

Auditor's Annual Report on Swindon Borough Council

2022/23

6 December 2024



Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether Swindon Borough Council (the Council) has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Council may set out actions to make improvements. Our conclusions are summarised in the table below.

Criteria	2022/23 Risk assessment	2021/22 Auditor judgement on arrangements	2022/23 Auditor judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, but two improvement recommendations made.	A No significant weaknesses in arrangements identified, but two improvement recommendations made.	↔
Governance	No risks of significant weakness identified.	R Significant weaknesses in arrangements identified with one key recommendation and one improvement recommendation made.	A No significant weaknesses in arrangements identified, but one improvement recommendation made.	↑
Improving economy, efficiency and effectiveness	No risks of significant weakness identified.	G No significant weaknesses in arrangements identified.	R Significant weaknesses in arrangements identified with one key recommendation and one improvement recommendation made.	↓

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

Executive summary (continued)

Improving economy, efficiency and effectiveness



Our work identified evidence of significant risk within the arrangements the Council has in relation to delivery of actions required following a recent Office for Standards in Education (Ofsted) inspection of the Council's Childrens Services. Due to the significance of this matter, we have raised a key recommendation that the Council should ensure sufficient resource is in place to resolve the requirements of the action plan (resulting from the recent (July 2023) Ofsted inspection) recommendations, specifically to ensure that timely and complete information is able to be produced. The Council should also ensure that they undertake a review to learn lessons from the recent Ofsted inspection to ensure that changes and improvements are managed effectively. The action plan should have implementation timescales, and appropriate resources in place to manage these processes. See page 6 for more detail.

We have also identified an improvement recommendation in relation to how the Council might reduce delays in complying with agreed recommendations resulting from complaints upheld by the Local Government and Social Care Ombudsman. See page 25 for more detail.

Financial sustainability

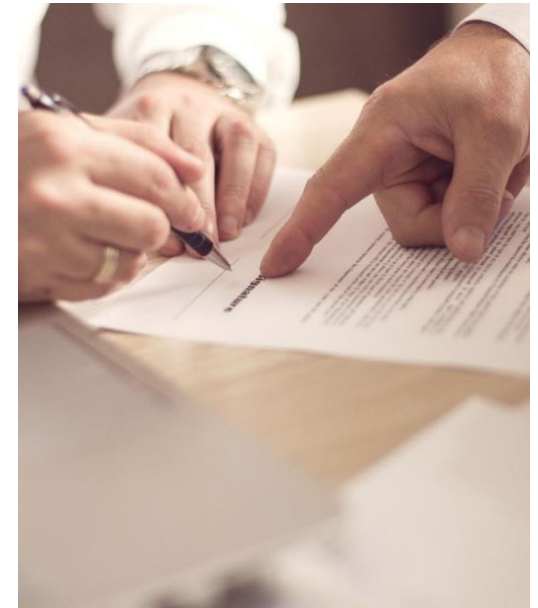


Our work has not identified evidence of significant weaknesses within the arrangements on how the Council plans and manages its resources to ensure it can continue to deliver its services. However, we have raised 2 improvement recommendations. The first in relation to strengthening the link between strategic priorities and the capital programme, specifically the capital programme could be categorised by outcomes identified within particular Council Plan outcomes. Secondly, there should be formal reporting to Cabinet Members on the sensitivity analysis and the scenario planning that is undertaken on key assumptions and estimates as part of the development of the annual budget and MTFS. See pages 15 and 16 for more detail.

Governance



Our work has not identified evidence of significant weaknesses within the arrangements in place for how the Council makes informed decisions and properly manages its risks. Regarding the key recommendation for Payroll made in the 2021/22 AAR, the 2022/23 AGS highlighted whilst there was an improvement with the payroll system, there were still some outstanding issues that required resolving. These are mostly in relation to overpayments and the processing of Schools HR. A project board has been established to work through the outcomes of the recent audit findings to ensure an end-to-end process review with the priority being governance. The team remains under capacity due the lack of ability to be able to recruit to role, largely due to the candidate market but also attraction to the complexity of work involved. The ongoing meetings have been taken place as part of the payroll service improvement plan and a new payroll manager has been appointed to implement and embed those improvements. This improvement plan is being informed by an on-going series of internal audit reviews (covering starters, leavers, advances and overpayments, additional pay and deductions, reconciliations) and a sample test of 2023/24 payslips will be audited in October 2023. We have made an improvement recommendation in relation to some outstanding issues that required resolving mostly in relation to overpayments and the processing of Schools HR. See page 21 for more detail.



Use of auditor's powers

We bring the following matters to your attention:

2022/23

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

To date we have not made any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

To date we have not issued a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

To date we have not made an application to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

To date we have not issued any advisory notices.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

To date we have not made an application for judicial review.

Key recommendation

The range of recommendations that external auditors can make is explained in Appendix B.



Improving economy, efficiency and effectiveness

Key Recommendation

We recommend that the Council should ensure sufficient resource is in place to resolve the requirements of the action plan (resulting from the recent (July 2023) Ofsted inspection) recommendations, specifically to ensure that timely and complete information is able to be produced. The Council should also ensure that they undertake a review to learn lessons from the recent Ofsted inspection to ensure that changes and improvements are managed effectively. The action plan should have implementation timescales, and appropriate resources in place to manage these processes.

Identified significant weakness in arrangements

Based on the work undertaken, we are not satisfied that the Council has proper arrangements in place to secure economy, efficiency and effectiveness. Failure to take appropriate action or secure improvement in areas where the body has identified, or a relevant inspectorate or regulatory body has identified, weaknesses in terms of service performance in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.

Summary findings

The Swindon Borough Council children's services inspection in July 2023 reported - "Since Ofsted's last inspection in 2019, there has been a significant deterioration in the quality and impact of services for children in Swindon. There are pockets of strong practice, notably with disabled children, those on the edge of care, those who are privately fostered and by the virtual school. However, too many children are left with unassessed needs and risks and plans that drift, and they experience too many changes of social worker. Children are not matched with permanent carers quickly enough. The new corporate director of children's services has recently led a more rigorous and accurate appraisal of the quality-of-service provision. With the backing of corporate and political leaders, this has led to work to strengthen services. While this is positive and demonstrates a strengthened local authority commitment to driving progress in services for children, these developments are largely very recent and had not, at the time of this inspection, had a significant impact." Ofsted inspectors reviewed the Council action plan that is already being progressed to improve services, which was discussed and agreed at the Council's Cabinet Sept 2023 meeting. As these are significant issues identified by Ofsted and the remedial actions remain at an early stage of implementation, we have determined that the arrangements were not adequate during 2022-23.

Criteria impacted by the significant weakness

Improving economy, efficiency and effectiveness

Auditor judgement

The Council resources required to adequately action required improvements are currently under review.

Management comments

The Children Services transformation plan was approved by Cabinet on 13th December 2023 and included the identification of one off and ongoing capacity required to deliver the improvement. The Improvement Board has been set up and the first meeting took place on 5th December 2023. The Board was set up with an independent chair as stated in DfE Statutory Improvement Notices issued to the council following the inadequate Ofsted ILACS in July 2023. It is a senior leadership board with key partner agencies, Councillors, LGA and DfE staff. The Board meets every 6 weeks and will be in place for the duration of the notice. The Delivery Board was set up in February to oversee the 2 year Transformation Plan programme of work that had already commenced and also addresses the Ofsted Improvement 7 Priority areas as stated in the outcome report. See Cabinet agenda item 44 (link below) for the full report at <https://ww5.swindon.gov.uk/moderngov/ieListDocuments.aspx?CId=285&MId=12304&Ver=4>

Securing economy, efficiency and effectiveness in the Council's use of resources

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Council, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Council's Annual Governance Statement and other publications



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 8 to 25.

The current LG landscape



National context

Local government in England continues to face significant challenges as a sector. These include a high level of uncertainty over future levels of government funding, alongside delays to the Government's plans for reform of the local government finance system, impacting on medium-term financial planning. This is also a time of generationally significant levels of inflation – the UK inflation rate was 7.8% in April 2022, rising to a 41-year high of 11.1% in October 2022, then reducing to 10.1% in March 2023. Inflation levels put pressure on councils' revenue and capital expenditure, as well as the associated cost of living crisis impacting on local communities and businesses, leading to an increase in demand for council services such as children with special education needs with associated transport costs, debt advice, housing needs, and mental health, as well as impacting on some areas of council income such as car parking and the collection rates of council tax, business rates and rents. This follows a significant period of funding reductions by Government (2012 to 2017) and the impacts of Brexit and the COVID-19 pandemic which, for example, have contributed to workforce shortages in a number of council service areas, as well creating supply chain fragility risks.

The local government finance settlement for 2023/24 was better than many in the sector anticipated demonstrating an understanding by Government of the financial challenges being faced by the sector. However, the Local Government Association, in July 2023, estimated that the costs to councils of delivering their services will exceed their core funding by £2bn in 2023/24 and by £900m in 2024/25. This includes underlying cost pressures that pre-date and have been increased by the pandemic, such as demographic pressures increasing the demand for services such as social care and homelessness.

Over the past decade many councils have sought to increase commercial activity as a way to generate new sources of income which has increased the nature of financial risk, as well as the need to ensure there is appropriate skills and capacity in place to manage such activities.

Local government is coming under an increased spotlight in terms of how the sector responds to these external challenges, including the Government establishing the Office for Local Government (Oflog) and there has been an increase in the number of councils who have issued a Section 114 Notice, or are commenting on the likelihood of such an action, as well as continued Government intervention at a number of councils.

There has also been an increase in the use of auditors using their statutory powers, such as public interest reporting and statutory recommendations. The use of such auditor powers typically derive from Value for Money audit work, where weaknesses in arrangements have been identified. These include:

- a failure to understand and manage the risks associated with commercial investments and council owned companies
- a failure to address and resolve relationship difficulties between senior officers and members
- significant challenges associated with financial capability and capacity
- a lack of compliance with procurement and contract management processes and procedures
- ineffective leadership and decision-making.

Value for Money audit has an important role in providing assurance and supporting improvement in the sector.

The current LG landscape (continued)



Local context

Swindon Borough Council (the Council) is a unitary local authority Wiltshire. As a unitary authority it has the powers of a non-metropolitan county and district council combined and it is administratively separate from the rest of Wiltshire.

In October 2023, the full council meeting voted to change the existing cycle of local elections in three out of every four years, with around a third of seats up for election each time, with all out elections for all members at the same time. The change will come into effect at the 2026 elections meaning that all 57 councillors will be elected at the same time. The administration of the Council has alternated between Labour and Conservative control. The most recent election was in May 2023 where the Council moved from a Conservative to a Labour controlled administration. The Conservatives administration had been in control of the Council since the May 2004 elections, replacing the then Labour administration.

The Council provides a range of services across the borough, including education, social care, highways, waste and recycling, economic regeneration, library services, registration services, transport and a range of support services including finance, ICT, legal support and personnel. The council has a gross annual budget of over £400 million and employs approximately 2,700 staff.

Swindon continues to have one of the best-performing economies in the country, according the latest Centre for Cities Outlook report. This provides an annual economic performance index of the 63 largest cities and towns in the UK, highlighting Swindon is ranked seventh in Britain when it comes to the rate of productivity per worker. This can be attributed to the breadth of firms in Swindon from large major employers to the small and medium sized business sector and that many of these have been early adopters of new technologies.

Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Assessing performance and identifying improvement

July 2023 Ofsted Inspection

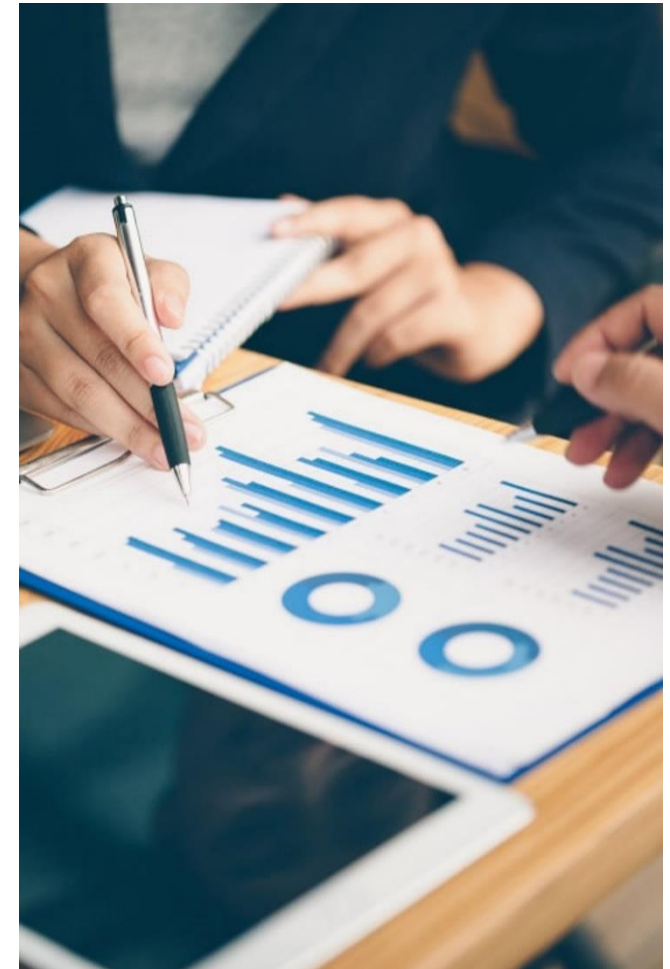
The recent Ofsted inspection of the Council's children's services report in September 2023 (inspection dates being 17 to 28 July 2023) highlighted: "Since Ofsted's last inspection in 2019, there has been a significant deterioration in the quality and impact of services for children in Swindon. There are pockets of strong practice, notably with disabled children, those on the edge of care, those who are privately fostered and by the virtual school. However, too many children are left with unassessed needs and risks and plans that drift, and they experience too many changes of social worker. Children are not matched with permanent carers quickly enough. The new corporate director of children's services has recently led a more rigorous and accurate appraisal of the quality-of-service provision. With the backing of corporate and political leaders, this has led to work to strengthen services.

While this is positive and demonstrates a strengthened local authority commitment to driving progress in services for children, these developments are largely very recent and had not, at the time of this inspection, had a significant impact."

Ofsted inspectors reviewed a Council action plan that is already being progressed to improve services, which was discussed and agreed at the Council's Cabinet September 2023 meeting. We are not satisfied that the Council has proper arrangements in place to secure economy, efficiency and effectiveness. Failure to take appropriate action or secure improvement in areas where the body has identified, or a relevant inspectorate or regulatory body has identified weaknesses in terms of service performance in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements. The issues identified would have been in place during 2022/23 and we have made a Key Recommendation detailed on page 6 of this report relating to this.

The Council's performance against the Council Delivery Plan is reported on a bi-annual basis to Cabinet. The Council Plan 2022-2025 is made up of six priorities and formally began in January 2022. Performance against the priorities and pledges is performance managed through progress made against deliverables and the outcomes of key performance indicators.

The format of corporate performance reports will be reviewed as part of the arrangements supporting the new Council Plan. With regards financial monitoring we are satisfied sufficient detail is included to understand budget variances.



Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement (continued)

The Local Government and Social Care Ombudsman (LGCSO) looks at complaints about councils where the complainant considers that the Council has not sufficiently addressed their concerns. The Annual letter from the LGCSO 2023 (September 2023) provided a breakdown of investigations that they have upheld to show the number of cases where the Ombudsman's recommendations have led to the Council resolving the issue. In the 2023 annual letter, the Local Government Ombudsman (LGO) included feedback that recommendations were not completed within the timescales agreed. Recommendations were made in five cases during the year. However, in four of those cases recommendations were not completed within the agreed timescales. The Council needs to pay closer attention to this final, but crucial, step in the complaints process; doing what they have agreed to do, in a timely way, can help to rebuild complainants' trust and confidence after things have gone wrong. We have made an improvement recommendation on page 25 for the Council to monitor performance for the cases being resolved within agreed timescales.

The Council use recommendations resulting from external inspections and has a track record of implementing them. For example, Swindon Borough Council Highway Asset Management (HIAM) Performance Management Framework uses benchmarking for Swindon Council to monitor several national and regional key performance indicators and commission annual surveys from the National Highways and Transport Network (NHT) to determine the level of public satisfaction with Council Highway Services.

To contextualise the performance, our review highlighted the Council is a member of several regional and national benchmarking and improvement groups including:

- The NHT Network - Where Customer Quality Cost (CQC) methodology is used to monitor and compare service efficiency;
- The Southwest Highway Alliance - Where local and national key performance indicators of performance and efficiency are compared and benchmarked; and
- The Ringway Client Forum – Where opportunities for partnership working and innovation are discussed and shared between like-minded authorities.

Participation in these forums enables the Council to compare performance with that of other councils against regional and national

trends. A summary of the results of these benchmarking exercises is collated by the Highway Asset Manager for discussion at the Service Manager meeting as appropriate. Our review highlighted this review process is used to direct action plans to research, and where appropriate implement, initiatives which have proved successful in other local authorities. Conversely a plan may be developed to share, and where appropriate help other local authorities to implement initiatives which have proved successful. Significant findings are included in the annual strategic investment planning process through future Implementation Plan reports or Cabinet Member Briefings. Where appropriate, the findings are also used to refine Council services including reviewing and amending the Highways Asset Management (HIAM) strategy.



Improving economy, efficiency and effectiveness (continued)

Partnership working

The Council's Constitution sets out how it engages with stakeholders and partners through joint working arrangements, partnership boards and annual appointments to external organisations. The Council seeks resident views when developing proposals – by delivering a Consultation and Engagement Strategy. The Council seeks feedback by carrying out an annual resident satisfaction survey.

The Council consulted stakeholders on their draft budget for 2022/23, this included online consultation as part of Council engagement. The Council undertook consultation regarding the Council Plan.

The Council undertakes partnership working involving for example engaging with people with Learning Disability and/or Autism and represent their views at local partnership meetings – such as Swindon Locality Commissioning Group (previously known as the Joint Commissioning Group), Swindon Safeguarding Partnership Board, and Health & Wellbeing Board.

Commissioning and procurement

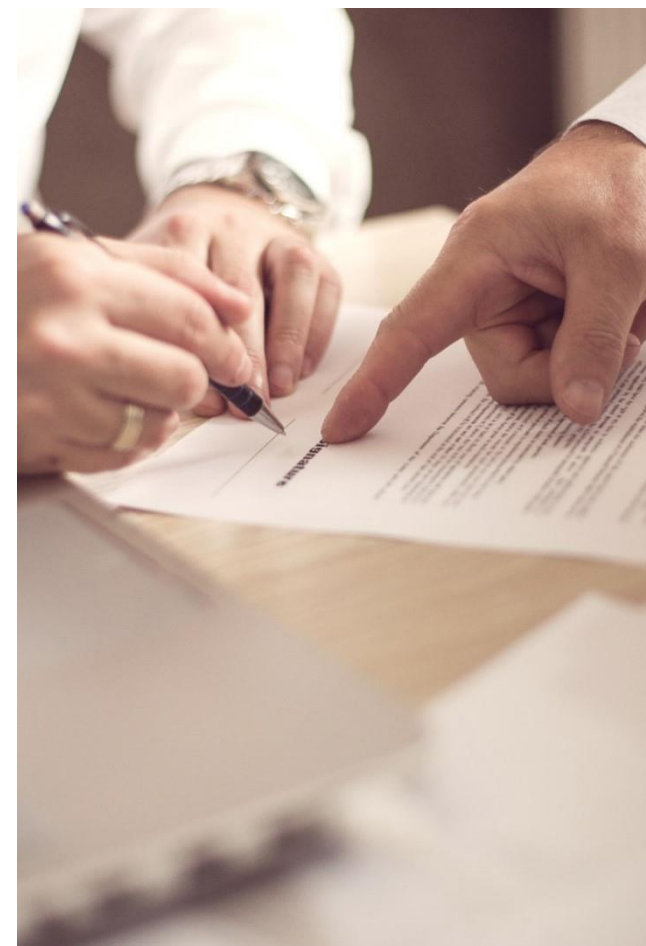
The Council has adequate contract management and procurement procedures in place, and the council has dedicated procurement and contract management teams. Our work identified there have been no significant issues reported in year with service providers or sub-contractors.

During 2022/23 appropriate Capital programme oversight was undertaken by the Cabinet. The 2022/23 capital outturn presented to Cabinet July 2023 highlighted slippage for expected capital scheme expenditure and projected net overspend of £4.676m. This comprises projected overspends totalling £5.426m and underspends of £750k which was a decrease from the previous reported position of £11.517m.

The projected capital overspends will be funded through Council borrowing unless other alternative funding can be identified. Further borrowing of £88.5m will be required to fund the on-going capital programme which will result in additional annual debt charges circa £4.5m based on current interest rates and average 2022/23 Minimum Revenue Provision (MRP) required. These costs form part of the annual treasury budget and will be monitored as part of the overall Treasury Strategy. The level of slippage on the Capital Programme is reflective of the delivery challenges that the Council faces due to build up demand in the supplier market due to COVID-19 pandemic. The outturn position shows that £335.74m (47.45%) of the capital programme (for the 5-year period 2021/22 to 2025/26) expenditure has been delivered, against a budget for 2021/22 to 2025/26 of £707.6m. Our improvement recommendation detailed on page 15 highlights the importance of effective monitoring of capital programme delivery.

Conclusion

We have identified a significant weakness in the Council's arrangements for improving economy, efficiency and effectiveness and a key recommendation is set out on page 6 of this report. We have made one improvement recommendation relating to complaints resolution detailed on page 25.



Improvement recommendations



Improvement Recommendation 1

The Council should consider how it might reduce delays in complying with agreed recommendations resulting from complaints upheld by the LGCSO.

Improvement opportunity identified

The Council need to pay close attention to this final, but crucial, step in the complaints process; doing what we have agreed to do, on time, can help to rebuild complainants' trust and confidence after things have gone wrong.

Summary findings

The LGCSO looks at complaints about councils where the complainant considers that the Council has not sufficiently addressed their concerns. The Annual letter from the LGCSO 2023 (September 2023) provided a breakdown of investigations that they have upheld to show the number of cases where the Ombudsman's recommendations have led to the Council resolving the issue. In the 2023 annual letter, the LGO included feedback that recommendations were not completed within the timescales agreed. Recommendations were made in five cases during the year. However, in four of those cases recommendations were not completed within the agreed timescales.

Criteria impacted

Improving economy, efficiency and effectiveness

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.

Management comments

The council has introduced improved processes to ensure Directors and Corporate Directors are made aware of complaints and deadlines. Deadlines are actively monitored and chased by the corporate complaints team and are escalated to Corporate Directors. The Corporate Management Team are updated on responses to LGO matters on a quarterly basis. It is anticipated that CMT and Director oversight and involvement will improve response times.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Short and medium term financial planning

The Council identifies the strategic risks relating to the delivery of the 2022/23 – 2024/25 Medium-Term Financial Strategy (MTFS) as part of a document titled Detailed Budget Proposals, this includes quantification and detailed explanation of the risks.

The 2022/23 budget (agreed by Cabinet in February 2022) highlighted the net revenue expenditure budget be set at £156.688m. This budget setting report confirmed the Council Tax calculation for 2022/23 and our review confirmed that the MTFS was based on robust estimates. The report set out what were considered the key assumptions (these were also reflected in the approved MTFS). The report highlighted the out-turn budget forecast in line with Government expectations and proposed that the Council increased the basic amount of council tax by 1.99% and raised an adult social care precept of 1%.

As reported to Cabinet in July 2021, the Council's reserves at the end of the 2020/21 financial year included £8.7m for COVID-19 and commercial income pressures. The Council's MTFS incorporated the application of the full amount of this COVID-19 reserve over the period to 31 March 2024. This provided the ability to recalibrate the Council's budget over the medium term to address the longer-term financial implications of the pandemic. Based on this assessment, and risks within the existing base budget, it was agreed by the Council, that the budget risk contingency was kept at £1.5m. Our work highlighted the Council's Corporate Director of Finance and Assets, as part of Section 151 responsibilities, was able to report the 2022/23 budget was deliverable, taking account of the level of specific and general reserves held by the Council.

The MTFS adequately sets out a sensitivity analysis for significant risks identified in relation to the council's budget, including inflation, as measured by the Consumer Prices Index.

The level of contingency built into the proposed budget for 2022/23, alongside the level of general and earmarked reserves, reflects the overall potential risk associated with delivering the budget proposals.

The Council's analysis highlighted inflation increased to 5.4% in December 2021 and a sustained higher rates of inflation more than 2% would increase the cost pressures faced by the Council. A 1% increase in pay costs equates to £0.9m and a 1% increase in prices is £1.3m. The impact of inflation on the actual expenditure compared to budget is appropriately highlighted in the 2022/23 out-turn report which provides detailed budget performance analysis.

2022/23 financial performance

The 2022/23 out-turn report to Cabinet in July 2023 highlighted an underspend of £116k, this was used to increase the General Reserve to £8.3m (previously £8.2m). Several services had an overall general improvement in the outturn position including the impact of the 2021-22 pay award that had previously been included in the corporate forecast. As a result of this improvement, it was not necessary to draw down £1.5m of the reserve for pay award pressures, nor £0.7m of the cash flowing reserve, anticipated in the February 2023 report. The out-turn position highlighted an increase in the cash flowing reserve of £1m to support the management of future budget risks.

The 2022/23 budget outturn report also highlighted that the Dedicated Schools Grant (DSG) out-turn position for 2022/23 was a deficit of £0.9m which was an improvement of £0.5m since the last report in 2021/22. This was due to a reduction in pressures relating to the High Needs Block in relation to top ups and out of borough placements. The opening DSG deficit was £4.4m, with the 2022/23 deficit of £0.9m, therefore the cumulative deficit on the DSG is now £5.3m. The Council is part of the national programme with the Department for Education (DfE) called the Delivering Better Value in Special Education Needs and Disabilities (SEND) programme. The Council is in the final stage, Module 3, of the programme and developing the financial position and putting together the funding bid. The Council DSG recovery plan was agreed at the July 2022 Schools Forum and updates are provided to Schools Forum regularly, most recently in July 2023. The DSG recovery plan adequately details the actions the Council is undertaking to address the DSG deficit and is appropriately reviewed.

Financial sustainability (continued)

(2022/23 financial performance (cont.))

The 2022/23 out-turn report highlighted the final position on the Housing Revenue Account (HRA) was an underspend of £156k, as a result, the HRA's general reserve has increased to £12.3m.

Underspends at 2022/23 year-end included an underspend on feasibility costs of £195k, a reduction in the bad debt reserve of £310k, additional interest on HRA balances of £248k and underspends due to vacant posts of £397k.

The most recent 2022/23 finance out-turn report presented to cabinet July 2023 highlighted the impact of ongoing inflationary pressures on the Council's budget for 2023/24 with the most significant issues being social care provider costs and the nationally negotiated local government pay award. The impact of these was estimated to be an increase of up to £6m in the 2023/24 and is an identified potential pressure on the base budget for 2024/25.

Table 1 highlights the Council's performance on key financial performance metrics. The Council has delivered overall budget underspends in 2021/22 and 2022/23. The under delivery of planned savings and overspends relating to capital programmes are discussed on page 12 of this report.

Identifying savings

The Budget and Council Tax setting report 2022/23 noted that £11.3m of agreed budget savings and cost reductions were required to be delivered, which included savings in Operations £1.1m, Childrens services £2.8m, Adults, Housing & Public Health £5.4m, Enabling £0.3m, Economy & Development £0.3m and Finance and Assets £1.4m. Our review highlighted in 2021/22 and 2022/23 the Council did not achieve planned saving target; we have made an improvement recommendation relating to this on page 20.

Table 1 – Key Financial performance	2022/23	2021/22
Planned revenue expenditure	£156.7m	£ 153.3m
Actual revenue expenditure	£156.6m	£ 152.9m
Planned capital spend	£103.4m	£96.3m
Actual capital spend	£108.0m	£107.8m
Planned savings target (recurrent/non-recurrent)	£11.0m	£7.8m
Actual savings delivered (recurrent/non-recurrent)	£9.0m (all recurrent)	£6.9m (all recurrent)
Year-end cash position	£44.9m	£33.9m

Financial sustainability (continued)

Identifying savings (cont.)

The Dedicated Schools Grant (DSG) budget for 2022/23 was based on a provisional funding envelope of £219.5m. The DSG 2021/22 balance carried forward is a deficit of £5.7m. The next stage of the DSG recovery plan was agreed for progression by the Schools Forum in March 2022.

The Council's General Fund minimum balance has been maintained and is now at £8.3m as planned and set out within the Council's Reserves Strategy reported in the Budget and Council Tax Report 2022/23. The reserve is held to protect the Council against unforeseen events and realisation of contingent liabilities. This provides a contingency in case the Council fails to deliver savings or future uncertainties in the medium term.

Based on the Council's reserves position and MTFS, the Council has sufficient reserves to act as a contingency for the current MTFS, if the Council fails to fully identify the required savings. For example, the Cabinet report in July 2021 reported the Council held a reserve of £8.7m to meet COVID-19 and other commercial income pressures, recognising that no further Government funding was anticipated. The 2022/23 agreed budget detailed this reserve would be drawn down by £4.7m in 2022/23 and £4.0m in 2023/24, the 2022/23 out-turn highlighted the budgeted £4.7m was drawn down. This provides the Council with the ability to accommodate the longer-term financial impact of the pandemic in a planned and phased manner.

Financial planning and strategic priorities

The Council's financial planning approach sets out the cost of delivering core statutory services as distinct from discretionary areas of spend. Financial planning reports which support the budget and MTFS highlight all spend is prioritised towards the delivery of core services and achievement of Council Plan priorities. In addition, the MTFS clearly links budgets to the Council's Plan. Responsible budget management underpins the Council's strategic objective of consistently making the best use of all available resources as well as providing focus for its change programmes.

The key strategic outcomes for the Council are set out in the Council Plan 2022 - 2025. These outcomes drive the work of the Council and the strategic planning process and are as follows:

1. Build an economy that works for you.
2. Protect and enhance our heritage, culture and leisure facilities.
3. Deliver sustainable growth.
4. Equip all young people with the education and skills they need.
5. Make Swindon greener and more sustainable.
6. Make Swindon safer, fairer and healthier.

The 2022/23 Treasury Management performance reported to Cabinet June 2023 highlighted a total of £10m of new long-term borrowing was undertaken in 2022/23. This comprised two maturity loans (interest only). These loans were both for £5m maturing in 2025 and 2072 respectively with interest rates of 4.32% and 2.79%. In addition, there were two short term loans of £5m both maturing in 2024 at interest rate of 3.99%.

There were several long-term loans totalling £13.26m which matured during 2022/23. The total long-term debt has therefore decreased from £354.4m to £351.2m over 2022/23. The average maturity period on all existing long-term debt, including the new loans, is 16.7 years and the average rate on all debt over the year was 3.08% (2021/22 equivalent was 15.9 years/3.10%). There was £10m of Short-term borrowing at 31st March 2023 (2021/22 Nil). Short-term borrowing fluctuates daily and reflects the Council's daily cash flow requirements which are dependent on the timings of receipts and payments.

The Capital strategy (presented to Cabinet in February 2022, highlighted capital strategy and new capital investment requirements through to 2026/27. The new approvals set out in this report required additional borrowing of £6.308m. The resulting estimated net revenue impact was built into the MTFS.

The capital programme supports the delivery of strategic priorities. Our work highlighted the opportunity to strengthen the link between strategic priorities and the capital programme, the capital programme could be categorised by outcomes identified within particular Council Plan outcomes. This would demonstrate clearly how the Council is delivering their Council Plan outcomes through the capital programme, we have made an improvement recommendation relating to this on page 19.

Financial sustainability (continued)

Managing risks to financial resilience

Risks are incorporated into the MTFS which also sets out the key risks for the successful delivery of the MTFS and the actions to mitigate each of the risks. A revised MTFS was presented and discussed by Cabinet in February 2022 allowing for scrutiny and questioning before presentation to Full Council. The MTFS highlights the Council's reserves forms an important role in managing uncertainty. In particular, the MTFS outlines key areas of uncertainty identified, key expenditure pressures related to demand pressures in children and adults' social care. More generally, the council expects to have expenditure commitments relating to population growth - particularly waste collection and disposal costs. Inflation poses a greater risk to the Council than has been the case in recent years. Spikes in energy prices and supply chain pressures have been a feature of the economic recovery from the pandemic. The Bank of England's recent projections are based on current inflationary pressures to ease over the medium term. The Council appropriately monitor this potential risk with reporting in place for this to be monitored over time as the MTFS is refreshed.

The potential impact of changes to various estimates and assumptions is discussed with Cabinet as part of the briefing process in the development of the budget. Our work highlighted the impact of changes of various estimates and assumptions is not formally reported to members. We have raised an improvement recommendation that the Council introduce formal reporting to Cabinet members on sensitivity analysis and scenario planning, undertaken on key assumptions and estimates, as part of the development of the annual budget and MTFS. This will provide transparency on the sector wide uncertainties the council is subject to and the potential impact of these on its financial sustainability. This is detailed in the improvement recommendation on page 16.

The Council takes appropriate action to update financial plans to reflect changes in government policy. Where required, the Council has sufficient provisions in place to consider the impact of legal and regulatory proceedings.



Financial governance

Annual budget setting

The Council has an established process for developing its annual budget and MTFS. The development of the budget commences with the rolling forward of the Budget Model from the prior year. The budget model is updated to reflect any known permanent changes to funding, including new grants, latest Council Tax base data and Business Rates. Prior year assumptions are reviewed, including inflation rates and Council Tax base. Updates are then made to reflect new savings proposals, existing savings delivery, service pressures, changes to sources of funding announced within the spending review, changes to service fees and charges and the Council tax base. The Model is frozen to prepare the February Cabinet Report. The Council's MTFS covers a rolling three-year period.

A report was brought to Cabinet in December 2021 which outlined the approach to updating the MTFS. This report contained the financial planning assumptions for the period of the new five-year MTFS set within this Council Plan. Updates the 2020-2025 Budget Planning position and proposed the approach that was taken to deliver the savings required to achieve a balanced budget over the five-year period. The report clearly details the challenges facing the Council, which include the ongoing impact of the pandemic, pressure on services and uncertainty about central government funding. The 2022-23 Budget and MTFS to 2022- 2026 was agreed by Council February 2022. Table 2 on this page highlights key 2023/24 budget targets agreed in February 2023. Our work found there is a good level of engagement from budget holders, divisional leadership and executive leadership in the annual budget setting process. The Council has arrangements in place to recognise, assess, and re-evaluate the impact of changes in expenditure drivers, including pay inflation.

The MTFS sets out the range of key assumptions that the Council has made in developing its financial plans. The potential impact of changes of various estimates and assumptions is discussed with Cabinet as part of the briefing process in the development of the budget.

We recommend the Council introduce formal reporting to members on sensitivity analysis and scenario planning, undertaken on key assumptions and estimates, as part of the development of the annual budget and MTFS. This will provide transparency on the sector wide uncertainties the Council is subject to and the potential impact of these on its financial sustainability. We have made an improvement recommendation for this detailed on page 16.

Budgetary control

The Council has appropriate systems in place for oversight of the budget. The Finance Department engages at least monthly with budget holders. There is monitoring at a service, directorate and corporate level. The Council has detailed in year oversight of the budget at a high level, with bi-monthly budget monitoring reports taken to Cabinet. These reports include outturn against budget and explanations for underspend/ overspends against budget at a directorate level. Any proposed revisions to the budget are also communicated through this report. There is clear reporting on the forecast outturn and the impact on useable reserves. A quarterly update is also provided against the Capital Programme, with revisions also communicated. Satisfied that timely and accurate financial monitoring information is provided to budget holders.

Conclusion

The Council has a track record of appropriate financial management arrangements. The Council understands the financial risks which it faces and manages these risks by maintaining an appropriate level of reserves in accordance with its stated reserves objectives in the MTFS. Overall, we are satisfied that the Council has appropriate arrangements in place to manage the risks it faces to financial resilience. We have not identified any risks of significant weakness but have identified two opportunities for improvement, detailed on pages 15 and 16.

Table 2 - 2023/24 key financial performance measures	2023/24
Planned savings	£ 25.9million
Planned savings as a % of income	15.56%
Planned savings (recurrent/non-recurrent)	£23.8m (Recurrent) £2.1m (Non-recurrent)

Improvement recommendations



Improvement Recommendation 2

The capital programme supports the delivery of strategic priorities. To strengthen the link between strategic priorities and the capital programme, the capital programme could be categorised by outcomes identified within particular Council Plan outcomes. This would demonstrate clearly how the Council is delivering their Council Plan outcomes through the capital programme. The Council should continue to closely monitor delivery of the capital programme to highlight any slippage and provide an update for management actions to address the under delivery.

Improvement opportunity identified This would demonstrate clearly how the council is delivering their Council Plan outcomes through the capital programme.

Summary findings

The Capital strategy (presented to Cabinet February 2022) highlighted capital strategy and new capital investment requirements through to 2026/27. The new approvals set out in this report require additional borrowing of £6.308m. The resulting estimated net revenue impact will be built into the MTFS. The 2022/23 outturn position shows that £335.74m (47.45%) of the capital programme (for the 5-year period 2021/22 to 2025/26) expenditure has been delivered, against a budget for 2021/22 to 2025/26 of £707.6m.

Criteria impacted

Financial sustainability

Auditor judgement

Clear detailed links highlighting how planned capital projects link to the Council Plan would enable members make informed decisions and challenge Capital Strategy assumptions to help ensure forecasts remain accurate. Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.

Management comments

New capital bids to Cabinet will be aligned to the Missions of the new administration and once the Swindon Plan is completed, will be aligned to priorities in the plan.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Improvement Recommendation 3

The Council should refine formal reporting to Cabinet Members on sensitivity analysis and scenario planning, undertaken on key assumptions and estimates, as part of the development of the annual budget and MTFS. Also, the Council should refine existing arrangements for identifying and monitoring MTFS saving plans to ensure planned savings are fully delivered or where circumstances change to affect delivery these are clearly reported, especially for those in relation to early intervention and demand management

Improvement opportunity identified

Regular review of MTFS assumptions will help to ensure ongoing accurate financial forecasting and allow for appropriate timely action. Reporting a mid-year review of MTFS assumptions, sensitivity analysis and scenario planning to members will provide the opportunity for challenge, scrutiny, oversight and improved the accuracy of forecasting. Sufficient and appropriate arrangements to monitor, manage and address slippages will improve savings delivery and reduce pressure on the Council's useable reserves.

Summary findings

Sensitivity analysis and scenario planning is undertaken as part of the development of the budget; however, this analysis is not formally presented to members. There is a risk that MTFS savings become harder to identify and deliver over the medium-term.

Criteria impacted

Financial sustainability

Auditor judgement

Greater agility on financial management is required given current financial uncertainties, regular review and challenge of MTFS assumptions to help ensure financial forecasts remain accurate. Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.

Management comments

Sensitivity analysis will be incorporated into future budget reports. Savings delivery is reported the monthly Corporate Management Team meeting known as the Performance and Improvement Board. The Board considers the factors impacting on savings delivery and seeks assurance that mitigating action is taken. The savings delivery is now also specifically included in reports to Cabinet, for an example see <http://sbcvpcmgv01/documents/s134159/Budget%20Management%20Update%202023-24.pdf>

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

Risk management and internal controls

The Corporate Strategic Risk Register (CSR) is clearly set out, detailing a risk owner, concise description and key controls to manage the risk. The Council has a Risk Management Policy, Process Guide and Toolkit to ensure consistent scoring of risks across all Directorates, training is also provided on risk management. The Council's risk appetite was unchanged throughout 2022/23.

In the post COVID-19 environment the Council's shift to new ways of working has identified several opportunities to refine and improve the way the Council delivers its services. Council wide and Directorate scorecards capture in one document the key performance and risk information. Corporate Directors present risk assessment scorecards to Corporate Management Team (CMT) every month which ensures that there is peer scrutiny for performance and risk. The June 2023 Corporate Strategic risk register (reviewed by the Council CMT Team and presented to the Audit Committee) provided assurance that the Council's current risk management arrangements are robust, responsive and effective. There were 14 risks on the Quarter 4 (2022/23) corporate risk register, 8 high risks and 6 medium risks which are aligned to Council Plan priorities, the CSR register focusses on key corporate risks. All risks are owned by a Director which reinforces accountability for risk.

In line with the Council Plan 2022 – 2025, the CSR has been refreshed to detail risks by plan priority one to six strategies, as a result of new risk areas, the causes of risk have also been reviewed and refreshed. Our review highlighted the Council has continued its work on improving risk management at a directorate level, the pattern of reducing assessed risk has broadly continued. This also reflects the increasing grasp on the key risks that need to be managed at a strategic level.

The Council has appropriate Internal Audit arrangements in place, provided by an in-house team. The Head of Internal Audit's Annual report is presented to Audit Committee, the 2022/23 Head of Internal Audit overall opinion regarding the Council's governance, risk management and internal control arrangements highlighted these were satisfactory (reasonable assurance) resulting in a moderate risk assessment.

Corporate Directors and Heads of Service completed assurance statements to confirm that key elements of the control framework were in place during the year, in their areas of responsibility. They were also asked to identify areas where control weaknesses had resulted in a significant issue arising for the department. The audit coverage during 2022/23 highlighted no internal audits completed during 2022/23 indicated a 'significant' risk to the Council and Internal Audit did not issue any "No Assurance" audit opinions during the year. Performance against the annual audit plan is regularly reported to Audit Committee. The percentage of audits that were completed, during the year, against the number of audits in the original plan was 89% against a target of 92%. The Head of Internal Audit report also refers to IA's Quality Assurance and Improvement Programme (QAIP), which ensures work is compliant with Public Sector Internal Audit Standards (PSIAS). The professional responsibilities for IA are set out in the International Standards for the Professional Practice of Internal Auditing, published by the Chartered Institute of Internal Auditors (CIIA) in the UK and Ireland. PSIAS are based on the international standards and require the Head of Internal Audit to develop a QAIP, designed to enable an evaluation of IA's conformance with the Standards. The QAIP must include both internal and external assessments. External assessments must be completed at least every five years. Internal assessments must include ongoing monitoring of the performance of the IA activity; and periodic self-assessments.

Governance (continued)

Risk management and internal controls (cont.)

In developing its 2022/23 Annual Governance Statement (AGS), the Council formally reviewed its corporate governance arrangements against its Local Code of Corporate Governance. Our work highlighted the effectiveness of the Councils governance framework including its system of internal control, this included review of minutes of Audit and Assurance Committee, Cabinet and Council which demonstrate periodic monitoring and reviews are being reported appropriately and governance issues are addressed. The AGS also includes an assessment of the Audit and Assurance Committee arrangements against the 2018 CIPFA Guidance for Audit Committees in Local Authorities and the Police; review of the Council's arrangements against the CIPFA Statements on the Role of the Chief Financial Officer and the Role of the Head of Internal Audit. This provided good assurance that there were no significant weaknesses in internal controls or governance arrangements during the 2022/23 year. This was corroborated by our 2022/23 financial statements audit and review of the 2022/23 Annual Governance Statement.

During 2022/23 the Council reported their response to the Government's Green Paper on Special Educational Needs & Disabilities (SEND) and Alternative Provision (AP) was shortlisted by the DFE as a sector lead and the Council were the only local authority in the south-west to be shortlisted to be able bid to be one of the DFEs Regional SEND Experts and to lead the partnership. Short-listing was done against a set of matrix and performance measures.

The key recommendation for Payroll made in the 2021/22 AAR, referred to and detailed in the 2022/23 AGS reported that whilst there was an improvement with the payroll system, there were still some outstanding issues that required resolving. These are mostly in relation to overpayments and the processing of Schools Human Resources. A project board has been established to work through the outcomes of the recent audit findings to ensure an end-to-end process review with the priority being governance.

The internal audit report findings detailed the payroll team remains under capacity due the lack of ability to be able to recruit to role, largely due to the candidate market but also attraction to the complexity of work involved. Ongoing meetings have taken place as part of the payroll service improvement plan and a new payroll manager has been appointed to implement and embed those improvements. This improvement plan is informed by an on-going series of internal audit reviews (covering starters, leavers, advances and overpayments, additional pay and deductions, reconciliations) and a sample test of 2023/24 payslips will be audited in October 2023.

Our work highlighted there is still more to do to get the service to where the Council want it to be and there is a clear focus from management to get there. We have re-raised an improvement recommendation to ensure that the Council is focused on delivering agreed improvements., this is detailed on page 21.

The Council seeks to engender an organisational culture that embraces the highest standards of conduct and accountability. Anti-fraud and corruption polices are kept under close review. The Council has a Whistleblowing policy and a Speak Up statement which complements the Whistleblowing Policy and encourage individuals to raise issues of concern in a safe environment. The Council has not been subject to any material frauds in year.

The Council also subscribes to Protect (formerly Public Concern at Work), who provide an independent confidential service where employees can report issues where they do not wish to use the internal processes.

The Council has an established Corporate Fraud team who investigate allegations of external fraud against the Council and Internal Audit investigate any employee fraud. The Council's counter fraud and anti-corruption arrangements are in accordance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption 2014. During 2022/23 the Corporate Fraud team recovered eleven properties, with an estimated saving (using a nationally recognised figure), of £1.02m; stopped seven right to buy applications resulting in savings in discounts that would have been allowed on the sale of properties of £0.47m; six housing applications (savings of £19k) these and other savings totalled £1.5m during the year (compared to £0.93m in 2021/22).

Informed decision making including the Audit Committee

The Council operates a Leader and Cabinet form of executive. In addition, there are various scrutiny committees which hold the Cabinet to account. The work of the Council's committees is governed by the constitution. The constitution is regularly reviewed and updated, most recently in July 2023. The constitution is shared with all staff members on joining and is openly available on the Council's website. The Constitution sets out how the Council operates, how decisions are made and the policies and are followed to ensure that these are efficient, transparent and accountable to local people.

Governance (continued)

Informed decision making including the Audit Committee

Our review of Cabinet, Full Council, Audit Committee and other committee minutes indicates that key strategic decisions are subject to healthy challenge and are supported by detailed papers. Senior officers are open to conversations during committee meetings. Senior officers attend to present their own area items and to field any questions. We have not seen evidence of discussions not being open. The Audit Committee provides appropriate challenge of financial and non-financial items. The members of the Committee have a good mix of experience and expertise. The Committee is well attended with minimal absences.

Council business is conducted in public unless legislation deems it appropriate for it to be considered in private. Key decisions of officers are published on the Council's website.

The Council carries out a wide range of public consultation including consulting stakeholders on the draft budget for 2022/23.

The communication and engagement plan included a dedicated webpage and media release; communication to members and staff; communication with Trade Unions; engagement with Area Management Teams; posts on the internet; intranet and use of social media.

The Council has a Consultation Policy that sets out the Council's commitment to effective and efficient public consultation and sets the expectation that this commitment will be consistently applied, particularly in relation to the Council's key decisions. The Council consult with residents, businesses, partner bodies and other stakeholders and uses the results of the consultation to inform its decision-making processes, to develop and refine its policies, and to drive improvement in the services for which it is responsible.

The Council has carried out several feedback surveys and consultations including on the budget, Swindon Communities Together, Early Years Funding rates, Rough Sleeper strategy, Get Swindon Active strategy, Health and Wellbeing survey, Local Cycling and walking infrastructure plan; Road Safety strategy and the Coate Water Play Park.

The Council's performance against a selection of key governance metrics is set out in the table 3 below.

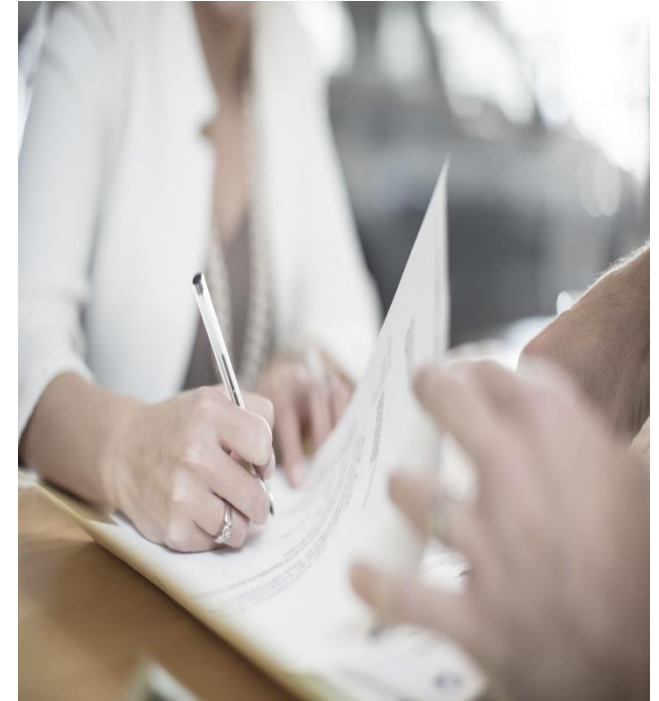


Table 3	2022/23	2021/22
Annual Governance Statement (control deficiencies)	Moderate	Moderate
Head of Internal Audit opinion	Satisfactory	Satisfactory
Ofsted inspection rating	Inadequate	N/A

Governance (continued)

Standards and behaviours

The Council's constitution details what behaviours are expected of council staff and members. The 2022/23 AGS sets out that the Council has approved and adopted a code of corporate governance, which is consistent with the principles of the International Framework: Good Governance in the Public Sector. The statement is included in the annual review of the Constitution undertaken each year by the Chief Legal Officer. To ensure all statutory requirements have been met the statement has been produced in accordance with the CIPFA Delivering Good Governance Framework 2016. The AGS is approved by the Audit Committee, in developing its 2022/23 AGS, the Council formally reviewed its corporate governance arrangements against its Local Code of Corporate Governance.

We have highlighted the effectiveness of the Council's governance framework including its system of internal control, this included review of minutes of Audit Committee, Cabinet and Council to ensure that periodic monitoring and reviews are being reported appropriately and governance issues are addressed; review of the overall opinion for 2022/23 of the Group Audit Manager (Head of Internal Audit); assessment of the Audit Committee arrangements against the 2018 CIPFA Guidance for Audit Committees in Local Authorities and the Police; review of the Council's arrangements against the CIPFA Statements on the Role of the Head of Internal Audit and Corporate Fraud. We consider this provided good assurance that there were no significant weaknesses in internal controls or governance arrangements during the 2022/23 year. This was corroborated by our 2022/23 financial statements audit and review of the 2022/23 AGS.

Conclusion

Overall, we found no evidence of significant weaknesses in the Council's governance arrangements for ensuring that it made informed decisions and properly managed its risks, and we have identified one improvement recommendation which is summarised on page 21.



Improvement recommendations



Improvement Recommendation 4

The council should ensure the delivery of agreed action plan in relation to salary overpayments .

Improvement opportunity identified

Our work highlighted there is still more to do to get the service to where the Council want it to be and there is a clear focus from management to get there.

Summary findings

Regarding the key recommendation for Payroll made in the 2021/22 AAR, the 2022/23 AGS highlighted whilst there was an improvement with the payroll system, there were still some outstanding issues that required resolving. These are mostly in relation to overpayments and the processing of Schools HR. A project board has been established to work through the outcomes of the recent audit findings to ensure an end-to-end process review with the priority being governance. The team remains under capacity due the lack of ability to be able to recruit to role, largely due to the candidate market but also attraction to the complexity of work involved. The ongoing meetings have been taken place as part of the payroll service improvement plan and a new payroll manager has been appointed to implement and embed those improvements. This improvement plan is being informed by an on-going series of internal audit reviews (covering starters, leavers, advances and overpayments, additional pay and deductions, reconciliations) and a sample test of 2023/24 payslips will be audited in October 2023.

Criteria impacted

Governance

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.

Management comments

Work on the service improvement plan continues, including the resolution of salary overpayments

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
<p>1 We recommend that the Council should ensure sufficient resource is in place to resolve the ongoing payroll issues, specifically to ensure that timely and complete information is able to be produced from the payroll system and that outputs from the system, such as payslips, are accurate. The Council should also ensure that they undertake a review to learn lessons from the procurement and implementation of the new payroll system to ensure that other similar system changes are managed more effectively.</p>	Key	May 2023	<p>A full review of the implementation process of the system and the Payroll team is underway. Clear processes are being documented and recruitment activity to enhance the capacity of the team is in progress. The market for payroll professionals is extremely limited.</p> <p>A monthly governance meeting has been established to monitor the ongoing performance and delivery of payroll as well as to ensure adequate progress is being made to bring closure to any outstanding overpayments. This group comprises of representatives from across Payroll, HR, Finance and Internal Audit.</p> <p>Regular meetings are also in place with Civica as part of the implementation review to full ensure lessons are learnt and improvements implemented.</p> <p>Follow up – The ongoing meetings have been taken place as part of the payroll service improvement plan and a new payroll manager has been appointed to implement and embed those improvements. This improvement plan is being informed series of internal audit reviews (covering starters, leavers, advances and overpayments, additional pay and deductions, reconciliations) and a sample test of 2023/24 payslips will be audited in October 2023. We recognise there is still more to do to get the service to where the Council want it to be but there is a clear focus from management to get there. In the meantime, additional assurance on the high-level financial position is obtained through detailed salary budget monitoring and monitoring of control accounts.</p>	<p>Recommendation superseded by Improvement recommendation.</p>	<p>We have raised an improvement recommendation on page 21, to ensure that the Council is focused on delivering agreed improvements.</p>

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
The Council should refine formal reporting to Cabinet Members on sensitivity analysis and scenario planning, undertaken on key assumptions and estimates, as part of the development of the annual budget and MTFS.	Improvement	May 2023	Formal reporting of sensitivity analysis will be incorporated into future budget setting reports. Follow up – it is still intended to include this information in future reports	Recommendation superseded by Improvement recommendation.	IR re-made on page 15 of this report
To strengthen the link between strategic priorities and the capital programme, the capital programme could be categorised by outcomes identified within and particular Council Plan outcomes.	Improvement	May 2023	The links to the Council Plan will be strengthened in the updated Capital Strategy. Follow up – this is still the intention, and the updated Capital Strategy will reflect the new Council Plan (following the change of administration)	Recommendation superseded by Improvement recommendation.	IR re- made on page 16 of this report
The Council should consider whether it can streamline the Corporate Performance Monitoring report to provide more summarised and integrated performance, finance and risk reporting	Improvement	May 2023	The format of corporate performance reports will be reviewed as part of the arrangements supporting the new Council Plan. The updated Council Plan is in the process of being developed and reporting arrangements will form part of that.	Yes	N/A

Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements

We issued a modified limitation of scope opinion on 2022/23 financial statements on the 6 December 2024 following the November 2024 Audit Committee.

The external audit of the Wiltshire Pension Fund is not yet concluded for 2022/23 and Pension Fund assurances under AGN 07 are not available. There is uncertainty over the timing of when the Pension Fund audit will be concluded. In the current circumstance, the only means for us to get assurance over the Pension Fund assets and liabilities disclosed in the accounts would be to audit the Pension Fund directly. This would not be in the interests of the public purse. Management have stated that in the interests of openness and transparency they wish to publish signed accounts for stakeholders. To limit further delays, management have determined it appropriate to limit the scope of our work in respect of the defined benefit pension plan net liability as disclosed in the balance sheet and associated Pension Fund asset and liability disclosures in the financial statements. Consequently, we have been unable to determine whether any adjustment to the Council's share of Pension Fund's assets and liabilities, or other amounts disclosed in the financial statements in respect of the share of assets and liabilities, are necessary. In addition, were any adjustment to the defined benefit pension plan net liability to be required, the narrative report would also need to be amended.

Further information on our audit of the financial statements is set out overleaf.



Opinion on the financial statements



Timescale for the audit of the financial statements

- The Audit Plan was issued in May 2023 and was presented to the Audit Committee on 6 June 2023. This outlined our significant risks and planned audit approach.
- The Council provided draft financial statements in line with the national deadline of the 31 May 2023.
- Our planning work commenced in May 2023 and our fieldwork took place between June – August 2023 and recommended in October 2023.
- During the planning work the accuracy and completeness of payroll was elevated to a significant risk for the audit as a result of ongoing findings of issues within the payroll system by work completed by ourselves and Internal Audit.
- We issued our opinion on the 2022/23 Financial Statements on 6 December 2024.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts, we are required to examine and report on the consistency of the Council's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

This work will be completed alongside the concluding procedures of the audit and the results reported in our Audit Findings Report.

Audit Findings Report

Detailed findings are set out in our Audit Findings Report, which was initially presented to the Council's Audit Committee in March 2024 and updated final version was presented in November 2024.



Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

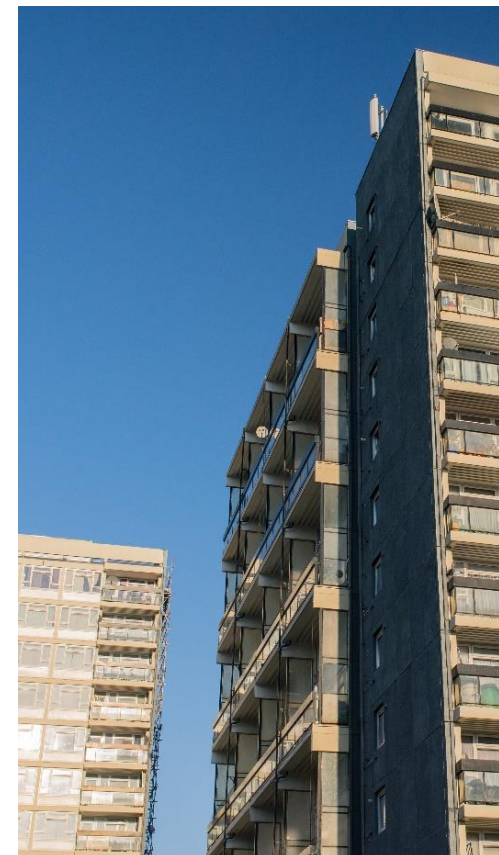
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B:

An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Council's arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	Yes	6
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	13, 19, 20 & 25



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