on increasing collection rates back to pre-Covid levels, improving the speed of processing time for benefits, supporting vulnerable residents with payments through government schemes and various other improvement projects as shown below:
- 2.28** Collection rates – At the end of December 2022 improvements continue to be seen for in-year collections for both Council Tax and Business Rates. Council Tax collection is 80.46%, 0.45% ahead of target and up 0.56% on the same time last year. Business Rates collection is 82.43%, 2.48% ahead of target and up 5.07% on the same period last year. Considering the economic conditions, the Council Tax collection is very positive. It is



anticipated that this improvement will continue. Arrears collection is also improving with Council tax net balances reduced by £3.247m (15.7%) so far this year and NNDR seeing a reduction in net arrears of £3.942m (44%).

**2.29** Government Schemes – Energy Rebate Scheme - The payment of the core scheme and discretionary schemes have been completed. The Council made 56,141 payments totalling £7.309m to residents through the scheme.

**2.30** Housing Support Fund - the Council is now over halfway through the third tranche of this scheme and paying £1.171m to vulnerable households struggling with the cost-of-living crisis, and vouchers to children receiving free school meals during school holidays.

**2.31** The Government have extended the Energy Rebates Scheme for another 12-months from 1 April 2023. In addition, the Council received Energy Bills Support Scheme Alternative Funding - a new scheme the Government launched to provide a discount on energy bills of £400 for households who pay for their energy in a different way, such as those with a commercial landlord or intermediary, such as park home residents or some housing association tenants.

**2.32** Council Tax Support Fund - Slough has been provided with £0.253m in funding under this new scheme to provide support to those households already receiving Council Tax Support, but still have a balance to pay. The scheme has an element of mandatory and discretionary elements.

**2.33** *Projects* - Development and improvement of the service continues with a number of key projects underway which include:

- Academy Cloud Migration – This was successfully completed on 9 January 2023
- Recovery data cleansing – This has already released more than £0.7m of debt that was effectively on hold to be recovered. The first two of the Enforcement Agent caseloads have been completed and the remaining two are due for completion by June 2023
- Revenues and Benefits Automation – The kick off meetings have concluded, and work has begun on the first of 11 automation projects. Once complete the vast majority of the high-volume, low-value tasks currently processed by officers will be automated
- Single Person Discount Monitoring – This project is currently underway and reviewing over 14,000 discounts. The initial phase of the project will be complete by the end of April 2023
- Council Tax Reduction Scheme – The Council is currently consulting on the implementation of a new CTRS scheme from 1 April 2023.

**2.34** It was previously reported that as the **ERP** is fundamental to the information flow in the organisation the new S151 officer assumed strategic oversight over the system and is working on how to embed the right structure, resources, and practices in the organisation to maximise the output of the

system and significantly reduce the costs arising from the inefficient operation that currently subsists.

**2.35** There have been a series of improvements within **Contract Management and Procurement**:

- Contracts register is being used as a business-as-usual tool in forward planning procurement activity, this includes consideration of longer-term procurement activity required for high value, high risk contracts. It is also being used to develop the forward plan/contracts over £180k report for April Cabinet
- The Council is utilising existing IT systems for the contract register and the implementation on Agresso is due to be complete by the end of the financial year. The Council is also considering in-house tools that can be used for contract management.
- Revised contract procedure rules we approved at full council in November 2022, processes and procedures have been updated to reflect the minor changes to the rules, which reflects governance in the council. The training programme also reflects the revised rules and continued throughout January and February.
- The commercial service has moved away from relying on expensive consultancy support, by initiating recruitment to a permanent in-house team, engaged a cheaper consultancy to support specialist procurement where needed and to plug short term gaps in resources.

**2.36 Internal Audit** – The recruitment of a new in-house internal audit team was a key recommendation of CIPFA and DLUHC in October 2021 and has been undertaken as part of the wider Finance and Commercial services Department restructure. Recruitment has been successful at the senior level with offers made and accepted for the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance, Internal Audit Manager and Senior Auditor posts. All candidates are available to begin work in the first quarter of 2023 which will allow a structured handover with RSM and input to the 2023/24 Internal Audit Plan. Further recruitment is required to two internal auditor roles.

**2.37 Internal Audit recommendations** – A structured approach to closing down recommendations from previous years has been put in place and is beginning to show positive results and good progress continues to be made as follows:

- **Pre 2021/22 audit actions** – 8 actions from a total of 257 remain to be completed, 4 of these are medium rated and 4 are low rated.
- All internal **audit reports outstanding from 2021/22** have been finalised allowing completion of the Head of Internal Audit Annual Opinion for 2021/22.
- **2021/22 actions** – actions completed as at end of December number 130 or 49 per cent of the total due with a further 43 or 14 per cent not yet due. A concerted effort is needed by CLT and DLT's to close the

remaining 135 actions that are overdue. An analysis by Department and by priority has been shared with DLT's for actioning.

- The number of outstanding **2022/23 actions** will increase as the number of reports are finalised. Currently 8 reports are finalised and a further 8 are in the process of being responded to by management.

**2.38** The Council's response to agreed internal audit actions should contribute to the achievement of the organisation's objectives and assist the Council in managing its risks. Officers have strengthened the arrangements for monitoring and verifying completion of audit actions.

**2.39** The internal audit plan for 2023/24 is to be presented to the Audit and Corporate Governance Committee on 14 March 2023. It will be an agile plan in order to reflect changes in circumstances including the transition to a new In-House team during the first quarter of 2023. There are 12 audits planned for the final quarter of 2022/23 audit plan which should enable RSM to complete their Annual Head of Internal Audit Opinion for 2022-23.

**2.40 Companies Governance** - The Council had 10 companies excluding Slough Children First. All but four companies have been formally closed down during 2022. SUR, JEH, GRE5 and DISH remain operational although plans have/or are being developed which are focused on transferring activity to the Council (where appropriate), the sale of assets or a corporate transaction (sale of business inclusive of assets).

**2.41** In line with previous reports provided to Cabinet, it is expected that the Council will exit GRE5 when the works to Nova House have been completed and the legal claim has concluded – this is expected to be in 2024. Cabinet will be requested to approve an exit route and a number of options are likely to be available to the Council if the works are completed satisfactorily and the legal claim is resolved. Bevan Britain have been asked to provide advice on regulatory and legal considerations to inform the most appropriate exit strategy. e.g. sale of freehold lease to a third party, leaseholder transaction.

**2.42** Following an Options Review by Montague Evans, the SUR Partnership will not be undertaking any further major developments. This will significantly reduce the Council's capital commitments and financial risks over the next five years. The Partnership will be wound up following a series of land disposals over the next few years – each site disposal will be approved by the Cabinet. A site disposal strategy has been approved for NWQ and the full disposal transaction has been approved for Montem. Other sites will be considered by Cabinet in 2023.

**2.43** Local Partnerships have reviewed JEH and have provided a series of options for the future operations. Cabinet will be requested to approve a preferred option(s) in March 2023 following the completion of further analysis (legal and financial) to inform the options.

**2.44** The DISH company is a lower risk and will be reviewed in the first quarter of 2023/24.

**2.45** Major progress has been seen in the following areas:



- **SUR.** The Council has established a Corporate Oversight Board for SUR to strengthen governance and management arrangements, including oversight of a phased reduction in SUR's activities. New Representatives (of the LLP) have also been appointed to oversee the changes and planned exit from SUR. Financial and performance reporting is regularised and now takes place on a quarterly basis. A Councillor was appointed in Autumn 2022 as the final (of three) representatives to the SUR LLP Board.
- Good progress has been made on the only ongoing SUR development project; the Old Library Site (OLS). Following the successful approval of First Homes Funding from Homes England in FY 22/23, apartment sales have accelerated and the Council's loan facility of £10m to the OLS has been fully repaid. Less than 5 apartments remain unsold/not under offer which significantly reduces the risk of loan default on the £2m of loan notes outstanding and has a positive impact on the Council's cash position.
- **GRE5.** Significant progress has been made to **GRE5's** financial planning and reporting, oversight and critical governance arrangements including the appointment of new external directors, the establishment of a new corporate oversight group and strengthened risk management. The Council's loan to GRE5 has now been fully executed following a financial review in FY 21/22 which identified that the Council's loans had not been approved in line with its Investment Strategy and was not implemented appropriately. Whilst building work is underway on Nova House, a number of additional structural issues have been identified which have had an impact on the ACM works and the resolution of the legal claim. A report is expected to be provided to Cabinet in February 2023 to provide a full update on the programme.
- **JEH.** A JEH options appraisal has recommended a phased exit including the transfer of some assets to the Council. The report identified a series of additional workstreams which are inquired to inform the Options and the development of the detailed action and exit plan. The exit plan is scheduled for agreement by 31/3/23.
- New Directors have been appointed for JEH in FY22/23 and monthly Board meetings have been reinstated from January 22. Board reporting including financial, performance and risk reporting has been redesigned to improve management and board effectiveness. A new SLA between the Council and JEH has been produced and approved in FY 22/23 and further improvements will continue to be made.
- **DISH.** DISH was established in 1988 and has a lease with the Council for 54 properties; with the majority of tenants classed as long-term tenants. DISH is considered to be a lower risk compared to other companies and an options review and exit strategy is scheduled to be complete by 30/6/23.

**2.46** In October to December 2021, all Directors were replaced for JEH and GRE5. New Director role profiles were developed and standardised for

both companies based upon an assessment of the specific requirements for each company. Internal appointments were made for JEH however due to the complexity and specific requirements of GRE5, external appointments were made. As an LLP, SUR has “representatives” and does not have “directors”. SUR representatives were reviewed and replaced in Autumn 2022 following a consideration of the specific requirements to implement the exit strategy and associated disposals programme.

- 2.47** All new directors were provided with induction training, including detailed briefing sessions on company matters, governance and other related matters. Formal contracts and terms of reference are in place for the appointments and each Director will be subject to an annual appraisal. Future training requirements will be monitored as the directors continue in role and the future direction and exit strategy evolves.
- 2.48 Agresso System improvements** - The challenges regarding the way the Agresso system was originally set up have been well documented. A new cloud based Agresso hosting specialist has been engaged and a full migration off the Capita platform was successfully completed in December 2022. The system is running smoothly and single sign on will be launched in February 2023 as one of the quick gains from the transition. The Council is working to optimise the various elements of hosting the ERP with the new supplier to ensure a better all-round user experience.
- 2.49** Staff training was completed for line managers and Users Champions, all sessions are recorded and will be made available for new starters or anyone that requires refresher training. Bespoke training packages have been agreed for the following specialist areas and will be completed by March 2023 – HR, Payroll, Finance including Procurement & Systems Administration.
- 2.50** The BAU support function which has been to date managed by a firm of consultants was awarded to a Unit 4 (Agresso) Partner from January 2023, this will provide a streamlined 2nd level support function and manage all the periodic systems updates required in a systematic fashion.
- 2.51** Next steps include a complete update of the SBC establishment and reporting lines to match the Council’s structure, implement the contracts register module and complete some development in relation to enhancing the financial reporting experience
- 2.52** Detailed responses to the reports received from MHCLG/DLUHC, CIPFA, Grant Thornton and the formal Directions from DLUHC are shown in detail in Appendices 2-5. Table 2 overleaf shows a summary of the progress to date against each set of recommendations.

**Table 2: Progress on implementing finance only recommendations from external reports**

Report	No of Finance Recs	Complete/ Ongoing	Partially complete / On Track	Total
CIPFA (Appendix 2)	22	20	2	22
MHCLG/DLUHC (Appendix 3)	20	15	5	20
Grant Thornton (Appendix 4)	23	13	10	23
Directions (Appendix 5 - Finance Only)	9	7	2	9
<b>Total</b>	<b>74</b>	<b>55</b>	<b>19</b>	<b>74</b>
<b>Total %</b>		<b>74</b>	<b>26</b>	
<b>Position in Nov*</b>		69	31	
<b>Movement since last report</b>	-	5% 	5% 	

**2.53** Significant progress has been made on dealing with the recommendations from the various reports issued by CIPFA, DLUHC, Grant Thornton and the Directions (Finance only) issued by Government during 2021/22. 74 per cent of all recommendations have been completed or are continuously ongoing with good progress with the remainder on track to complete during 2022/23. Since the last report the number of complete or ongoing recommendations has increased to 55. The remaining recommendations will be implemented in the medium to longer-term due to their nature although a vast majority are expected to progress during 2022/23 and 2023/24. In summary:

- **Directions** - There are 9 of the 13 Directions which are whole or part in the ownership of the finance team. Of these 7 have been classed as green and the remaining 2 is amber. Firstly, the internal audit work is largely complete but not fully. Secondly, decisions on the reviews of council companies are well progressed and will be complete in the next year.
- **CIPFA report** - The recommendations are substantially complete with 2 outstanding with both on track to be completed by 31 March 2023.
- The **DLUHC report** has 5 on-going / outstanding recommendations relating to improved service planning; responding to internal audit recommendations; continually developing member training around budgeting; implementing the CIPFA recommendations and spreading the learning from improved service planning in finance to other areas such as IT and HR. Work has commenced or is substantially complete in all these areas.

- The **Grant Thornton report** was more detailed and had 23 recommendations, some of which had multiple actions. Whilst progress has been made against all of these, they have not been deemed to be complete until all elements are finished. Many of the actions are dependent upon completion of the annual accounts, for example, the annual governance statements are complete but cannot be signed off until the accounts are audited and approved by members. Other actions are more developmental and will by their nature be on-going for some time e.g. improving financial reporting, improving financial systems and processes; recruiting an internal audit team; improving the governance around the recording of member and officers interests. Some actions have a longer delivery time due to the nature and complexity of the issues e.g. the review of companies. All these matters are on track to be substantially completed in 2023.

**2.54** Clearly the above positions are best estimates at this point in time and will change continuously as the work continues to progress.

**2.55** As previously reported it will take up to **5 years** to transform/stabilise the Council's finances and this will involve a further range of improvements/work to be done. Examples of future plans included in the departmental business plan are outlined in Appendix 7 and key aspects summarised below:

- **People, culture and customers** – the services has spent a lot of time recruiting to the team and will put in place cultural changes that will enable the department to meet its ambitions, ensure it meets the highest professional standards, and has a 'can-do' attitude to supporting departments and the development of the Council's plans.
- **Training and succession plans** will be developed further once the team is recruited. The development of people is at the heart of our future success and this will be reflected in our investment in this area through the recruitment of professionally qualified staff, offering opportunities to current staff and growing the Council's own talent through trainee recruitment.
- **Improving Financial Reporting and Accounts Completion** – one of the key success factors will be to ensure all outstanding sets of accounts are complete by December 2023 and that the underlying processes to deliver future statements are embedded and quality assured. Progress in this area is well advanced but needs to be embedded during 2023/24 and is subject to the outcome of external audit reviews. Plans are in place.
- **Getting the basics right** - continuing rectification of the many very significant historical challenges with poor basic financial control processes and procedures – for example, reconciliations between systems, quality control around the accounts processes, consistency in the completion of standard working papers, control and recording of assets, income recognition and debt recovery. Continuing action will be taken to improve the basic financial systems and control processes

through the upgrade and development of Agresso and related systems but these will take time to embed fully.

- **Financial Strategy and Planning** – a great deal has been done to stabilise the Council's financial position through the forensic investigations during 2021/22 of previous accounting practices. Many of these issues have been rectified but the Council will not be fully clear of these issues until the outstanding audits have been completed. Medium Term Financial Planning had to be developed in a vacuum during 2022/23 due to the lack of a corporate plan and in the crisis situation the Council found itself in. A key area for 2023 is developing greater integration between the corporate plan and medium-term financial plans.

**2.56 Improving each of the key functions** – all key services within the Department have a service plan and understand their responsibility for delivery. Each area has clear objectives, key performance indicators and key improvement actions for 2022/23 and beyond.

**2.57** As noted above the strategy is evidencing progress but a financial recovery of this magnitude will take a further estimated 5 years, and inevitably matters will arise during this period that will need addressing and much remains to be done at a detailed level and to embed good practice. A list (albeit not exhaustive) of current challenges is set out below:

#### **Transitioning to a new team and continued culture change**

The new leadership team is expected to be in place by May 2023. Whilst there is a current business plan this will need reviewing and agreeing with the new team and sharing with the wider team to get buy in and support for the scale and pace of the changes required.

#### **Delivery of future years audited financial statements**

Progress has been made in many areas but this will need to continue to be embedded and developed if the good work to date is not to be lost. In particular, the completion of three years set of accounts and the quality of the working papers and newly established quality control regime will need to be built upon in future years.

#### **Introducing zero based budgeting**

The challenging savings targets facing the Council will require new techniques to be deployed including an on-going review of budgets from a zero-based perspective. This is scheduled to be introduced in 2024/25.

#### **Restructuring the Revenues and Benefits team**

The re-structure of the Revenues and Benefits Team is likely to be effective from September 2023 and will need to ensure that it takes advantage of the process and technology efficiencies envisaged when the 2022/23 budget was formulated. The project management of this process will be critical to the future success of the team.



## **Embedding the Agresso system changes**

The challenges regarding the way the Agresso system was originally set up have been well documented. A new host contract has been established from January 2023. Whilst this relationship is important there is also key relationships and procedures to be established with HR and IT departments in order to enable the most effective use of the system going forward.

## **Improving the Counter Fraud function**

A recent report by CIPFA has identified the need to undertake improvement in the direction and focus of the team to ensure it is achieving optimum outputs for the Council from the resources available. An improvement plan is being put in place to ensure this happens.

## **Developing the new In-House Internal Audit Team**

A new team has been recruited to replace the outsourced contract – it will take time to bed this team in and to develop the working practices and cultural change required for management and members to obtain appropriate assurance. A new way of working is required in tandem with management. This team will be crucial to supporting the continuing changes required to embed good governance.

## **Responding to Recruitment Challenges**

Recruitment remains challenging in a number of key areas most notably at the Finance Manager level in the main finance teams and also in the Commercial Team. In some specialist areas such as insurance interim cover remains in place. The cost of employing agency staff will continue to be a challenge to the budget going forward, despite the progress made in 2022/23.

## **Asset Management**

Challenges still remain around the accuracy and maintenance of the asset register. Whilst progress has been made this is likely to be an area for further improvement across the Council.

## **Procurement and Contract Management**

Implementing and consolidating some of the key changes from bringing the Contract Management and procurement functions back in house will be a key area for further development and improvement during 2023 and beyond. This will be crucial to the Council's ability to achieve value for money.

### **3 IMPLICATIONS OF THE REPORT**

#### **3.1 Financial implications**

3.1.1 These are set out throughout the report. Should the work being undertaken not be completed or be significantly delayed, the Council's financial position would quickly deteriorate and become untenable.

#### **3.2 Legal implications**

3.2.1 On 1 December 2021 the Secretary of State for Levelling Up, Housing and Communities made a statutory direction requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners, acting jointly or severally. The functions to be exercised by the Commissioners include the requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Council's financial affairs, and all functions associated with the strategic financial management of the Council, including providing advice and challenge to the Council in the setting of annual budgets and a robust medium term financial plan, limiting future borrowing and capital spending. The Explanatory Memorandum to this Direction confirms that in practice most decisions are expected to be taken by the Council, however the Directions are designed to give the Commissioners the power to tackle weaknesses identified to ensure the Council is better equipped to meet the best value requirements. Cabinet and full Council should have regard to the advice and comments of the Commissioners contained in this report

3.2.2 The Council has a number of statutory duties in relation to financial management. These include the following:

- Under Part I of the Local Government Act 1999, a best value duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of efficiency, economy and effectiveness;
- Under section 31 of the Local Government Finance Act 1992, the requirement to set a balanced budget at the start of each financial year;
- Under section 28 of the Local Government Act 2003, a requirement to review actual expenditure against the approved budget on a regular basis throughout the year and, where it appears that there has been a deterioration in the financial position, a requirement to take such action as is necessary to deal with the situation;
- Under The Accounts and Audit Regulations 2015, a requirement to maintain adequate systems of internal control.

3.2.3 The Council's Constitution, which is based on the requirements of the Local Government Act 2003, requires that decisions in relation to financial management must be taken at specific levels within the organisation, as follows:

- Full Council is responsible for approving the policy and budget setting framework at the start of each financial year. This includes approval of Council Tax increases, revenue and capital budgets, Treasury Management Strategies and capital investment plans.
- Cabinet is then responsible for determining how and when expenditure will be incurred, and what levels of service are provided, so long as this is in accordance with the overall budget framework.
- Part 3 of the Constitution also includes a Scheme of Delegation whereby some decisions can be delegated to individual officers or to senior officers acting as a group.

### 3.3 Risk management implications

3.3.1 There are a range of risks associated with this work. These risks and the mitigations put in place to manage them are set out in Appendix 1. Some of these mitigating actions are already in place, others will take time to develop and embed. This risk assessment will continue to be developed and the position continuously assessed, with regular reporting to members as part of these progress reports.

### 3.4 Environmental implications

3.4.1 The work being undertaken will allow the Council to continue to function and thus help address its environmental aspirations

### 3.5 Equality implications

3.5.1 The work being undertaken will allow the Council to continue to function and thus help meets its equality requirements

### 3.6 Procurement implications

3.6.1 The proposed asset disposal programme, implementation of the Council's procurement strategy and maintenance or improvements to financial systems will all require the assistance of external specialists who will provide additional skills and capacity not currently available in-house.

3.6.2 Any support obtained from external support consultants will be secured in compliance with the Public Contracts Regulations 2015, Council procurement policies, and within approved budget spending limits.

### 3.7 Workforce implications

3.7.1 There are workforce implications associated with the restructure of the department which are being managed with HR support. Possible future changes to the staffing structures within Finance functions referred to this report are subject to future Cabinet reports which will fully consider workforce implications.

### 3.8 Property implications

3.8.1 The asset disposal programme referred to in section 8 of this report will directly impact on the Council's property holdings. Full details will be provided via six-monthly progress reports to Cabinet.

### Risk management

- There are a range of risks associated with this report. Risk identified to date have been listed below, together with the mitigations put in place to manage these risks down to acceptable levels. Some of these mitigations are already in place, others will take time to implement and embed. All risks and mitigations will change and develop over time and the current position will need to be continuously assessed. The RAG rating after mitigation is not time related ie as has been previously advised this while process will take circa 5 years.

Risk	RAG Before Mitigation	Mitigation	RAG After Mitigation
DLUHC/CIPFA/Grant Thornton/Commissioners may not have confidence that the Council can address all the matters to the quality and in the time needed	Red	<p>Recruitment of new Executive Director of Finance and team now complete – remaining vacancies will be filled by experienced interims subject to budget constraints.</p> <p>Commissioner comments on the transitional Finance team have been very positive. Implementation of the financial strategy agreed in 2021 has shown success to date.</p> <p>This also requires considerable input from across the whole Council in order to continue to deliver on all matters – this is being programme and project managed in a more co-ordinated manner</p>	Amber
Accounts not completed	Red	<p>Employment of national experts</p> <p>Creation of robust project plan as developed and successfully used elsewhere</p> <p>Utilisation of proven whole team methodology</p> <p>On-going engagement with external audit</p> <p>2018/19 and 2019/20 accounts presented for audit. Due to the lack of appropriate records and standards of work in 2018/19 etc the audit opinion will be commensurate with that situation. Thus pending the resolution of the audit this is deemed red at this stage but will be determined.</p> <p>Thus an overall opinion of amber</p>	Amber
Budget may not be brought into balance	Red	<p>On-going communication with DLUHC regarding capitalisation directions</p> <p>Development of more rigorous processes and timelines</p> <p>Continuous weekly meetings at all levels – officers and Members</p> <p>Asset sale process for 2022/23 has been successful and had a material impact on borrowing levels in the longer term</p> <p>Cleansing of all budgets has continued</p> <p>Reductions in the capital programme</p> <p>Agreement from all involved that all matters have to be considered</p> <p>The Council is awaiting reviews of the SCF business plan which is currently having a material impact on the 2023/24 budget proposals.</p>	Green – pending asset sales
2022/23 Budget may not balance	Red	<p>The Council is also currently facing the risk of a 2022/23 in year departmental revenue overspend. However this is offset by corporate matters and the overall change in the CD</p>	Green
Weaknesses in Council's strategic use of companies, governance, management, financial reporting and	Red	<p>Holistic reviews of all companies underway. 6 out of 10 Companies closed during 2022/23 and the remaining ones are subject to detailed scrutiny in order to determine the most</p>	Amber

performance management continue		beneficial position for the Council. All expected to be complete during 20223/24. Some issues already being addressed through Cabinet and Council. (Others will take place over the coming 12-18 months)	
Internal Audit reviews not actioned or consider the holistic requirements of the Council	Red	Proactive management of internal audit recommendations is now taking place and chasing down of responses to and implementation of actions. Discussions have been had with Internal about the balance of their reports in the context of the council's current position and extensive change agenda. New Internal Audit team recruited ahead of agreement of the 2023/24 Internal Audit plan.	Amber
Systems continue to fall behind the latest version, development work is not taken forward and priorities are not identified or resourced	Red	Structure, resources and practices are under review and will be analysed, reviewed and assessed to address the issues  ICT restructure has been completed and recruitment taking place. This will greatly impact on this when in place.	Amber
Finance Team reverts back to being under resourced and under skilled	Red	Restructure programme completed with some successes and some remaining vacancies but significantly improved capacity and capability. Much smaller interim cohort required for the future. Finance leadership team recruited. Training is developed which is underway Additional required temporary and permanent resources are identified and secured The residual risk is amber due to continuing need to secure a wholly a permanent team whilst transitioning from the interim team in place during 2021-23.	Amber
Poor financial management practises continue  New practices are not embedded	Red	Range of new processes introduced on a phased basis and Officers trained in the new approaches.  This depends upon officers throughout the Council fully engaging with the rigours of budget management and securing a longer term permanent team.  There is a large quantity of detailed work still to complete	Amber

## Response to CIPFA review

No.	Recommendation	Action taken	Responsible officer	End Date
<b>Strengthening Financial Sustainability</b>				
<b>A On future sustainability:</b> Establish a detailed plan to close its short and long-term budget gap				
1	1. The S151 Officer present their plan for the steps that they need to take to rebalance the budget to Council in October and seek Council approval for the Plan.	Plans were taken to Council in October 2021. Plans approved. Budget for 2022-23 approved. Budget for 2023/24 in process of approval.	S Mair	<b>Complete</b> for short term  Work continues for the longer term
2	<i>The Council produces an outline plan to close its identified budget gap for 2022-23 (before taking account of additional Section 114 liabilities) by November 2021.</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
3	<i>The Council produces a longer-term outline plan for closing the MTFP budget gap by December 2021.</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
4	The Council produces detailed delivery plans for savings required over the MTFP by May 2022.	Costed savings action plans have been produced for the 2022-23 budget and proposals are now being prepared for the 2023-24 budget which will be refined through to January 2023.  The process beyond 2023/24 will be based on a zero basing of the Council's budget	S Mair/EDs	<b>Complete</b> for 2022/23 Budget Paper going to March Cabinet  ZBB will take through to October 2023 to set

				up and implement in 2024/25
	<b>B On future sustainability:</b> Establish a high-level risk register			
5	<i>The Council reviews the existing risk register to identify the high-level risks facing the organisation and assigns a senior risk owner to each risk</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
	<b>C On Commercial activities and borrowing:</b> Set limits on future borrowing and capital spending			
6	<i>The Council sets very tight limits for future borrowing to enable it to better manage the subsequent revenue cost of repaying such debts.</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
7	<i>The Council restricts investment in its capital programme to essential schemes as identified above.</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
	<b>D On commercial activities and borrowing:</b> Gain increased assurance concerning the potential scale of past and future liabilities.			
8	The Council further reviews the risk-based approach to identifying liabilities to enable it to improve its assurance around the size and scale of current and future liabilities before it sets the budget for 2022-23.	Since the CIPFA report was drafted work has been undertaken to improve the Council's understanding of the scale of liabilities – past, current and future. This covers not only capital finance but also provisions eg GRE 5 and others. This will continue to be developed during 2022/23  Budget set for 2022-23 including estimate of the then £307m capitalisation direction from DLUHC to support current year and previous errors, and estimated liabilities.	S Mair	<b>Complete</b> for budget 2022/23  On-going for future years
	<b>E On Assets:</b> Develop an outline disposal plan			
9	<i>The Council considers at an early stage its approach to asset disposals and how it will secure the necessary expertise that it needs to achieve best value.</i>	<i>The Council approved sale of up to £600m of assets and the procurement of external advisors in</i>	<i>S Mair/R West</i>	<b>Complete</b>



*September 2021 to assist with the asset disposal programme.*

*Avison Young were appointed and have produced a detailed disposal strategy with estimated sale proceeds and timeframes.*

*AY identified £335m of assets that could be sold in the next five years. This excludes income from a Housing Stock Transfer which after Repayment of HRA debt would provide a net capital receipt of £84m. If all these assets were disposed of then the net revenue impact due to reduction in minimum revenue provision reductions would be £21m per annum.*

*A disposal programme is underway for SUR opted following the outcome of an Options Review at the end of 2021 and further market testing and preparation work in 2022. The Cabinet has approved the disposal of the Montem site (October 2022) and has approved a disposal strategy for NWQ (June 2022). Further sites are in advanced stages of development and Cabinet decisions will be required in 2023.*

		<i>Local Partnerships Ltd were commissioned in early 2022 to consider options for disposing of JEH Ltd (corporate acquisition) and/or the full or partial sale of assets held by JEH. An indicative recommendation has been provided to officers although further information and advice is required before an options paper can be provided to Cabinet with a preferred option and action plan. This is expected in March 2023.</i>		
<b>Strengthening Financial Governance and Oversight</b>				
<b>F Raise Member awareness of the scale of the financial challenge and its implication</b>				
10	<i>Mandatory briefings are provided to all Members on the Council's financial challenge.</i>	<i>Complete</i>	S Mair	Complete
11	Specific further training is provided to members of the Audit Committee to raise further awareness of their governance role and that this training is repeated as part of the induction process for all new members when they join.	Programme of member training developed in conjunction with the Monitoring Officer  Induction session held for new members in July 2022. Further training scheduled around future Audit and Corporate Governance Committee meetings per the schedule agreed in Jan 2022.	S Mair/Sarah Wilson (Interim)	Complete for induction training and On-going training programme in place
<b>G Address immediate Financial Governance risks</b>				
12	<i>The Council restores key controls within its Financial Management System as set out above.</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
13	The Council reviews financial regulations in the medium term	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>

14	The Council sets out clearly the financial responsibilities of all new staff, interim and agency staff when they commence work with the Council.	The updated Financial Procedure Rules covers the financial responsibilities of all new staff, interim and agency. Additional briefings required for interim and current staff as part of induction and the council wide training programme that will follow Full Council approval of the revised Financial Procedure Rules.	S Mair	Training will be undertaken in 2023  On Track
<b>H Prepare an Annual Governance Statement for 2020-21</b>				
15	An Updated Annual Governance Statement and Action Plan should be prepared for consideration by the Audit and Governance Committee by December 2021.	Work was completed on a first draft AGS for 2020/21 in May 2022.  Draft AGS completed and reviewed by CLT in May 2022. Document will need finalising and further review once the 2020-21 financial statements are completed in 2023.	S Mair	<b>Complete</b> subject to timing of the finalisation of accounts.
<b>I Undertake an independent review of the Procurement Function</b>				
16	<i>The Council commission a separate independent review of the procurement function, rather than including this within the annual internal audit plan.</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
<b>J Review the provision of Internal Audit</b>				
17	The Council commissions an independent review of the internal audit arrangements to ensure that they are effective and provide sufficient coverage to give it the assurance that it needs during this period of financial challenge.	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
<b>K Enhance Financial Capacity</b>				
18	<i>The S.151 Officer reviews the level of resource required to deliver his plan for restoring sound financial management</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>

19	The organisation makes further provision to enhance the capacity within the finance team including exploring other delivery avenues e.g. shared services	Restructure and recruitment successfully completed. Remaining vacancies will be subject to further discussion with incoming Executive Director of Finance and Commercial subject to budget constraints.  In the interim recruitment will continue to priority and hard to fill posts.	S Mair	March 2023  <b>Complete</b>
20	The Council commissions an independent review to demonstrate that financial procedures and processes are robust by May 2023.	O/S – not yet due This will be commissioned in March 2023		March 2023 On Track
<b>L Stabilise the Finance Leadership Team</b>				
21	<i>The S.151 officer immediately commences the appointment process for a permanent Deputy S151 Officer.</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
22	<i>The Council seeks to negotiate the contract terms for the S151 officer and his team to extend the current notice period.</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>

## Response to MHCLG/DLUHC Governance Review

No.	Governance recommendations	P=Priority action M=Medium term action	Action Taken	Responsible Officer	Status / Next Steps
1	Undertake a pragmatic, rapid risk assessment of the functional capability of each service area identifying the gaps in capacity and capability. This process needs to be owned by the organisation. Junior managers and front-line colleagues should be involved in contributing to the way forward.	P	<p>Business plan developed and highlighted the challenges in February 2022.</p> <p>Finance Action Plan has been developed during 2022 to reflect the risks facing the Finance function. This has been reviewed monthly.</p> <p>Service plan completed in September 2022 to tie in with new Corporate Plan.</p>	S Mair	<p>Continuous</p> <p>On Track</p>
2	Prioritise the service areas to be addressed and determine a rigorous plan and allocate resource accordingly. Examples of service areas to be prioritised would be finance, revenue and benefits, IT and democratic services, including scrutiny.	P	<p>Finance Action Plan has been developed and is being reviewed monthly this includes all areas of finance and revenues and benefits.</p> <p>Service plans now completed and being assessed against requirement of the new Corporate Plan.</p>	S Mair	Complete

3	<i>With regard to recommendations 1 to 4, prioritise permanent recruitment and/or longer-term contract status of all relevant interim positions. In particular, the interim s.151 officer, DPH consultant and the Director of Children's Services. Confirming interim positions at junior manager and front-line level is as important. The CIPFA report refers to appointing a permanent Deputy section 151 officer.</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
4	Identify permanent statutory post holders within the new scheme of delegation.	<b>P</b>	A revised set of Financial Procedure Rules was approved by Full Council in November 2022.  Permanent appointments to statutory posts have continued but not yet completed.	S Mair	<b>Complete</b>
5	<i>Establish a 'management action' tracking system for internal audit actions which is fit for purpose. Emphasise to all staff the importance of internal audit and that identified actions can be used for continuous improvement within service areas.</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
6	Address each unique management action from internal audit reports and use them as indicators of possible service failure. Prioritise, target and remediate each action as a matter of urgency. Include actions identified in the six draft audits completed in year to date.	<b>P</b>	Actions from finalised audit reports are incorporated into the IA Management Action Tracker. Council has recruited a specific resource to monitor implementation of IA recommendations and the corporate and departmental risk registers.	S Mair	Continuous On Track
7	<i>Conduct an independent review of the internal audit contract and establish an 'in house'</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>

	<i>function which will enable the internal audit team to work alongside colleagues, whilst retaining their independence, as is practice in many councils.</i>				
8	<i>Independently review the procurement and contract management function and develop an 'in house' team.</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
9	<i>Continue to understand and identify risk more generally and review the council strategic risk register to make it fit for purpose</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
10	Improve proper decision making at appropriate governance levels and relevant meetings. For example, the annual review of the Council Tax Reduction scheme at full council and the comprehensive list of annual contracts to Cabinet.	<b>P</b>	An improved report went to May 2022 Cabinet regarding contracts. Further iterations have been produced and taken to Cabinet during 2022 setting out the value, term and purpose of all contracts greater than £180k in value.  The Annual Review of the Council Tax Reduction Scheme is now being considered in line with the required timetable.	EDs	<b>Complete</b> as part of budget process
<b>5. Culture and Leadership recommendations</b>					
11	Prepare an annual governance statement for 2020/21, the current 2019/20 statement does not have an action plan	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
<b>6. Financial governance recommendations</b>					
12	Produce an overarching corporate action plan in response to the section 114 notice which indicates the way to financial sustainability	<b>P</b>	Revised Corporate Recovery and Improvement Plan approved by Council in May 2022 and now assimilated into Service Plans including an	S Brown	<b>Complete</b>

			<p>outline Medium Term Financial completed in May 2022.</p> <p>Finance Action Plan has been developed during 2022 to reflect the risks facing the Finance function. This has been reviewed monthly.</p> <p>Outline financial plan completed as required and detail being progressed at pace:</p> <p>2018/19 accounts done, being audited 2019/20 completed by 31/10/22 2020/21 by January 2023 2021/22 by May 2023</p> <p>2022/23 budget monitor and CD reviewed and revised</p> <p>2023/24 likewise</p> <p>Initial proposals for 2024/25 commenced</p>		
13	Ensure the recommendations in the concurrent CIPFA report are carried out.	<b>P</b>	Ongoing – see above	S. Mair	On Track
14	Develop the good awareness raising initiated by the interim s.151 officer into a mandatory financial and budget training module for all councillors and budget holders.	<b>M</b>	Included in the programme of training for Members and budget holders reviewed by Audit and Corporate Governance Committee in January 2022. Training on local	S Mair	Continuous as training programme develops



			government accounts to be delivered in advance of the Statement of Accounts being reported.		
15	Ensure that the excellent work of the interim s.151 and his team (in terms of action planning around the external reports) has corporate ownership and that finance is not merely regarded as a technical activity, but as an enabling function to help council-wide continuous improvement.	<b>M</b>	Ongoing via weekly/monthly finance update briefings to Members, Commissioners and CLT and reinforced through the approach to business cases.	EDs	Complete
16	Respond corporately and systematically (not just in a financial sense) to the ongoing reviews of council owned companies to ensure immediate, effective governance of these companies.	<b>M</b>	<p>Revised governance arrangements have been introduced across all companies (with the exception of DISH which has not been prioritised for action in FY 22/23 as it is a much smaller scale compared to the other entities, is not a trading company and has limited risk (it has a lease with the Council for 54 properties dating back to 1988 when it was established) and is lower risk rated by Internal Audit compared to other entities. DISH revised governance will be introduced in early FY 23/24 following a review).</p> <p>Changes include:</p> <p>Closure of all companies that do not provide services (6</p>	S Mair	Complete

			<p>companies closed in FY 22/23 which has simplified the Council's corporate structure and resource requirements to provide governance/statutory requirements.</p> <p>Dedicated SROs and shareholder functions across entities.</p> <p>Establishment of a Corporate Oversight Board for SUR which meets bi-weekly due to the changes taking place within SUR and the SUR opted assets.</p> <p>Joint shareholder function/Director meetings for GR5 which meet monthly to discuss and oversee developments on Nova House.</p> <p>Focus on addressing the comments made during reviews, especially Internal Audit, with almost 100 comments across the Companies. Less than 5 now remain open.</p>		
17	<i>The interim s.151 officer has requested the current capital programme be cut by 50% and this has been accepted. It would be prudent to</i>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>

	<i>consider a capital programme of zero except for government grant allocations and health and safety issues, for example. This would be until past liabilities have been fully understood and there is a plan for financial sustainability within the full response to the section 114 notice.</i>				
18	Carefully manage the potential reduction from £6m to the return on investments as a significant risk. The disposal strategy should be completed. This might take some time, which could delay the amount of revenue available to the council.	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	Complete as not considered a significant risk.
<b>7. Services recommendations</b>					
19	Address recommendations 1,2 and 3, which will help improve performance in other service areas, particularly revenues and benefits, IT, finance and democratic services.	<b>P</b>	See above	S Mair	On Track
<b>8 Capacity/capability recommendation</b>					
20	Significantly reduce the reliance on external consultancy and external contracts which deliver 'internal' services. Build and use internal capacity.	<b>M</b>	<p>Following a new Direction from DLUHC in September 2022 the recruitment of the new Executive Director and Deputy Directors was passed to the Commissioners. An appointment to the ED post was made in January 2023.</p> <p>The recruitment across the remainder of the finance and commercial department was in three phases – the first offered opportunities for existing permanent staff to be promoted into the new structure, the</p>	EDs	<p>31 Jan 2023 completion of external recruitment</p> <p><b>Complete</b></p>

		<p>second offered opportunities for contractors and other Council staff to be considered for permanent roles and the third stage opened the remaining vacancies up to external candidates. Recruitment advertising took place during September, October and November and completed on 9 December 2022.</p> <p>A total of 102 applications were received across all posts. 3 candidates were promoted internally, a further 8 appointments were made from contractors or other council departments and a further 9 external candidates were appointed into key roles within the structure. Plans are actively being considered to recruit to the remaining vacancies.</p> <p>Other service areas also subject to significant restructure with a view to appointing permanent staff. IT is the most advanced.</p> <p>Alternative options to be considered if recruitment is unsuccessful.</p>		
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## Response to Grant Thornton's recommendations

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
1	<p>Agreed savings are not supported by robust savings plans and as such are at risk of not delivering as anticipated.</p> <p>Medium</p>	<p>The Council should:</p> <ul style="list-style-type: none"> <li>• Ensure that savings are supported by robust savings plans and business cases</li> <li>• Strengthen arrangements by introducing a corporate function, which could assess the likelihood of delivery, the robustness of proposed savings and their supporting plans as well as monitor delivery.</li> </ul>	<p>The Council has recently undertaken a number of actions that will address this and related issues</p> <p>The Council amended its then officer Strategic Finance Board (SFB) chaired by the Chief Executive to ensure that the then Executive Board was fully aware of all pertinent financial matters within the Council and gained a holistic understanding of the Council's finances. This Board received papers on financial standards, the accounts, the budgets, and other matters</p> <p>As part of this the Council has:</p> <ul style="list-style-type: none"> <li>• Revised its revenue business case and</li> </ul>	S Mair	<p>Complete for 2022/23, in development for 2023/24</p> <p>Agreed for council services not yet for SCF</p> <p>Design and implementation of the ZBB process will start from Spring 2023 but not in place until 2024/25.</p>

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			<p>process to ensure that the business case focuses on the case for change, value for money and affordability before moving into the technicalities of procurement etc. Thus, assisting in ensuring that the Council's base budget is as robust as it can be and hence helping to provide a more informed base from which to generate any necessary savings</p> <ul style="list-style-type: none"> <li>• Related to savings, the Council has a separate business case for savings which has been supplemented by a Saving Action Plan to assist in the verification and tracking of saving plans going forward</li> </ul>		

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			<ul style="list-style-type: none"> <li>The finance service led the process for the budget for 2022/23 and the correction of the 2021/22 budget and worked with service colleagues to review and challenge all budgeted and future savings, monitor delivery, identify pressures and seek from colleagues' mitigations as necessary. It also revised the equality impact documentation. Going forward a further revised process will be established that will bring into the assessment of savings plans colleagues from other disciplines such as legal, HR, ICT etc – all working</li> </ul>		

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			<p>closely with service officers</p> <ul style="list-style-type: none"> <li>Supplementing this the Council revised its officer budget process to accelerate the timeline for production of the budget to allow for full engagement and scrutiny by Members in all their roles and likewise for full consultation and communication with other stakeholders</li> <li>The design of the budget process will continue to develop through such as the introduction of Zero-Based Budgeting for the financial year 2024/25. Embedding this and the new standards will take some considerable time</li> </ul>		



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2	<p>We consider there is scope to ensure that the Annual Governance Statement (AGS) more clearly sets out the processes and procedures to enable the Council to carry out its functions effectively. Medium</p>	<p>The governance arrangements could be improved by developing the AGS and introducing:</p> <ul style="list-style-type: none"> <li>• Assessment of the effectiveness of the framework, it should be more than a description of what is in place</li> <li>• How the Council is defining outcomes in terms of sustainable economic, social, and environmental benefits</li> <li>• An action plan, that brings together and addresses all the significant issues faced by the Council</li> <li>• A formal mechanism that monitors and assesses the progress of the issues and recommendations</li> </ul>	<p>A thorough review and redraft against the CIPFA Solace framework has been completed for all years 2018/19 to 2020/21. CLT have reviewed and commented on all three AGS's and these comments have been incorporated into the revised documents.</p>	S Mair	<p>On Track</p> <p>Embed processes to ensure that future versions of the AGS are completed in accordance with the CIPFA Solace Framework.</p> <p>A new process will be implemented during the Autumn of 2022 for completion of the 2022/23 AGS.</p>

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		raised in the AGS throughout the year.			
3	The Council consolidates a number of group entities into its financial statements; however, the accounting year ends are not all consistent with the Council, being 31 March, which adds additional complexity and consolidation adjustments for the Group financial statements.	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
4	Effective governance arrangements are not in place to ensure those in charge with governance are able to make decisions in an open and transparent way  High	Cabinet and scrutiny should be regularly updated on the performance of their key services and be able to challenge this performance and have the opportunity to make informed decisions in formal committee meetings.	We have recently begun the preparation of holistic financial briefings for Officers and Members, and these will be further developed in the future. We have also as noted above revised the budget timeline which will allow for more informed Member consideration of the budget and have introduced quality guidance for finance and other officers	S Mair	On Track  Financial reporting will be further developed during 2022/23

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			<p>on the production of budget monitoring reports and financial implications in reports.</p> <p>We will ensure that key service financial and performance information is included as a regular agenda item for Cabinet, Scrutiny and the Audit and Governance Committee.</p> <p>A training programme is in place for officers in relation to procurement and contract management processes and procedures, including the council's contract procedure rules. 30 officers have been trained since the last report was issued, 79 officers have been trained in total.</p>		
5	Effective contract management arrangements are not in place to effectively manage statutory services that are	The Council should consider and ensure effective arrangements are in place in the following areas:	The Council has begun reviews of its management of third-party organisations and will be implementing a series of changes which will include among other	S Mair	<p>On Track</p> <p>An ongoing programme of improvements for all companies will continue throughout 2022/23.</p>

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	<p>delivered by third parties</p> <p>High</p>	<ul style="list-style-type: none"> <li data-bbox="645 240 987 678">• Role of elected members, including Members of the Board, as possible shareholder committees or monitoring committees such as the Commercial Sub-Committee, as well as the role of scrutiny committees</li> <li data-bbox="645 722 987 1414">• Elected members who are Board Directors of the SCST need to understand their responsibilities and duties to SCST and ensure they effectively manage any conflicts of interest. All company directors have a duty to act in the best interests of the company rather than in the best interests of the body that has appointed the Director to the</li> </ul>	<p>matters appointing appropriate Senior Responsible Officers to ensure that companies meet their objectives, put in place new arrangements for holding companies to account, reviewing how the companies meet the Council's objectives, a review of the work undertaken by the companies, developing a clear approach to testing value for money etc.</p> <p>An extensive report has also been made to the Audit and Corporate Governance Committee.</p> <p>Three individual oversight functions have been established for SUR, GRE5 and JEH. Each entity undertakes different activity, faces different issues and are at different stages of maturity in terms of operational and governance. A central oversight function may be</p>		<p>DISH will be subject to a review and series of changes in FY 23/24</p>

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		<p>company (e.g., the Council)</p> <ul style="list-style-type: none"> <li data-bbox="645 352 992 826">• Elected members committee functions, this should include those charged with governance who would have oversight of the effectiveness of the SCST Board in line with Council's strategic objectives and statutory duties as well as scrutiny</li> <li data-bbox="645 874 972 1348">• The Council would benefit from applying consistent arrangements across the Council for dealing with all its third-party companies and ensure the role of the Commercial Sub-Committee is effective and understood</li> </ul>	<p>considered at a later stage. They now receive regular report packs at each meeting.</p> <p>The Council established a Corporate Oversight Board for Slough Urban Renewal (SUR) to strengthen the Council's governance and management arrangements, including oversight of a phased reduction in SUR's activities.</p> <p>New Council representatives (not Directors as SUR is a LLP) have also been appointed to oversee the changes and a planned phased exit from SUR. Roles and responsibilities have been clearly communicated and are set out in the Partnership Agreement which is the key governance agreement for SUR.</p>		

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		<ul style="list-style-type: none"> <li>Those charged with Governance should receive updates and reports on a regular basis (quarterly as a minimum) to enable informed decision making.</li> </ul>	<p>It is anticipated that the Council will exit the partnership in FY 24. As a result of this phased exit, services provided to SUR have reduced enabling the Council to reduce its share of operating costs.</p> <p>Significant progress has been made to GRE5's governance arrangements, financial planning and reporting, oversight and critical governance arrangements. New external directors have been appointed who are responsible for producing monthly and quarterly updates on activities, performance, and risks. A shareholder function has been established and meets.</p> <p>The Council's loan to GRE5 has now been fully executed following a financial review in FY 21/22 which identified that the Council's loans had not</p>		

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			<p>been approved in line with its Investment Strategy and was not approved in line with its governance requirements, This issue was addressed in 2022 and the Council's loan to GRE5 is now in compliance with its requirements.</p> <p>All GRE5 Directors now have new contracts which clearly state the roles and responsibilities. Directors contracts have now been standardised across the Council.</p> <p>New directors and governance arrangements alongside strengthened performance and financial reporting arrangements. have been introduced for JEH. In addition, a JEH strategic review has identified a number of options which the Council will consider in Match 20223 with the aim of developing an action plan</p>		

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			<p>for JEH Ltd and/or its assets.</p> <p>IA comments have been systematically worked through in FY 22/23 with the majority of comments now signed off by RSM as closed down and addressed.</p>		
6	<p>Effective governance arrangements are not in place to effectively manage statutory services that are delivered by third parties.</p> <p>High</p>	<ul style="list-style-type: none"> <li data-bbox="645 647 994 943">• The Council should introduce contract management to ensure services are delivered as planned and any mitigating actions can be taken in a timely manner</li> <li data-bbox="645 983 994 1310">• The Council should consider using its internal audit service to gain assurance that its contract procedures are being effectively applied across all Directorates</li> </ul>	<p>The first recommendation is being dealt with as noted above and will be picked up by the new Commercial team once in post.</p> <p>In respect of gaining assurance this will be undertaken in two ways – through internal audit as described and through reviews by the Finance and Commercial team. The S151 officer will engage an audit of the procurement arrangements independent of the Council's current provider</p>	<p>S Mair</p> <p>S Mair</p>	<p>On Track</p> <p>On Track</p> <p>Procure alternative internal audit of the procurement function – to be actioned once new team in place.</p>



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			RSM to avoid any conflict of interest		
7	<p><b>Quality of working papers and clarity of the audit trail</b></p> <p>As noted on page 13, the audit process was hampered by issues with the clarity of the audit trail including:</p> <ul style="list-style-type: none"> <li>insufficient audit trail to support the movements in the cashflow statement</li> <li>Lack of supporting audit trail for key notes in the accounts such as analysis of the income and expenditure by nature</li> </ul>	<p><i>Complete</i></p> <p><i>Complete</i></p>	<i>Complete</i>	<p><i>Complete</i></p> <p><i>Complete</i></p>	<i>Complete</i>
8	<b>Review of financial statements</b>	<p><i>Complete</i></p> <p><i>Complete</i></p>	<i>Complete</i>	<p><i>Complete</i></p> <p><i>Complete</i></p>	<i>Complete</i>

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	<p>A number of inconsistencies and disclosure omissions were identified during our review of the financial statements. This indicated a lack of internal critical review prior to the financial statements being presented for audit.</p>				
9	<p><b>Group Accounts</b></p> <p>The basis of preparation of the Council's Group accounts was unclear and the working papers did not provide a comprehensive group consolidation schedule setting out how the group accounts and consolidation adjustments had been determined.</p>	<i>Complete</i>	<i>Complete</i>	<i>Complete</i>	<i>Complete</i>
10	<p><b>Bank reconciliation process</b></p>	<i>Complete</i>	<i>Complete</i>	<i>Complete</i>	<i>Complete</i>

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	<p>As noted on page 19, our review of the bank reconciliation process identified that the process in place in 2018/19 was overly complex and made identification of reconciling items and their clearance difficult. There were also issues identified with the descriptions of reconciling balances within the balance.</p>				
11	<p><b>Accounting treatments</b></p> <p>The loans made to JEH had not been accounted for in line with the Code requirements resulting in amendments to the valuation and disclosure in the final accounts.</p> <p>This was a new transaction in 2017/18 although it was not a material balance in the prior year and the accounting treatment</p>	<i>Complete</i>	<i>Complete</i>	<i>Complete</i>	<i>Complete</i>

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	had not been documented against Code requirements before inclusion in the financial statements				
12	<p><b>Debtor and creditor reconciliations</b></p> <p>During our testing of the debtor and creditor balance there were issues with the client producing reconciled balances which should represent the year end debtor and creditor positions excluding in year movements. Our sample testing of debtors and creditors has not identified any material balances that are not supported.</p> <p>We have discussed this with management and confirmed that a process has been undertaken in 2020 to review debtor and creditor codes and cleared down items</p>	<ul style="list-style-type: none"> <li>Perform review of the debtor and creditor account codes to ensure that balances are appropriate and valid and clear those that are not.</li> <li>Establish a reconciliation process for all debtors and creditor accounts to ensure the balances are fully supported and valid debtors or creditors</li> </ul>	The systems review is in progress as is the preparation of the year-end analysis.	S Mair	<p>On Track</p> <p>Ensure that processes are revised and improved and monthly reconciliations are carried out once the review has been completed</p>

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	<p>which are no longer valid balances.</p> <p>High</p>				
13	<p><b>Income and Debtors</b></p> <p>There is no review process over invoices issued before they were sent out to clients. The Council relies on customers to identify and inform them of any errors noted. However there is risk that if the invoice is undercharged and the customers may not raise error, and the Council may suffer a loss from undercharging.</p> <p>High</p>	<p>Review the internal processes over invoice raising to ensure there is sufficient review of invoices before they are sent to clients</p>	<p>As above</p>	<p>S Mair</p>	<p>On Track</p>
14	<p><b>Declarations of interest</b></p> <p>Councillor and Senior Officer declaration forms are not dated. There is a risk that the</p>	<ul style="list-style-type: none"> <li>Ensure that all forms are signed and dated as part of their standard procedures</li> </ul>	<p>The Council requires every entry to the members register of interests to be signed and dated, it is standard practice that this is always followed. In the past 12 months the Council</p>	<p>S Mair</p>	<p>On Track</p> <p>Check responses against list of Members in office and Officers employed by the Council during the</p>

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	<p>declaration record is incomplete or insufficient as a result. The most recent forms for three Councillor declaration forms were signed, but not dated. Signing / dating a declaration form should be standard practice, as it could lead to forms being misfiled, or new interests not being declared in a timely manner.</p> <p>Senior Officers that were working for SBC through a contracting company are not required to complete a Declaration of Interests form.</p> <p>Interim staff are not required to complete the Registers of Interests and Gifts and Hospitality.</p> <p>High</p>	<ul style="list-style-type: none"> <li>Consider whether Officers, including interim staff, should complete declaration forms as they may be able to have a</li> </ul>	<p>has strengthened the process and a democratic services officer must always countersign each form received from a councillor to ensure completeness.</p> <p>Senior officers' declaration forms are not part of this process and are in fact part of the declaration process for all staff which uses an online HR process to gather the submissions.</p> <p>The Council has also implemented a new process for capturing related party transactions for Members and Chief Officers. Responses will be cross-checked against the records held by Companies House to ensure completeness.</p> <p>The Council has implemented a process by to ensure that any interim staff or those recruited through contracting companies are required to</p>	<p>S Mair</p>	<p>financial year in question. Cross-check against the records held by Companies House to ensure completeness.</p> <p>Check responses against list of Members in office and Officers employed by the Council during the financial year in</p>

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		<p>significant influence on the council's high-level decisions.</p>	<p>complete a declaration of interests form and where appropriate complete their Directorate gifts and hospitality register.</p> <p>The Council has also implemented a new process for capturing related party transactions for Members and Chief Officers. This will be completed electronically with responses documented as evidence. Responses will be cross-checked against the records held by Companies House to ensure completeness.</p>		<p>question. Cross-check against the records held by Companies House to ensure completeness.</p>
15	<p><b>Fixed asset register</b></p> <p>The client informed us of a number of properties which had not been removed / reclassified in the fixed asset register prior to the production of the year end financial statements.</p>	<ul style="list-style-type: none"> <li>Establish a process to perform an annual review of assets to ensure that all disposals and reclassifications are amended</li> <li>Establish an in-year process for capital</li> </ul>	<p>Investigation into Council's asset register identified that there was a lack of in-house knowledge on how to use the Council's fixed asset register and a lack of guidance notes. Training on how to use the system has been provided to the relevant members of staff along with guidance notes</p>	S Mair	<p>On Track</p> <p>Quarterly reconciliations to be carried out going forward as part of the capital monitoring process to ensure that asset movements and reclassifications are captured appropriately</p>

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	<p>We also identified material assets which had been fully depreciated and were held at net nil valued in the fixed asset register and accounts.</p> <p>High</p>	<p>movements to be notified on a timely basis to the finance team to ensure the fixed asset register is maintained accurately. This should be reconciled to the accounts as part of the year end closed own procedures</p>	<p>and video demonstrations saved in a central location to ensure resilience in the future.</p>		
16	<p><b>Capital accounting process</b></p> <p>The purchase of Thames Valley University had been accounted for using the stage payments as additions rather than the cost and a liability. This resulted in a material error in the current and prior year.</p>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>
17	<p><b>HRA valuation records</b></p> <p>Our testing identified inconsistencies in the</p>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>



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	accounting records between the categorisation of HRA properties held on the Capita Housing Rents system and the Council's fixed asset register. It is important that these two systems are reconciled on a regular basis to inform the Council's HRA valuation.				

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18	Finance capacity and skills	The Council should put in place robust arrangements for the production of the 2019/20 and 2020/21 financial statements which meet statutory requirements and international financial reporting standards. To achieve this the Council should:		S Mair	Complete
		<ul style="list-style-type: none"> <li>Ensure sufficient resources and specialist skills are available to support the accounts production</li> </ul>	Gaps in the Council's own team skills and capacity have been addressed in the short	S Mair	Recruitment campaigns completed by 31

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			<p>term by the appointment of interim staff to provide additional capacity.</p> <p>The Council began formal consultation on a restructure for the Finance and Commercial Services department on 28 June 2022.</p> <p>The restructure including recruitment to a permanent team has been completed as at 31 January 2023.</p> <p>The original structure included 60 posts which were increased to 90 including the bringing back in house of Internal Audit and Commercial Services. Of the original 60 posts in scope there were 36 permanent staff and 24 vacancies.</p> <p>Following the recruitment there are 51 permanent staff in post</p>		<p>January 2023 and appointments made.</p>

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			<p>and 39 vacancies of which 20 are currently staffed by agency staff and 19 posts are vacant.</p> <p>Plans are actively being considered to recruit to the remaining vacancies.</p>		
		<ul style="list-style-type: none"> <li>Ensure the finance team has the skills and capacity to enable effective financial management arrangements and support the production of technically sound financial statements,</li> </ul>	<p>Training programme was developed and rolled out to the whole finance team in October 2021.</p> <p>Individual training sessions will be arranged as and when necessary. External training will be brought in if necessary</p>	S Mair	<p>Complete for 2018/19 accounts</p> <p>The programme of training was completed by the end of November 2021.</p> <p>Additional training will be provided as and when necessary.</p>
		<ul style="list-style-type: none"> <li>Ensure finance officers are provided with additional training, to ensure all staff involved in the accounts production process have the necessary technical knowledge of the CIPFA Code</li> </ul>	<p>As above. In addition, the CIPFA Code and other technical guidance documents have been acquired and made available to the whole finance team. The Council also has access to technical advisors from CIPFA via its</p>	S Mair	As above

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			subscription to CIPFAs Finance Advisory network.		
		<ul style="list-style-type: none"> <li>Introduce appropriate project management skills to oversee the timely production of the financial statements and supporting working papers</li> </ul>	Weekly meetings have been arranged with the core team to ensure timely production of accounts		Weekly meetings will continue until the accounts have been prepared.
19.	Preparation of the financial statements	<p>The Council should develop a comprehensive project plan for the preparation of the accounts which ensures that:</p> <ul style="list-style-type: none"> <li>Entries in the accounts and supported by good quality working papers which are available at the start of the audit</li> <li>The financial statements and working papers have been subject to robust QA prior to approval by the s.151 officer</li> <li>There is clear ownership and accountability for tasks across service areas to support the timely production of the financial statements</li> </ul>	<p>This is an area that the Council will seek to continuously improve. For the 2019/20 and 2020/21 accounts, the following improvements have been introduced:</p> <ul style="list-style-type: none"> <li>Comprehensive accounts plan linked to the auditors required by client schedule. This has been communicated to all key stakeholders and includes a responsible officer for each</li> </ul>	S Mair	<p>Complete for 2018/19 and 2019/20 accounts</p> <p>Progress against the plan will be monitored on a regular basis and feedback sessions will be held with all key stakeholders once the project is completed in order to identify areas that might require further improvement.</p>

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			<p>task and separate deadlines for preparation and review</p> <ul style="list-style-type: none"> <li>• Standardised templates linked back to the Code have been prepared for all notes. The templates also include a three-stage quality assurance process covering 1) preparation, 2) technical review and 3) sign off review</li> <li>• Improved communication through the project plan, including regular and early communication to all stakeholders.</li> <li>• A whole team approach has</li> </ul>		

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			<p>been instigated through the involvement of the whole finance service to bring greater resilience and resource to this key requirement.</p> <ul style="list-style-type: none"> <li>Comprehensive training and development for finance staff including how to prepare, and also regular reviews of, working papers that include evidence of the transactions in the ledger, an enhanced checklist of requirements, quality assurance review, links between the working papers and clear</li> </ul>		

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			<p>mapping to the ledger.</p> <p>All of these changes will require a number of years to embed fully as staff become used to the new ways of working and evidence requirements to support the quality review process.</p>		
20	Levels of usable reserves	<p>The Council should take urgent action to address its low levels of unearmarked and earmarked reserves through:</p> <ul style="list-style-type: none"> <li>Developing a clear, sustainable medium-term financial plan to significantly replenish reserves to a level which enable it to respond to any significant unexpected events or manage its position effectively where its savings programme are not fully achieved</li> </ul>	<p>The Council has begun and agreed at officer level, a robust process for continued review of its base budgets including savings proposals, pressures, mitigations, monitoring etc. This will all lead into an improved MTFP that will contain full detailed savings proposals backed up by appropriate plans and working papers.</p>	S Mair	<p>On-going</p> <p>An additional £1m per annum is planned to continuously increase reserves</p>

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			<p>As a consequence of this work and as part of the budget process a risk analysis will be completed to inform by how much the reserves should be built up over the coming 5 years. This will lead to an increase in the savings target to finance the necessary increase in reserves which will be formalised as noted during the budget process.</p> <p>£20m has been built into the Capitalisation Direction to provide the Council with a base level of reserves</p>		
		<ul style="list-style-type: none"> <li>Reviewing its medium-term savings plans to ensure clear proposals are developed to achieve savings requirements in line with the MTFP and reserves strategy</li> </ul>	As above		Complete
		<ul style="list-style-type: none"> <li>Ensuring agreed savings are owned across the Council by</li> </ul>	All departments have completed savings plans		Continue to work with Departments and



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		<p>officers and lead members to ensure clear ownership and accountability for delivery</p> <ul style="list-style-type: none"> <li>Ensuring it puts in place a clear and transparent savings monitoring and reporting process, in order to ensure that council departments are held to account for delivery of required savings</li> </ul>	<p>including equality impact assessments. These have been agreed by ED's, Members and other officers for 2022-23</p> <p>Embedding this improved process will take some considerable time</p> <p>This was completed to inform a fully engaged Scrutiny, stakeholder and Lead Members process during the 2022-23 budget process.</p> <p>The process for 2023-24 began during March 2022. Revised Budget timetable and processes have been shared with Cabinet and Finance Board for the 2023/24 budget process.</p>		<p>embed the newly designed process On-going</p> <p>Continue to work with Departments and embed the newly designed process  On-Going</p>
21	Financial governance. Monitoring and controls relating to group entities	The Council should review and implement effective financial governance and monitoring arrangements for its group	A new Companies Finance Manager was appointed in Summer 2022. We expect continued improvements	S Mair	On Track  Reports to Audit and Corporate Governance

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		relationships to mitigate exposure to additional financial risk.	<p>to financial reporting and controls to be introduced as a result. Financial information provided for governance oversight purposes has continued to be strengthened and regularised to provide more assurance around financial risk.</p> <p>All audits are up to date - FY 21/22 audits are almost complete and are expected to be finalised in line with statutory requirements.</p> <p>The planning and approval of the GRE5 loan has enabled stronger oversight and reporting of all transactions between the Council and GRE5, including the appropriate calculation of interest charges (payable to the Council) based upon loan drawdown.</p>		Committee, as required

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
			SUR, JEH, GRE5 all have standardised regular financial reporting and financial risk review.		
22.	Addressing the S114 report	<p>The Council should put in place arrangements to address the issues raised by the S151 officer as set out in his section 114 report. In our view the Council should:</p> <ul style="list-style-type: none"> <li data-bbox="616 678 1115 798">• Report progress against the action plan to full Council at every meeting</li> <li data-bbox="616 981 1115 1125">• Support the S151 officer's root and branch review of all aspects of the Council's finances</li> <li data-bbox="616 1204 1115 1423">• Invest significant extra resource in finance capacity, internal audit and risk management to ensure robust processes are brought into place across all of the</li> </ul>	<p>This has been done, and this report forms the latest version of this, with the exception of the budget Council and exceptional meetings of Council</p> <p>This work continues to expand as the magnitude of issues are identified and is reported as above</p> <p>This has been done with the Council bringing in temporary skilled staff to identify and resolve current and historic issues, preparing a fit for</p>	S Mair	<p>Complete as evidenced by this FAP</p> <p>This is a continuous schedule of work</p> <p>This is a continuous schedule of work</p> <p>The Council's permanent structure has been agreed and consulted upon and recruitment has begun.</p>

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
		Council's financial and budget management arrangements to meet statutory financial obligations.	purpose finance structure to take the Council forward on a permanent basis and continuing to develop and progress its reviews of the Council's finances		
23	Improving governance at the Council	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>	<b>Complete</b>

**PROGRESS RESPONSE AND ASSESSMENT AGAINST DIRECTIONS (FINANCE ONLY)**

**APPENDIX 5**

<b>Item</b>	<b>Directions Action</b>	<b>Action Taken by Council</b>	<b>Officer Responsible</b>	<b>Status / Next Steps</b>
1	<p>A suitable officer structure and scheme of delegation for the Authority which provides sufficient resources to deliver the Authority’s functions in an effective way, including the Improvement Plan and its monitoring and reporting, prioritising permanent recruitment and/or longer-term contract status of interim positions.</p>	<p>The consultation phase of the Finance and Commercial services restructure completed on 27 July. The first recruitment phase has been completed with successful appointment of an additional 15 people into permanent posts. Further recruitment will continue once the new Leadership team has been established.</p> <p>Finance and Commercial business plan drafted in February 2022 ahead of requirements for service plans and Improvement plan. Departmental contribution to improvement plan in place and operating as required. Finance action plan updated monthly during 2022.</p> <p>Longer term contract status of key finance interims resolved and senior team in place since April 2022.</p> <p>Commercial team being brought back in-house as part of restructure with interim arrangements in place in the meantime.</p>	<p><b>Steven Mair</b></p>	<p><b>Ongoing</b></p> <p><b>G</b></p>
3	<p>Following the review by the Authority of their companies within six months consider the roles and case for continuing with each subsidiary company of the Authority (except Slough Children First).</p>	<p>The Council had 10 companies excluding Slough Children First (which is not covered by this Direction). All but four companies have been formally closed down this year. SUR, JEH, GRE5 and DISH remain operational although plans have/or are being developed which are focused on transferring activity to the Council (where appropriate), the sale of assets or a corporate transaction (sale of business inclusive of assets).</p> <p>In line with previous reports provided to Cabinet, it is expected that the Council will exit GRE5 when the works</p>	<p><b>Steven Mair</b></p>	<p><b>Ongoing</b></p> <p><b>A</b></p> <p><b>(The amber rating reflects the progress on the corporate elements of this matter)</b></p>

to Nova House have been completed and the legal claim has concluded – this is expected to be in 2024. Cabinet will be requested to approved an exit route and a number of options are likely to be available to the Council if the works are completed satisfactorily and the legal claim is resolved. Bevan Britain have been asked to provide advice on regulatory and legal considerations to inform the most appropriate exit strategy. e.g. sale of freehold lease to a third party, leaseholder transaction.

Following an Options Review by Montague Evans, the SUR Partnership will not be undertaking any further major developments. This will significantly reduce the Council's capital commitments and financial risks over the next five years. The Partnership will be wound up following a series of land disposals over the next few years – each site disposal will be approved by the Cabinet. A site disposal strategy has been approved for NWQ and the full disposal transaction has been approved for Montem. Other sites will be considered by Cabinet in 2023.

Local Partnerships have reviewed JEH and have provided a series of options for the future operations. Cabinet will be requested to approve a preferred option(s) in March 20223 following the completion of further analysis (legal and financial) to inform the options. The DISH company is a lower risk and will be reviewed in the first quarter of 2023/24

**Major progress has been seen in the following areas:**

**SUR.** The Council has established a Corporate Oversight Board for **SUR** to strengthen governance and management arrangements, including oversight of a

		<p>phased reduction in SUR's activities. New Representatives (of the LLP) have also been appointed to oversee the changes and planned exit from SUR. Financial and performance reporting is regularised and now takes place on a quarterly basis. Cllr Matloob was appointed in Autumn 2022 as the final (of three) representatives to the SUR LLP Board.</p> <p>Good progress has been made on the only ongoing SUR development project; the Old Library Site (OLS). Following the successful approval of First Homes Funding from Homes England in FY 22/23, apartment sales have accelerated and the Council's loan facility to the OLS is reducing significantly (from £9m to £2m). Less than 5 apartments remain unsold/not under offer which significantly reduces the risk of loan default and has a positive impact on the Council's cash position.</p> <p><b>GRE5.</b> Significant progress has been made to <b>GRE5's</b> financial planning and reporting, oversight and critical governance arrangements including the appointment of new external directors, the establishment of a new corporate oversight group and strengthened risk management. The Council's loan to GRE5 has now been fully executed following a financial review in FY 21/22 which identified that the Council's loans had not been approved in line with its Investment Strategy and was not implemented appropriately. Whilst building work is underway on Nova House, a number of additional structural issues have been identified which have had an impact on the ACM works and the resolution of the legal claim. A report is expected to be provided to Cabinet in December 2022 to provide a full update on the programme.</p>		
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		<p><b>JEH.</b> A <b>JEH</b> options appraisal has recommended a phased exit including the transfer of some assets to the Council. The report identified a series of additional workstreams which are inquired to inform the Options and the development of the detailed action and exit plan. The exit plan is scheduled for agreement by 31/3/23.</p> <p>New Directors have been appointed for JEH in FY22/23 and monthly Board meetings have been reinstated from January 22. Board reporting including financial, performance and risk reporting has been redesigned to improve management and board effectiveness. A new SLA between the Council and JEH has been produced and approved in FY 22/23 and further improvements will continue to be made.</p> <p><b>DISH.</b> DISH was established in 1988 and has a lease with the Council for 54 properties; with the majority of tenants classed as long term tenants. DISH is considered to be a lower risk compared to other companies and an options review and exit strategy is scheduled to be complete by 30/6/23.</p> <p>In October to December 2021, all Directors were replaced for JEH and GRE5. New Director role profiles were developed and standardised for both companies based upon an assessment of the specific requirements for each company. Internal appointments were made for JEH however due to the complexity and specific requirements of GRE5, external appointments were made. As an LLP, SUR has “representatives” and does not have “directors”. SUR representatives were reviewed and replaced in Autumn 2022 following a consideration of the specific</p>		
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		<p>requirements to implement the exit strategy and associated disposals programme. In addition Cllr Matloob was appointed in Autumn 2022 to fill the final SUR role).</p> <p>All new directors were provided with induction training, including detailed briefing sessions on company matters, governance and other related matters. Formal contracts and terms of reference are in place for the appointments and each Director will be subject to an annual appraisal. Future training requirements will be monitored as the directors continue in role and the future direction and exit strategy evolves.</p> <p>In FY 2023/24 work will focus on DISH and the JEH changes.</p>		
4	In the first three months undertake an <b>assessment of the functional capability</b> of all service areas identifying the gaps in capacity and capability	<p>Functional Capability Assessments for Finance and Commercial were completed by the target date and submitted to Commissioners at the end of Feb 2022. These were supported by a detailed Business Plan for the Department.</p> <p>Since the approval of the Corporate Plan in May 2022 these documents have now been replaced by the new Corporate and Service Planning process. All Finance and Commercial service plans have been submitted in line with the COO's required timetable.</p>	Steven Mair	<p><b>Complete</b></p> <p><b>G</b></p>
5	...and within the first six months prepare and agree action plans to the satisfaction of the Commissioners.	The Finance Action Plan has been in place since late 2021. The latest template has been reported to Cabinet since May 2022 and has been subject to various refinements at the request of Commissioners.	Steven Mair	<p><b>Complete</b></p> <p><b>G</b></p>
6	An outline action plan to <b>achieve financial sustainability</b>	A comprehensive action plan was submitted as part of the capitalisation direction submission including options to	Steven Mair	<b>Ongoing</b>

	<p>and to close the long-term budget gap identified by the Authority across the period of its Medium-Term Financial Plan (MTFP)</p>	<p>close the long-term budget gap over the period of the MTFP up to 2028/29. This recognised the need for significant culture change and discipline if the plans were to be achieved.</p> <p>This is underpinned in the first instance by the budget for 2022-23 completed, submitted and approved by Council on 10 March 2022 underpinned by a comprehensive capitalisation direction bid to DLUHC. This set out the plans for achieving financial sustainability which are reflected in the outline Finance action plan submitted to Council each meeting (except budget ones). It was always envisaged that this would take at least 4 years to begin an adequate turnaround given the extent of the financial problems uncovered.</p> <p>The longer-term closure of the budget gap consists of the following outline plans all of which are well progressed:</p> <ul style="list-style-type: none"> <li>➤ agreement of a capitalisation direction with DLUHC, initially £307m for the period to 31/3/23. Also modelled through to 2027/28 and beyond - Agreed</li> <li>➤ sale of between £400m and up to £600m of assets, as agreed by Council in September 2021. Report from AY received – work also being actioned outside of this through finance, companies work, accounts completion. See report for revised estimates</li> <li>➤ annual recurrent additional revenue savings of £20m per annum up to and including 2027/28.</li> </ul>		<p><b>G</b></p>
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		<p>This has been completed in design for 2022/23 and is largely complete for 2023/24 and is now updated and reduced as shown in the body of the report. See report for revised estimates</p> <ul style="list-style-type: none"> <li>➤ completion of annual accounts up to 31/3/22 by the 31/3/23 and regularly thereafter. Good progress being made with 2018/19 now complete. This is seen as the basis for the following years.</li> <li>➤ a complete restructure of the finance service producing a fit for purpose structure and resources set aside to finance the gaps in the corporate core of the Council. Done – currently out to internal advert</li> <li>➤ a wide range of financial management improvements as reported separately in each financial action plan.</li> </ul>		
7	In the first three months prepare and agree an Improvement Plan to the satisfaction of the Commissioners (which may include or draw upon improvement or action plans prepared before the date of these Directions), with, resource allocated accordingly, and as a minimum, the following components...	<p>Training programme identified for Members is developed and being rolled out.</p> <p>Revised Terms of Reference for Audit and Corporate Governance Committee approved at a special meeting on 19 January 2022. Training given to new Committee members in July 2022.</p> <p>Annual Governance Statement for 2020-21 has been drafted and discussed with CLT in May 2022. Feedback has been received and an updated version drafted to reflect comments from CLT. Once the 2020/21 accounts are completed this will then be included in those</p>	<b>Steven Mair</b>	<b>Ongoing</b> <b>G</b>

	<p>...An action plan to achieve improvements in relation to the <b>proper functioning of democratic services</b>, to include rapid training for council officers, a revised term of reference for the Audit and Corporate Governance Committee, and the agreement of an Annual Governance Statement for 2020-21."</p>	<p>statements and shared with Commissioners and Members.</p> <p>Addenda to the 2018-19, 2019-20 and 2020/21 annual governance statements have also been drafted to reflect the position at the time they will be approved by Committee. The 2018/19 statement is included in the revised set of statements currently being audited.</p>		
8	<p>...An action plan to achieve improvements in relation to the <b>proper functioning of the scrutiny function</b>, to include a review of the Authority's strategic risk register to make it fit for purpose.</p>	<p>Strategic Risk Register reviewed and updated in November 2021. Refinement has taken place during 2022 in response to the CIPFA Report and an internal audit report. The latter is scheduled to be followed up in September 2022 and is expected to show significant progress.</p> <p>Revised structure of strategic risk register first reported to Audit and Corporate Governance Committee on 9 March 2022.</p> <p>New Risk Strategy developed and approved by CLT, Cabinet and Audit and Corporate Governance Committee during June and July 2022.</p> <p>Risk strategy paper presented alongside Risk Management strategy outlines the future developments expected during 2022/23 including improvements to risk culture, risk reporting, assurance programme, software solution and linkages with Departmental Risk Registers. Engagement with CLT on detailed risks began in July</p>	Steven Mair	<p>Ongoing</p> <p>G</p>

		<p>2022 and has defined to the tone from the top which is crucial to the development and importance of the Corporate Risk Register.</p> <p>Corporate Risk Register subject to regular review and departmental risk registers being updated on a regular basis. Note: changes to organisational structure has impacted the effectiveness of the process but improvements are being actioned.</p>		
9	<p>...An action plan to achieve improvements in relation to the <b>proper functioning of internal audit</b>, which addresses outstanding management actions and includes the commissioning of an independent review of the internal audit contract and a fully costed plan for establishing an internal audit function that reflects best practice.</p>	<p>Internal audit action plan submitted alongside functional capability assessment.</p> <p>Costed options report discussed and approved by Cabinet on 9 March 2022 to extend current IA contract for one year and new contract sealed in April 2022.</p> <p>Recruitment of an In-House team has taken place and will transition the service from RSM in the first half of 2023. All outstanding management actions are being monitored and updated on a regular basis.</p>	<b>Steven Mair</b>	<p><b>Ongoing</b></p> <p><b>A</b></p>
10	<p>...An action plan to achieve improvements in relation to the <b>proper functioning of the procurement and contract management</b> function, which includes an independent review.</p>	<p>Action plan completed.</p> <p>Procurement and contract management action plan submitted alongside functional capability assessment. A Commercial improvement plan has been developed to implement and monitor service developments.</p> <p>New contract register has been developed and is being actively used to plan procurement activity and identify opportunities for savings.</p>	<b>Steven Mair</b>	<p><b>Ongoing</b></p> <p><b>G</b></p>

		<p>Commercial Services permanent restructure was tied in with the Finance and Commercial Services Department plans completed in October 2022. It is expected that several rounds of recruitment will be needed to fully resource an in-house team but interim resources are in place in the meantime to provide specialist advice and expertise.</p> <p>Independent review carried out by an LGA Procurement specialist in February 2022.</p> <p>Plans on track to deliver the proper functioning of the procurement and contract management function.</p>		

## Assumptions, Risks and Mitigations

## Appendix 6

Issue	Assumptions	Risks and Mitigations
Improved and accelerated assets sales leading to earlier financing and hence reductions in the MRP profiling	AY advisors work to generate £384m (£206m by 23/24) £65m from the work of the Council LSVT £200m (desk exercise)	Council does not plan for the service impacts of the sale of assets, principally effective from 23/24  Newly appointed Executive Director will be able to take forward accommodation plan  <b>Timing and value currently assumed are not achieved</b>  <b>In the shorter term further budget savings will be needed.</b> In the longer term the value and timing to achieve reduction in the CD do not yet include any receipts from LSVT which could generate from a desk exercise £200m  Provision has been made against reductions in commercial rent income arising from this action
Improvements in the collection fund	The work on the accounts has identified £18m of secure income which will be accounted for ongoing in accordance with normal accounting practise through a smoothing reserve which will last until 2028/29	Subsequent years income may reduce  The assumptions going forward assume no growth in the collection fund from Business Rates. Thus a prudent approach has been taken
Council tax	The Council will be able to increase C Tax by 2.99% pa  And for 2023/24 only will see a tax base increase of 2% and an increase	<i>The restrictions on C Tax are reduced ie to lower than 2.99%</i>  <i>For 2023/24 the council has been given approval to increase CT by 9.99%</i>

	in the collection rate of 1%	<i>Future years currently assumed at 4.99% which has been confirmed for all councils for 23/24 and 24/25</i>
Deliverability of savings	It has been assumed that savings as forecast at P6 are still deliverable in the full year	<p>The savings position deteriorates</p> <p><i>In 2022/23 we provided £2.1m towards in-year non-delivery of savings. In 2023/24 we have provided a further £3.0m for ongoing non-delivery of new savings and £3.0m against delayed delivery (one-off).</i></p> <p><i>Services would need to continue to work with Finance and the PMO to develop mitigations over the remaining 6 months</i></p>
Funding settlement assumptions	It has been assumed that 2023/24 will see an increase as in 2022/23.	<p>The Council did not experience such a settlement</p> <p><i>The Council has been advised that it may increase council tax by 9.99% in 23/24 and other grants have been confirmed for the year at an increase of £5.6m. No further commitment to CT increases have been made by DLUHC and so later years are modelled at 4.99%.</i></p> <p><i>The Council has built in inflationary growth of c£9.7m across salaries and contracts, which equates to circa 4.8% compared to OBR projected average inflation for 2023/24 of 5.5%. Further contingency has been made for £2m increased inflation on social care contracts, the impact of TA and SCF performance. The CD model makes no assumption about further Gov monies in future years which if they transpire will alleviate the position.</i></p>
Changes as accounts are produced	No assumptions made, as accounts produced, actual figures that differ	The Council's 2018/19 accounts have been extensively restated from those submitted in May 2021. Accounts



from original assumptions are adjusted beyond 2018/19 have not been previously prepared despite being several years overdue which may mean there could be some movement in the baseline level of reserves arising from issues identified as part of the accounts process such as:

- insufficient levels of provisions
- incorrect accruals
- erroneous debtor and creditor balances
- incorrect accounting treatments
- incorrect capitalisation
- incorrect charges to transformation

*To mitigate, high risk areas have been reviewed and the financial implications have been built into the capitalisation direction*

Pressures services may face pay inflation, 7% over two years

Pressures may be more than assumed

*Pay inflation for 22/23 has been bolstered and based on the latest offer of £1,925 per person. For 23/24 it is provided for at £2.8m. The increase in respect of 23/24 is estimated to equate to 4.8% on budget, before adjustment for 23/24 savings so is expected to equate to more than 5%. This should be sufficient.*

contract inflation at 11% over two years

*Rather than simply accepting and trying to absorb all inflationary pressures, services will need to collaborate closely with suppliers and service providers to reduce the overall expenditure required through further efficiencies and reductions. We have provided c4.9% in 23/24 and have not had requests that demand all of the 22/23 provision yet, which will be carried forward. OBR forecast for 23/24 is an average 5.5%. An additional £2m has been provided to cover social care additional inflation and demographic growth.*

Social care reform at £7m over two years

*This has now been deferred by Government by 2 years, into the next parliament and so it is questionable, especially considering the increasing strain on LG finances, whether this will ever come to pass. The provision in the CD has been removed in order to manage all the other pressures faced. This would simply be unaffordable to SBC and so Government would need to be lobbied in the event this ever came back on the table. More funding would be needed from Government or the scale of implementation and hence costs in some way restrained.*

Other unforeseen pressures

*The Council has provided significant further contingency sums in both ongoing and one-off sums to cover issues such as TA, social care, loss of commercial rent etc. The pot is limited and so pressures will need tight scrutiny and use of the contingency will require CEO, CFO and Cabinet approval*

## Finance and Commercial Services - Improvement Plan

## Appendix 7

Objectives	What	By When
<b>Objective 1:</b>  <b>Develop capacity, capability, improve our culture and our customer services offer</b>	Develop a departmental culture strategy alongside corporate initiatives.	31 March 2023
	Implement a comprehensive Training and Capability Strategy.	From February 2023
	Work with CIPFA on development centres and a development framework	March 2023 post recruitment
	Grow our own talent programme through apprenticeships	First cohort from March 2023
	Develop a productivity plan	30 June 2023
	Implement a succession plan	30 June 2023
<b>Objective 2:</b> <b>Improve Financial Reporting and Accounts closedown</b>	Complete all outstanding sets of accounts	31 March 2023
	Continually improve and develop the monthly reporting routines with the support of departmental management and members	31 March 2023 and on-going
	Implement a new process for completion and approval of the Annual Governance Statement for 2022/23 and future years	31 March 2023
	Revised assurance process for 2022/23 to be agreed by CLT	31 January 2023
	Rectification of the significant historical challenges with basic financial control processes and procedures – for example, reconciliations between systems, embedding quality control around the accounts processes, consistent completion of standard working papers, control and recording of assets etc.	31 March 2024

<p><b>Objective 3:</b></p> <p><b>Deliver Financial Sustainability and improved Medium-Term Financial Planning</b></p>	<p>Develop a Medium-Term Financial Plan that reflects the revised corporate objectives and integrates with other key plans for HR, assets and IT. Improve budget setting and strategic financial planning. We will provide finance training for Budget Managers and Members</p> <p>Training on revised Finance Procedure Rules for Members and Officers</p> <p>Improve efficiency of financial systems by continuing to reduce manual interventions.</p> <p>Obtain an independent review of all financial systems and controls as required by Directions</p>	<p>May 2023</p> <p>May 2023 for 24/25 budget</p> <p>31 March 2023</p> <p>31 March 2023</p>
<p><b>Objective 4:</b></p> <p><b>Improve business case capability to support decision making</b></p>	<p>Implement a business case review process and work with PMO to implement.</p> <p>Recruit specialist support to develop and train new recruits</p>	<p>31 March 2023</p> <p>31 March 2023</p>
<p><b>Objective 5:</b></p> <p><b>Implement an asset management and investment strategy.</b></p>	<p>Refine the Treasury Management and revised capital strategy in light of asset sales</p>	<p>31 October 2023</p>
<p><b>Objective 6:</b></p> <p><b>Establish a Procurement and Contract Management function</b></p>	<p>Improve value for money through the implementation of a contract management system</p>	<p>31 March 2024</p>
<p><b>Objective 7:</b></p> <p><b>Improve governance, counter fraud, internal audit, risk management and insurance</b></p>	<p>Recruit and develop an in-house Internal Audit Team. Recruitment adverts completed and live.</p> <p>New IA team to review Plan for 2023/24 and implement revised approach.</p> <p>Develop an Insurance Strategy and deliver the Insurance Renewal programme</p>	<p>November 2022- March 2023</p> <p>30 July 2023 – <b>Revised to 31 March 2023</b></p> <p>31 March 2024</p>

	<p>Implement and embed an Enterprise Risk Management Framework</p> <p>Review the Counter Fraud and Corruption risk assessment , plans and develop regular reporting to the Audit and Corporate Governance Committee.</p> <p>CIPFA review of Counter Fraud arrangements</p>	<p>31 March 2024</p> <p>31 March 2023</p> <p>31 December 2022 <b>Revised to 28 February 2023</b></p>
<p><b>Objective 8:</b></p> <p><b>Improve Revenues, Benefits and Charges service</b></p>	<p>Recruit and develop and In-house team whose costs are comparable with statistical neighbours</p> <p>Implement the Revenues Benefits and Charges Improvement plan</p> <p>Explore and improve the use of available technology to improve value for money.</p>	<p>31 October 2023</p> <p>31 March 2023</p> <p>31 March 2023</p>