

# Swindon Borough Council

Final Auditor's Annual Report for the  
year ended 31 March 2024

29 January 2025



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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.



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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# Introduction



## Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for Swindon Borough Council (the Council) during 2023/24 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements.

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of 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.

## Responsibilities of the appointed auditor

### Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2024 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 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

### Value for money

We report our judgements on whether the Council has proper arrangements in place regarding arrangements under the three specified criteria:

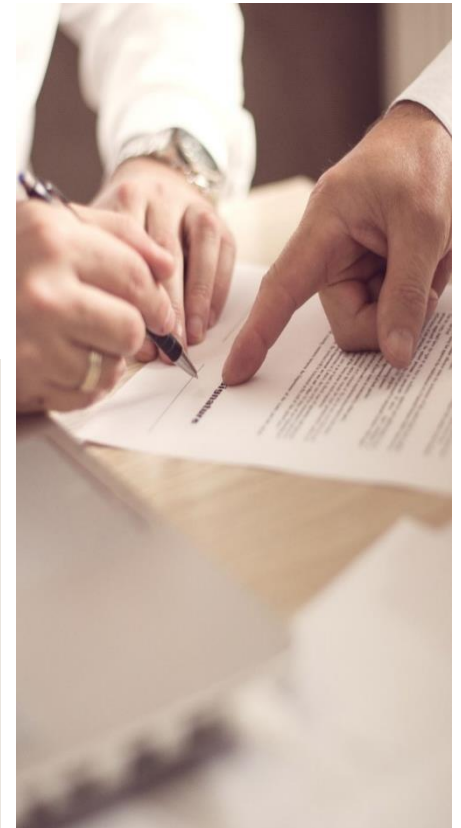
- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

The Value for Money auditor responsibilities are set out in Appendix B.

### Auditor powers

Auditors of a local authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 13 with a commentary on whether any of these powers have been used during this audit period.



# Executive summary



# Executive summary

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The NAO has stated that it will require auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by 30 November each year and for the audited body to publish the Report thereafter. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible. We are therefore sharing this report with you in advance of the National Audit Office's new Code being introduced. Our summary findings for the value for money arrangements for the 2023/24 financial year are set out below. Our recommendations and management responses are summarised in the section starting on page 23.

The Council is facing a number of significant challenges and whilst these are not to be underestimated, we acknowledge the openness by which the Council responded to this and other external reviews. There have been a number of changes at the senior officer level over the last 18 months, and we note a strong commitment and increased capacity and capability to deliver against the challenging agenda. The Council is self-aware and committed to continued improvement.



## Financial sustainability

The Council has an embedded organisational approach to financial planning and setting the annual budget and recognises the significant challenges it faces in achieving financial sustainability. The Local Government Association (LGA) Financial Peer Challenge of November 2023 highlighted a number of significant financial pressures, including limited and reducing reserves and balances, an increasing Dedicated Schools Grant (DSG) deficit of £8.4 million and the continuing need to invest additional monies into children's services given the Ofsted inadequate rating. The 2023/24 outturn showed that the Council achieved an underspend of £159k on the General Fund, however, this was reliant on the planned use of reserves, necessary to offset the £12.1 million overspend in Children's Services and the £1.6 million overspend on Adults and Homelessness. At the end of July 2024, the Council was forecasting a £9.1 million overspend against the original 2024/25 budget, an increase of £3.1m from June 2024 due to increasing demand for services and slippage against the challenging £19.7 million savings plan. This places further pressure on the Council's reserves and highlights the importance of taking the action needed to address the current underlying deficit.

The Council has a Medium-Term Financial Plan (MTFP) through to 2026/27 which shows a deficit of £20.5 million at 31 March 2027. The Council recognises that it needs to update its Medium-Term Financial Strategy (MTFS) detailing the extent of the cumulative medium-term budget gap over 3-5 years and how it will be addressed. Without this there is a risk that within a relatively short period of time, available general reserves and balances will not be sufficient to offset any continued shortfalls. The new 3-5 year cumulative medium term budget gap could exceed the £26.4 million of General Fund Reserve and "Cashflowing Reserve" (£8.5 million and £17.9 million at 31 March 2024 respectively). Whilst the Council also has Service Earmarked Reserves of £25.8 million at the 31 March 2024, these are set aside for specific purposes. A revised, rebased MTFS will provide a better representation of the scale of the challenges facing the Council in the medium term, the transformation programme to address it, along with a proposed financial strategy to bring the Council back onto a more sustainable footing.



## 2023/24

Our work on the Council's 2023/24 financial statements is complete. We issued a modified opinion with a limitation of scope due to the Pension Liability opening balance on 29 January 2025.



# Executive summary (continued)

## Financial sustainability (continued)



We recognise that the Council is working towards a fully developed MTFs and some transformation initiatives were in place during 2023/24, especially in Children's and Adults, to help address the structural budget gap and service issues. Work on developing a whole council "Transformation Programme", that is capable of delivering the full level of savings required at pace, is still in progress. We identified a significant weakness in arrangements and raised the following:

*Key Recommendation 1: The Council should produce a 3 – 5 year Medium-Term Financial Strategy (MTFS), with a planned replenishment of reserves, detailing how the cumulative budget gap will be addressed. The Council should implement its transformation programme at scale and pace and include:*

- *embedding the emerging governance arrangements;*
- *cohesive reporting to Cabinet on the planned timescales, milestones, savings and outcomes ; and*
- *link the financial reporting to show how recurrent savings balance the MTFP for the next 3 – 5 years.*

We also identified areas where the Council could improve arrangements and as such, have raised the following two improvement recommendations (IR):

- *IR1: The new MTFP should include a sensitivity analysis where levels of assumed income and expenditure are varied to identify the best, likely and worst-case scenarios in terms of modelling levels of demand;*
- *IR2: Triangulation of financial assumptions in the MTFP with key council strategies so service issues are properly reflected.*

## Governance



The Council has satisfactory governance arrangements. We found no evidence of significant weaknesses in the Council's arrangements for ensuring that it makes informed decisions and properly manages its risks. From a financial governance perspective, we take assurances from recent actions to mitigate the immediate financial challenges facing the Council during the 2024/25 financial year to address the forecast financial overspend.

We identified two areas where the Council could further improve its governance arrangements:

- *IR3: We recommend: (a) frequency of reporting of the Council's risks is aligned to the proposed quarterly reporting on performance management;*  
*(b) mapping of strategic risks to the achievement of corporate objectives and associated Key Performance Indicators (KPIs);*  
*(c) alignment of the Scrutiny and Overview work plan to the extreme and high risk issues identified by the so they can perform a "deep dive" on higher risk issues where appropriate.*
- *IR4: The Council adopting good practice with the appointment of an independent person on its Audit Committee to enhance the Council's assurance framework with professional advice for the Committee as and when required.*

# Executive summary (continued)



## Improving economy, efficiency and effectiveness

Since the May 2023 change in administration, there is a clear view at member and officer level that service transformation is key and this is reflected in the Swindon Plan 2024 – 2027 approved by Cabinet in July 2024. The Council's performance management framework is adequate with service performance regularly monitored at a detailed level with Key Performance Indicators for each service. We have made improvement recommendations below on frequency of performance reporting to Cabinet and setting standards for data quality in the production of a data quality strategy.

We recognise the actions and the positive outcomes the Council is putting in place to resolve the significant issues, identified during 2023/24, in both its Children's Services and its Housing Services as follows:

### Children's Services:

Whilst the Council's Children's services were judged as 'inadequate', in all five domains, in the Ofsted inspection report of September 2023, we note the positive direction of travel reported by Ofsted in its three monitoring visits that have taken place since. The Secretary of State's (SoS) Improvement Notice of 17 November 2023 requires that the Council's Improvement Plan delivers appropriate and sustainable improvement, cover the areas identified in the September 2023 Ofsted report, as well as recommendations made by the Improvement Adviser appointed by the Department. The Council set up an Improvement Board, which meets every six weeks, has an independent Chair and is attended by the SoS Improvement Adviser and the DfE Case Lead to oversee the implementation of the Improvement Plan.

The Council is aiming for all actions in the Improvement Plan to be delivered by the end of December 2024 but recognises that for true sustainability it will take 12 months to fully embed and achieve better outcomes for children and Young People. Good progress is being made with the investment from the significant transformation funding approved by Cabinet in September 2023 and additional funding in the 2024/25 budget. The three Ofsted monitoring visits reviewing Front Door Services (January 2024), Child Protection (July 2024) and Care Experienced people (October 2024) demonstrate positive progress and Ofsted reported on a number of satisfactory outcomes in service provision.

Whilst recognising the improvement journey in children's services during 2024/25, we identified Children's Services as a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness during the 2023/24 financial year and raise the following key recommendation.

*Key Recommendation 2: We recommend that the Council should continue to ensure sufficient resource is in place to resolve the requirements of the Improvements Plan arising from the Ofsted Inspection, specifically to ensure that timely and complete service 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.*

### Housing Services:

In March 2024, the Director of Housing commissioned Internal Audit reviews on the Delivery of Housing Planned Capital Receipts, Housing Capital Programme Report and subsequent Building Statutory Compliance (Housing) Report (June 2024). These three reports highlighted significant concerns over both the condition of the housing stock and the data available to ensure the Council, as a social landlord, is able to adequately deliver its housing service and adequately maintain its housing stock. The Council commissioned a consultant to evaluate the Council's compliance with the new regulatory regime to be monitored by the Regulator for Social Housing (RSH) from 1 April 2024. Significant weaknesses were found as no stock condition survey had been carried out for 12 years, required safety cycles for six core compliance issues (gas, electric, asbestos, lifts, and similar areas) had not been met, and follow up actions on fire risk assessment were not always followed up which impacted on the Council's ability to meet consumer standards. Discussions were held at CMT and the Council is in active discussions with the housing regulator to discuss the planned improvement journey. The Council has moved at pace to develop an improvement plan and a Housing Improvement Board is already in place with member representation from the administration and shadow cabinet.

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# Executive summary (continued)

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## Improving economy, efficiency and effectiveness (continued)

*Key Recommendation 3: Progress on the Housing Improvement Plan and the governance arrangements for housing services improvement needs to be regularly reported to Cabinet so that it has the oversight and assurance that service improvements are being made within the timeframes agreed with the Regulator.*

### Improvement recommendation on improving economy, efficiency and effectiveness

We also identified areas where the Council could improve arrangements and as such, have raised the following three improvement recommendations (IR) on the:

- IR5: frequency of performance reporting to Cabinet,
- IR6: production of a Data Quality Strategy to set data quality standards;
- IR7: the use of a Partnership Register to measure the value of partnerships.



# Executive summary (continued)



## Overall summary of our Value for Money assessment of the Council's arrangements

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2023/24 is the fourth year that these arrangements have been in place.

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. A summary of our judgements are set out in the table below.

| Criteria  | 2022/23 Auditor judgement on arrangements  | 2023/24 Risk assessment  | 2023/24 Auditor judgement on arrangements   |
|---|--|--|---|
| Financial sustainability                        | A <ul style="list-style-type: none"> <li>No significant weaknesses in arrangements identified.</li> <li>Two improvement recommendations made.</li> </ul>   | Risk of significant weakness identified following the LGA Finance Peer Review in November 2023 | R <ul style="list-style-type: none"> <li>Significant weakness in terms of future financial sustainability as the Council needs to produce a Medium-Term Financial Strategy (MTFS) with costs and income modelled, with a planned replenishment of reserves, to identify the Council's annual funding gap for the next 3 - 5 years and the Transformation Plan needs to develop in scale and pace. <b>Key Recommendation One raised.</b></li> <li>Two improvement recommendations made on use of sensitivity analysis in financial planning and the triangulation of financial assumptions in the MTFP with key council strategies so service issues are properly reflected.</li> </ul>  |
| Governance                                      | A <ul style="list-style-type: none"> <li>No significant weaknesses in arrangements identified.</li> <li>One improvement recommendation made.</li> </ul>  | No risk of significant weakness identified.  | A <ul style="list-style-type: none"> <li>Our work did not identify any areas where key recommendations were required.</li> <li>We raised two improvement recommendations on enhancing the Council's risk management arrangements and the adoption of good practice with the appointment of an independent person on its audit committee.</li> </ul>   |
| Improving economy, efficiency and effectiveness | R <ul style="list-style-type: none"> <li>Significant weakness identified and one key recommendation.</li> <li>One improvement recommendation made because of the inadequate rating issued by Ofsted</li> </ul> | Risk of significant weakness identified.   | R <ul style="list-style-type: none"> <li>Significant weakness as Children's Services continue to be rated "Inadequate" by Ofsted, despite three positive Ofsted monitoring visits since September 2023. <b>Key Recommendation Two raised.</b></li> <li>Significant weakness in the quality of the Council's Housing Services. The Council has developed a Housing Improvement Plan raised a number of improvements it needs to make to the Regulator of Social Housing (RSH). <b>Key Recommendation Three raised.</b></li> <li>Three improvement recommendations made on the frequency of performance reporting to Cabinet, the production of a Data Quality Strategy to set data quality standards and the use of a Partnership Register.</li> </ul> |

**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.

# **Opinion on the financial statements and use of auditor's powers**



# 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 2024 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

The Council provided draft accounts in line with the national deadline.

Our work on the Council's 2023/24 financial statements is complete. We issued a modified opinion with a limitation of scope due to the Pension Liability opening balance on 29 January 2025.



# Use of auditor's powers

We bring the following matters to your attention:

|  | We did not:   |
|--|---|
| <p><b>Statutory recommendations</b></p> <p>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.</p>   | <ul style="list-style-type: none"> <li>make any recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</li> </ul> |
| <p><b>Public Interest Report</b></p> <p>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.</p>   | <ul style="list-style-type: none"> <li>issue a public interest report.</li> </ul>   |
| <p><b>Application to the Court</b></p> <p>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.</p>   | <ul style="list-style-type: none"> <li>make an application to the Court.</li> </ul>   |
| <p><b>Advisory notice</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,</li> <li>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</li> <li>is about to enter an item of account, the entry of which is unlawful.</li> </ul> | <ul style="list-style-type: none"> <li>issue any advisory notices.</li> </ul>   |
| <p><b>Judicial review</b></p> <p>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.</p>   | <ul style="list-style-type: none"> <li>make an application for judicial review.</li> </ul>  |

# **Value for Money Commentary on arrangements**



# The current local government landscape

It is within this context that we set out our commentary on the Council's value for money arrangements in 2023/24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.



## National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on councils' General Fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for council services such as social care and homelessness. At the same time, the crisis impacted adversely on key areas of council income that were needed to service the increase in demand, for example fees and charges and the collection rates for council tax, business rates and rents. In January 2024, the UK government announced an additional £600 million for local government, but the Spring Budget for 2024 brought little in the way of any further support. Rising costs of delivering services, coupled with workforce shortages in key areas, supply chain fragility, and rising interest rates for servicing debt, brought a level of crisis to the local government sector perhaps never experienced before. Current warning signs of difficulty include:

- Seven councils issuing eleven section 114 notices between 2019 and 2023, compared with two councils issuing notices between 2001 and 2018, with an increasing number of other councils publicly warning of a section 114 risk;
- Twenty councils being with government approval for exceptional financial support during 2024/25, totalling approximately £1.5 billion. Only six of these councils had previously issued a section 114 notice; and
- The Local Government Association warning that councils in England face a funding gap of £4 billion over 2023/24 and 2024/25.

Local government is coming under an increased spotlight in terms of how the sector responds to the financial challenge it faces. Since the start of 2024, the UK government has emphasised the need for increased productivity rather than increased funding. New plans were announced by the Chancellor in March 2024 for public sector productivity to deliver up to £1.8 billion worth of benefits by 2029. Councils have subsequently been asked to submit productivity plans, showing how they will improve service performance and reduce wasteful spend.



## Local context

Swindon, in north-east Wiltshire, is home to over 230,000 people. It has seen population growth outstrip the national average over the past decade. In July 2024, the Council's new administration published its Swindon Plan 2024 – 2027, which states the challenges and opportunities facing Swindon. It details how the Council intends to work with partners and residents, the detail behind the Swindon Plan's three missions, and the thinking to-date on the Council's transformation priorities. The three missions in the Plan are (1) Combat inequality, (2) Build a Better Swindon and (3) Achieving Net Zero, but the Council also recognises that its three immediate challenges are its finances, housing services and children services.

Whilst the Council is progressing through change, it is welcoming of challenge and support and it invited the Local Government Association (LGA) to carry out a focussed Finance Peer Challenge, very early into the life of the new political administration. The LGA Corporate Peer Challenge on Finance reported that *"the Council's finances have long been challenged. As a small unitary it faces the challenges of managing social care demand, but without the scale or economies of larger upper tier authorities. It also has low levels of reserves and a high percentage of costs on social care. In recent months high inflation and issues in Children's Services, borne both out of demand pressures and also from being in Intervention, have accelerated the council's financial position to a 'cliff edge'. It has very little time in which to reengineer its finances to a position that can be resilient in the medium to long term."*

The LGA stated that *"the challenge now for the council is how it responds to that 'cliff edge' and the early signs are promising, although time is extremely tight given the scale of financial challenge and limited reserves. The new political and managerial leadership are showing clear ownership of the financial position that the council finds itself in and collectively they are committed to Swindon and to addressing the financial challenges, for example, the council has already implemented controls over non-essential spending. In recognising the need to create stability and capacity to move forwards, they have welcomed challenge and support."*

In September 2024, the LGA carried out a Corporate Peer Challenge based on themes of (1) Organisational and place leadership, (2) Governance and culture, (3) Financial planning and management and (4) Capacity for improvement. The outcome of September 2024 LGA review has yet to be formally reported and will reflect the improvements made during the 2024/25 financial year, whereas this report is looking at VFM arrangements and improvements required at the end of the 2023/24 financial year. It is commendable that the Council is so open to learning and welcomes external reviews.

# Financial sustainability



We considered  
how the  
Council:

## Commentary on arrangements

## Assessment

Ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;

The LGA Financial Peer Challenge of November 2023 highlighted a number of significant financial pressures, including limited and reducing reserves and balances, an increasing Dedicated Schools Grant (DSG) deficit, £8.4 million at 31 March 2024 and the continuing need to invest additional monies into children's services given the Ofsted inadequate rating. Future costs pressures indicate that forecast savings of £20.5 million are required to balance the books by the end of 2025/26. There is no Medium-Term Financial Plan (MTFP) beyond 31 March 2027 with costs and income modelled to identify the annual funding gap for the next 3 - 5 years. Financial variances in year highlight challenges for demand-led services as the Council forecasts a £9.1 million overspend for 2024/25 at Month 4. The Council's Transformation Programme needs to be developed at pace to achieve the required savings and close the funding gap each year. There is a need to refine short and medium-term financial planning to include sensitivity analysis to better identify the timing and scale of financial pressures, where levels of assumed income and expenditure are varied to identify the best, likely and worst-case scenarios. In time this could be more sophisticated with departments modelling levels of demand depending on service provision and the impact of the Transformation Programme.

*Improvement recommendation One: The MTFP should include a sensitivity analysis where levels of assumed income and expenditure are varied to identify the best, likely and worst-case scenarios in terms of modelling levels of demand.*

We identified a significant weakness in arrangements for financial sustainability to close the budget gap in the medium term and raise Key Recommendation One below. The medium-term cumulative funding gap will properly inform the savings required to be delivered by the Council's Transformation Programme which is in the process of being established. The Council should implement the transformation programme at scale and pace in order to address its significant structural budget deficit.

R

Plans to bridge its funding gaps and identifies achievable savings

The Council achieved 78% of planned savings in 2023/24, with £21.3 million savings delivered against the budget of £27.2m. The overall shortfall of £5.9m was reflected in the forecast out-turn position and, this has been reflected in the 2024-25 budget position. While there were some savings resulting from transformation of services in Adults and Children's, these demand led services overspent significantly in 2023/24 (£12.1 million overspend in Children's and £1.6 million overspend in Adults and Homelessness) and continue to do so this year.

The Council has stopped non-emergency spend for 2024/25 to mitigate overspends. At the February 2024 Cabinet, officers reported on the development of the Council's Transformation Programme to address the £18.5 million of funding gaps identified in the 25/26 financial year (gap of £16.6 million) and the 2026/27 financial year (gap of £2.3 million). The details underpinning the transformation plan are being worked up with clarity over recurrent and non-recurrent savings and responsibilities for delivery to be agreed in 2024/25.

*Key recommendation One: The Council should produce a 3 – 5 year Medium-Term Financial Strategy (MTFS), with a planned replenishment of reserves, detailing how the cumulative budget gap will be addressed. The Council should implement its transformation programme at scale and pace and include:*

- *embedding the emerging governance arrangements;*
- *cohesive reporting to Cabinet on the planned timescales, milestones, savings and outcomes ; and*
- *link the financial reporting to show how recurrent savings balance the MTFP for the next 3 – 5 years.*

R

# Financial sustainability (continued)



## We considered how the Council:

## Commentary on arrangements

## Assessment

|  |   |          |
|--|---|----------|
| <p>Plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>  | <p>The Swindon Plan 2024 - 2027, approved by Council in July 2024, sets out three priority missions for the next decade to build a 'fairer', 'better' and 'greener' Swindon. Acknowledging the ongoing financial pressures on public finances, the Swindon Plan sets out how the Council is looking to progress each mission working with communities and partners across the private, public and voluntary sectors. The Council demonstrate that it understands the cost of delivering services. It uses benchmarking to identify higher cost services compared to its neighbours so that it identifies areas for improvement and future savings.</p> <p>The Medium-Term Financial Strategy (MTFS) is the Council's primary financial strategic and planning document linking the revenue budget, the capital programme and the treasury management strategy. The Strategy ensures resource allocation is in line with Swindon's priorities, noting as identified earlier that this needs to be updated to reflect the Council's financial pressures.</p>  | <p>G</p> |
| <p>Ensures its financial plan is consistent with other plans such as workforce, capital, and other operational planning which may include working with other local public bodies</p> | <p>The Council is committed to a significant capital programme of £307 million and better strategic asset management. The Council's Capital Strategy, an integral part of the Council's Strategic and Financial Planning framework, states that "The Council needs to utilise its assets, assets of partners and procure new ones where required to deliver the Council's new Target Operating Model and strategic outcomes. This work will enable the Council to strategically plan for the use of its estates and assets across the Council so that it may maximise their use and/or value." The Council's People Strategy also considers financial issues with plans to reduce agency staff and improve retention in substantive posts, especially in Children's Services where achieving a stable and experienced workforce is the cornerstone of its improvement work. Other operational plans are also being reviewed as part of transformation planning. We suggest that financial planning assumptions in the MTFP need to reflect service issues, opportunities and risks from the key operational strategies so that the timing and extent of the Council's financial pressures may be quantified .</p> <p><i>Improvement Recommendation 2: The Council needs to ensure that its financial planning assumptions in the Medium-Term Financial Plan are consistent with other key council strategies such as workforce, treasury management, asset management and digital so that all the Council's financial pressures have been clearly identified and reflect service issues, opportunities and risks.</i></p> | <p>A</p> |
| <p>Identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans</p>                           | <p>The unplanned changes in demand, which led to overspends in Children's and Adult services during 2023/24, were mitigated by directorates working together to pool savings to cover overspends. The Council also used planned reserves to balance the 2023/24 outturn. However, these demand led overspends continue during 2024/25 and the use of reserves to balance the books is unsustainable. The Council's reserves are low compared to similar councils and Swindon, as a small unitary, does not have economies of scale. The five year budget gap, which is yet to be calculated but currently stands at £20.5 million at 31 March 2027, could exceed the £26.4 million total of the General Fund Reserve and the Cashflowing Reserve (£8.5 million and £17.9 million at 31 March 2024 respectively), although we recognise the Council also has Service Earmarked Reserves of £25.8 million at the end of the 2023/24 financial year. Given that Swindon's actual level of reserves is in the bottom quartile of "general fund and earmarked reserves as a percentage of net revenue expenditure" compared to other councils, and given its critical financial challenge, we suggest it should agree a risk-based target for its general reserve and have a planned programme of replenishment as part of its revised 3 - 5 year MTFS (<b>Key Recommendation One</b>).</p>  | <p>A</p> |

|   |   |
|---|---|
| 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.             |



# Governance



**We considered how the Council:**

## Commentary on arrangements

## Assessment

**Monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud**

The Council revised its Risk Management Guidance, in January 2024.. The Corporate Risk Register (CRR) was presented to the Audit Committee in June 2023 and 2024 suggesting an annual report. However, Council informed us that it also went informally to the Audit Committee in January 2024 and is reviewed by CMT each quarter. There were 14 extreme risks in the June 24 update including Financial Sustainability

Having reviewed the risk management arrangements, we identified that the Council’s strategic risks are not mapped to the delivery of the outcomes and underlying priorities in the Swindon Plan 2024–2027. The Council’s arrangements for both performance management and risk management could be streamlined so there is one integrated reporting framework for strategic outcomes in the Corporate Strategy, Key Performance Indicators (KPIs) for service delivery and the risk around delivery of those KPIs in the Strategic Risk Register. We suggest that the frequency of reporting of the Council’s risks is aligned to the Council’s quarterly reporting on performance management so members will be informed where good performance may equate to lower risk and room for more opportunity and innovation. The Scrutiny and Overview Committee work plan could be better aligned to the high-risk issues identified by the Council’s Risk Register and Performance Management systems.

*Improvement recommendation 3: We recommend the:*

- (a) frequency of reporting of the Council’s risks is aligned to the proposed quarterly reporting on performance management;*
- (b) mapping of strategic risks to the achievement of corporate objectives and associated Key Performance Indicators (KPIs);*
- (c) alignment of the Scrutiny and Overview work plan to the extreme and high risk issues identified by the so they can perform a “deep dive” on higher risk issues where appropriate.*

The Head of Internal Audit gave a “reasonable assurance” opinion on the Council’s framework of governance, risk management and control, for the 2023/24 financial year. High priority audit recommendations are tracked and reported quarterly to CMT. The Corporate Fraud Team, part of Internal Audit, focuses on high-risk areas and conducts fraud awareness training and successfully saved £1.83 million and identified 219 empty homes for occupancy in 2023/24.

**A**

**Approaches and carries out its annual budget setting process**

The LGA Finance Peer Challenge of November 2023, recognised how well respected the Council’s finance team are and how that helps build good working relationships across the Council. The Council maintains an adequate annual budgeting process in terms of analysing its financial position, documenting the intended income and expenditure and the setting of savings plans to balance the budget for the year to come. Cabinet, Scrutiny and Council have an active role in scrutinising financial plans, budget principles and assumptions. The Council’s stakeholders are also consulted as part of the budget setting process. As a result, the Council approved a balanced budget, in February 2024, for financial year 2024/25 using £5 million of the Cashflowing Reserve to balance the budget. The 2024/25 budget is underpinned by a challenging savings target of £19.6 million that needs to be carefully monitored and managed.

**G**

|   |   |
|---|---|
| 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.             |

# Governance (continued)



We considered how the Council:

Commentary on arrangements

Assessment

Ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed,

The monthly Financial Performance Report to Cabinet provides a detailed breakdown of the Council’s financial position. It covers the General Fund, Housing Revenue Account (HRA) and Capital Programme. There is a clear summary of the in-year position and reasons for any variance to plan, and broken down by directorate, which enables scrutiny by the Cabinet. The minutes of the Cabinet meetings indicate that discussions and challenges focused on the areas of greatest variance, demonstrating a clear understanding of the areas requiring attention. Corrective action is taken where needed and budget overruns in demand led services such as Adults and Children’s are closely monitored and action taken to mitigate financial risks. The forecast overspend of £9.1m, at month 4, is an increase of £3.1 million due to a combination of continued increases in costs and demand for services across adults’ and childrens’ services, homelessness and the waste service. This forecast also reflects the impact of slippage and non-delivery forecast of savings against the savings plans.

G

Ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee

The Council has arrangements in place to make properly informed decisions, supported by appropriate evidence, which allow for challenge and transparency. The Cabinet handles strategic decisions after considering detailed reports and makes recommendations to full Council. The Scrutiny Committee investigate local policies, risk and performance, leading to reports and recommendations for Council. The Council's Monitoring Officer ensures public access to decisions and relevant reports. Cabinet papers show sufficient detail to support key decisions. The Council’s governance arrangements, including the roles of the Council, the Cabinet, the Overview and Scrutiny Committee, the Audit Committee, and other committees, are detailed in the Constitution.

In line with good practice the Council annually assesses the effectiveness of its Audit Committee using the CIPFA Audit Committee Effectiveness checklist. However the Audit Committee has yet to action one of the findings from the assessment and agree to the appointment of an independent person to enhance the Council’s assurance framework with professional advice for the Audit Committee.

*Improvement recommendation 4; The Council should appoint an independent person to the Audit Committee to enhance the Council’s assurance framework with professional advice for the Committee as and when required.*

A

Monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services.

The Monitoring Officer oversees data protection and information governance. Cyber-attack risks are listed on the corporate risk register, with an internal audit in 2023/24 providing reasonable assurance. In 2023/24 the Standards Committee received updates on Code of Conduct complaints, whistleblowing cases, and councillor training. The council plans to adopt the Model Code of Conduct in 2025/26 and regularly reviews its Constitution. The Member Training Programme covers various topics such as Code of Conduct, and an annual Desktop Ethical Audit was conducted to ensure governance requirements were met.

The Procurement Strategy prioritises best value, measurable outcomes, and ethical decision-making. The Council ensures transparency and value for high-value contracts. The "Guide to 'How I Buy'" outlines compliance with regulations, 'Best Value,' procurement thresholds, and the use of e-tendering systems. It also addresses social value, carbon impact reduction, and contract management. The Council maintains a register of Gifts and Hospitality for members and officers and is revising contract standing orders in anticipation of the new Procurement Act. Procurement activities are aligned with strategic goals and supported by training and communication plans.

G

|   |   |
|---|---|
| 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.             |

# Improving economy, efficiency and effectiveness



We considered how the Council:

Commentary on arrangements

Assessment

Uses financial and performance information to assess performance to identify areas for improvement

Whilst the Swindon Plan was developed during 2023/24 with new KPIs, the Council's formal bi-annual reporting of performance was suspended at member level. The bi-annual reporting of performance will resume in December 2024. However, Members need timely assurance on service performance and we suggest that more frequent service reporting on a quarterly basis to Cabinet against KPI targets would be beneficial.

*Improvement recommendation 5: We recommend that the Cabinet receives quarterly reports on service performance and that the Council reports how it sets stretch targets for service Key Performance Indicators to reflect the ethos of "continuous improvement".*

The Council is undertaking a data quality review but it has yet to produce a data quality strategy stating how it will obtain assurance over the quality and integrity of the data used for the KPI's in its corporate performance framework.

*Improvement recommendation 6: We recommend that the Council produce a Data Quality Strategy stating how it will obtain assurance over the quality and integrity of the data used for the KPI's in its corporate performance framework with a view to including an assessment of specific data sets within non-financial performance reports.*

A

Evaluates the services it provides to assess performance and identify areas for improvement

We recognise the actions and the positive outcomes the Council is putting in place to resolve the significant issues, identified during 2023/24, in both its Children's Services and its Housing Services as follows:

**Children's Services:** Whilst the Council's Children's services were judged as 'inadequate', in all five domains, in the Ofsted inspection report of September 2023, we note the positive direction of travel reported by Ofsted in its three monitoring visits that have taken place since. The Secretary of State's (SoS) Improvement Notice of 17 November 2023 requires that the Council's Improvement Plan delivers appropriate and sustainable improvement, cover the areas identified in the September 2023 Ofsted report, as well as recommendations made by the Improvement Adviser appointed by the Department. The Council set up an Improvement Board, which meets every six weeks, has an independent Chair and is attended by the SoS Improvement Advisor and the DfE Case Lead to oversee the implementation of the Improvement Plan.

The Council is aiming for all actions in the Improvement Plan to be delivered by the end of December 2024 but recognises that for true sustainability it will take 12 months to fully embed and achieve better outcomes for children and Young People. Good progress is being made with the investment from the significant transformation funding approved by Cabinet in September 2023 and additional funding in the 2024/25 budget. The three Ofsted monitoring visits reviewing Front Door Services (January 2024), Child Protection (July 2024) and Care Experienced people (October 2024) demonstrate positive progress and Ofsted report on a number of satisfactory outcomes in service provision.

Whilst recognising the improvement journey in children's services during 2024/25, we identified Children's Services as a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness during the 2023/24 financial year and raise the following key recommendation.

*Key Recommendation Two: We recommend that the Council should continue to ensure sufficient resource is in place to resolve the requirements of the Improvements Plan arising from the Ofsted Inspection, specifically to ensure that timely and complete service 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.*

R

# Improving economy, efficiency and effectiveness



We considered how the Council:

Commentary on arrangements

Assessment

Evaluates the services it provides to assess performance and identify areas for improvement (continued)

**Housing Services:** In March 2024, the Director of Housing commissioned Internal Audit reviews on the Delivery of Housing Planned Capital Receipts, Housing Capital Programme Report and subsequent Building Statutory Compliance Report. These three June 2024 reports highlighted significant concerns over the condition of the housing stock and the data available to ensure the Council, as a social landlord, is able to adequately deliver its housing service and maintain its housing stock. The Council commissioned a consultant to evaluate the Council’s compliance with the new regulatory regime to be monitored by the Regulator for Social Housing (RSH) from 1 April 2024. Housing Services are also a significant weakness in arrangements.

*Key Recommendation Three: Progress on the Housing Improvement Plan and the governance arrangements for housing services improvement needs to be regularly reported to Cabinet so that it has the oversight and assurance that service improvements are being made within the timeframes agreed with the Regulator.*

R

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

The Council collaborates with various partners, including National Highways, Homes England, Historic England, Wiltshire Police OPCC, and the Great Western Hospital. Governance is maintained through structures like the Capital Board and the Commercial Investment Strategy Board, ensuring projects align with community needs and strategic objectives. The Council engages stakeholders through initiatives such as the Swindon Futures Commission and the Swindon Towns Board. The Statement of Community Involvement (SCI) outlines detailed consultation processes for planning, ensuring community input shapes development. Events like the “Let’s Talk Swindon - Partnership Event” further demonstrate the Council’s commitment to stakeholder engagement. In March 2024, the Swindon Plan engagement was presented to Cabinet, and a report outlined a collaborative approach with parish councils to enhance service delivery. The Policy Development (Build A Better Swindon) Committee, oversee significant partnerships, including planning, transport, and regeneration. The Children's Improvement Plan involves an Improvement Board and Delivery Board, ensuring continuous evaluation and progress through regular meetings with key partners and oversight bodies.

*Improvement recommendation 7: The Council could produce a Partnership Register to show what types of partnership the Council has and how they contribute to the delivery of the outcomes in the Council’s Strategy 2023 - 2027. Details of how the value of partnerships is measured should be included in the Register.*

A

# Improving economy, efficiency and effectiveness



We considered how the Council:

Commentary on arrangements

Assessment

Evaluates the services it provides to assess performance and identify areas for improvement (continued)

**Housing Services:** In March 2024, the Director of Housing commissioned Internal Audit reviews on the Delivery of Housing Planned Capital Receipts, Housing Capital Programme Report and subsequent Building Statutory Compliance (Housing) Report (June 2024). These three reports highlighted significant concerns over both the condition of the housing stock and the data available to ensure the Council, as a social landlord, is able to adequately deliver its housing service and adequately maintain its housing stock. The Council commissioned a consultant to evaluate the Council’s compliance with the new regulatory regime to be monitored by the Regulator for Social Housing (RSH) from 1 April 2024. Significant weaknesses were found as no stock condition survey had been carried out for 12 years, required safety cycles for six core compliance issues (gas, electric, asbestos, lifts, and similar areas) had not been met, and follow up actions on fire risk assessment were not always followed up which impacted on the Council’s ability to meet consumer standards. Discussions were held at CMT and the Council is in active discussions with the housing regulator to discuss the planned improvement journey, the council has moved at pace to develop an improvement plan and a Housing Improvement Board is already in place with member representation from the administration and shadow cabinet. The Council has moved at pace to develop an improvement plan and a Housing Improvement Board is in place with member representation from the administration and shadow cabinet.

*Key Recommendation Three: Progress on the Housing Improvement Plan and the governance arrangements for housing services improvement needs to be regularly reported to Cabinet so that it has the oversight and assurance that service improvements are being made within the timeframes agreed with the Regulator.*

R

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

The Council collaborates with various partners, including National Highways, Homes England, Historic England, Wiltshire Police OPCC, and the Great Western Hospital. Governance is maintained through structures like the Capital Board and the Commercial Investment Strategy Board, ensuring projects align with community needs and strategic objectives. The Council engages stakeholders through initiatives such as the Swindon Futures Commission and the Swindon Towns Board. The Statement of Community Involvement (SCI) outlines detailed consultation processes for planning, ensuring community input shapes development. Events like the “Let’s Talk Swindon - Partnership Event” further demonstrate the Council’s commitment to stakeholder engagement. In March 2024, the Swindon Plan engagement was presented to Cabinet, and a report outlined a collaborative approach with parish councils to enhance service delivery. The Policy Development (Build A Better Swindon) Committee, oversee significant partnerships, including planning, transport, and regeneration. The Children’s Improvement Plan involves an Improvement Board and Delivery Board, ensuring continuous evaluation and progress through regular meetings with key partners and oversight bodies.

*Improvement recommendation 7: The Council could produce a Partnership Register to show what types of partnership the Council has and how they contribute to the delivery of the outcomes in the Council’s Strategy 2023 - 2027. Details of how the value of partnerships is measured should be included in the Register.*

A

# Improving economy, efficiency and effectiveness



We considered  
how the Council:

Commentary on arrangements

Assessment

Commissions or  
procures services,  
assessing whether it  
is realising the  
expected benefits

The Council assesses the realisation of expected benefits from commissioned or procured services through a structured gateway process, which documents procurement strategies, risks, and benefits. Contract management is the responsibility of individual service areas, which must confirm their capability to manage contracts effectively. If issues with key service providers or contractors arise, individual service areas can consult through commercial surgeries, where procurement, finance, and legal teams provide support. The Gateway process includes a review of the procurement strategy and expected benefits. Service areas must demonstrate value for money and confirm their contract management capabilities. The "How I Buy" guide advises on maintaining good supplier relationships and seeking continuous efficiency improvements. Key deliverables, risks, and performance measures are tracked using Procurement Authorisation Documents (PAD) and Key Performance Indicators (KPIs).

For Swindon Housing Company (SHC), an internal audit highlighted the need for urgent performance reviews and project viability assessments due to financial losses and inactive projects. SHC operates under a business plan with accountability maintained through a shareholder panel and Board meetings. Capital programme monitoring reports, presented quarterly to the Cabinet, detail the year-end position, funding sources, and budget variances, ensuring transparency and accountability. Dedicated project boards oversee specific projects, managing risks and controlling spending. The Council ensures funding sources are identified for overspends and reallocated for underspends, with individual schemes having risk assessments and Equalities Impact Assessments (EIAs).

G

**Value for Money  
Recommendations raised in  
2023/24**



# Recommendations raised in 2023/24

| Recommendation  | Type of recommendation * | Criteria impacted                               | Actions agreed by Management  |
|---|--------------------------|---|---|
| <p><b>KR1</b> <a href="#">Revision of the MTFS and alignment with the planned savings in the Transformation Programme</a></p> <p>The Council should produce a 3 – 5 year Medium-Term Financial Strategy (MTFS), with a planned replenishment of reserves, detailing how the cumulative budget gap will be addressed. The Council should implement its transformation programme at scale and pace and include:</p> <ul style="list-style-type: none"> <li>• embedding the emerging governance arrangements;</li> <li>• cohesive reporting to Cabinet on the planned timescales, milestones, savings and outcomes ; and</li> <li>• link the financial reporting to show how recurrent savings balance the MTFP for the next 3 – 5 years.</li> </ul> | Key                      | Financial sustainability                        | <p><u>Actions:</u></p> <p>(1) As referenced in this report, the MTFP to 2029/30 is in development and will be regularly updated to reflect any changes to assumptions necessary.</p> <p>(2) The first formal Transformation programme report, Case For Change, will go to Cabinet in December. This along with future Transformation reporting will address the points in the improvement recommendations.</p> <p><u>Responsible Officers:</u> (1) Director of Finance &amp; Audit; (2) Chief Operating Officer (COO)</p> <p><u>Due Dates:</u> (1) First draft Feb-25 with ongoing refresh; (2) First report Dec-24.</p>  |
| <p><b>KR2</b> <a href="#">Implementation of the Improvement Plan arising from the September 2023 Ofsted Inspection</a></p> <p>We recommend that the Council should continue to ensure sufficient resource is in place to resolve the requirements of the Ofsted inspection recommendations, specifically to ensure that timely and complete service 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.</p>  | Key                      | Improving economy, efficiency and effectiveness | <p><u>Actions:</u> (1) The Corporate Director of Children Services has undertaken an assessment of resource requirements to address the recommendations of the Ofsted inspection and to embed the changes. This will be considered as part of the council's budget setting process.</p> <p>(2) Changes following the recent inspection have already been identified and addressed by the implementation of monthly risk assurance meetings with CEO, DCS and Leader along with the implementation of robust frequent cross-party scrutiny.</p> <p><u>Responsible Officer:</u> Director of Children Services</p> <p><u>Due Date:</u> (1) Feb 25 (2) Complete</p> |
| <p><b>KR3</b> <a href="#">Regular reporting of progress on implementation of the Housing Improvement Plan</a></p> <p>Progress on the Housing Improvement Plan and the governance arrangements for housing services improvement needs to be regularly reported to Cabinet so that it has the oversight and assurance that service improvements are being made within the timeframes agreed with the Regulator.</p>   | Key                      | Improving economy, efficiency and effectiveness | <p><u>Actions:</u> Agreed – this will be addressed as part of the governance and reporting arrangements linked to the Housing Improvement Board that is already in place to deliver the improvement plan.</p> <p><u>Responsible Officers:</u> Director of Stronger and Safer Communities</p> <p><u>Due Date:</u> Bi-annual reporting to Cabinet.</p>  |



# Recommendations raised in 2023/24 (continued)

| Recommendation  | Type of recommendation * | Criteria impacted        | Actions agreed by Management  |
|---|--------------------------|--------------------------|---|
| <p data-bbox="199 528 1037 580"><b>Sensitivity analysis required for robust modelling and analysis of the scale and timing of financial pressures in the MTFP.</b></p> <p data-bbox="132 600 1037 715">IR1 The MTFP should include a sensitivity analysis where levels of assumed income and expenditure are varied to identify the best, likely and worst-case scenarios in terms of the scale and timing of financial pressures in the MTFP and modelling levels of demand.</p>   | Improvement              | Financial sustainability | <p data-bbox="1538 533 2074 619"><u>Action:</u> We will review how sensitivity analysis can be incorporated into the formal reporting that is meaningful and proportionate.</p> <p data-bbox="1538 635 2047 659"><u>Responsible Officer:</u> Director of Finance &amp; Audit</p> <p data-bbox="1538 679 1742 703"><u>Due Date:</u> June 25</p>  |
| <p data-bbox="199 735 1025 788"><b>Triangulation of financial assumptions in the MTFP with key council strategies so that service challenges are properly reflected in financial plans</b></p> <p data-bbox="132 807 1025 951">IR2 The Council needs to ensure that its financial planning assumptions in the Medium-Term Financial Plan are consistent with other key council strategies such as workforce, treasury management, asset management and digital so that all the Council's financial pressures have been clearly identified and reflect service issues, opportunities and risk.</p>   | Improvement              | Financial sustainability | <p data-bbox="1538 770 2096 823"><u>Action:</u> This will form part of the work to embed the transformation programme outcomes into the MTFP.</p> <p data-bbox="1538 844 2047 868"><u>Responsible Officer:</u> Director of Finance &amp; Audit</p> <p data-bbox="1538 888 1751 912"><u>Due Date:</u> Ongoing</p>  |
| <p data-bbox="199 971 954 1024"><b>Frequency of reporting of risk and the mapping of strategic risks to the achievement of corporate objectives</b></p> <p data-bbox="199 1043 416 1067">We recommend the:</p> <p data-bbox="199 1088 983 1141">(a) frequency of reporting of the Council's risks is aligned to the proposed quarterly reporting on performance management;</p> <p data-bbox="199 1161 1021 1214">(b) mapping of strategic risks to the achievement of corporate objectives and associated Key Performance Indicators (KPIs);</p> <p data-bbox="199 1235 1030 1321">(c) alignment of the Scrutiny and Overview work plan to the extreme and high risk issues identified by the so they can perform a "deep dive" on higher risk issues where appropriate.</p> | Improvement              | Governance               | <p data-bbox="1538 1032 2096 1177"><u>Action:</u> The reporting of risks and performance against strategic priorities has recently been subject to a major overhaul. These recommendations will be considered as part of embedding the new arrangements.</p> <p data-bbox="1538 1193 2018 1217"><u>Responsible Officer:</u> Chief Operating Officer</p> <p data-bbox="1538 1238 1751 1262"><u>Due Date:</u> Ongoing</p> |

# Recommendations raised in 2023/24 (continued)

|     | Recommendation  | Type of recommendation * | Criteria impacted                               | Actions agreed by Management  |
|-----|---|--------------------------|---|---|
| IR4 | <p><a href="#">Appointment of an independent person to the Audit Committee</a></p> <p>The Council should appoint an independent person to the Audit Committee to enhance the Council's assurance framework with professional advice for the Committee as and when required.</p>   | Improvement              | Governance                                      | <p><u>Action:</u> This has been recommended to Audit Committee in the past and is already proposed to be a recommendation to next Audit Committee.</p> <p><u>Responsible Officers:</u> Head of Internal Audit</p> <p><u>Due Date:</u> Jan-25 (Audit Committee)</p>  |
| IR5 | <p><a href="#">Quarterly reporting of service performance to Cabinet</a></p> <p>We recommend that the Cabinet receives quarterly reports on service performance and that the Council reports how it sets stretch targets for service Key Performance Indicators (KPIs) to reflect the ethos of "continuous improvement".</p>  | Improvement              | Improving economy, efficiency and effectiveness | <p><u>Action:</u> The reporting of performance has recently been subject to a major overhaul. This recommendation will be considered as part of embedding the new arrangements.</p> <p><u>Responsible Officer:</u> Chief Operating Officer</p> <p><u>Due Date:</u> Ongoing</p>  |
| IR6 | <p><a href="#">Production of a Data Quality Strategy</a></p> <p>The Council should produce a Data Quality Strategy stating how it will obtain assurance over the quality and integrity of the data used for the KPI's in its corporate performance framework with a view to including an assessment of specific data sets within non-financial performance reports.</p> | Improvement              | Improving economy, efficiency and effectiveness | <p><u>Actions:</u> As part of Data Strategy there is Data Governance capacity focussed on ensuring the quality of data used to inform council decisions and reporting. The focus is on high priority areas, particularly linked to new systems to ensure the discipline is built into new system design.</p> <p><u>Responsible Officer:</u> Chief Operating Officer</p> <p><u>Due Date:</u> Ongoing</p> |
| IR7 | <p><a href="#">Use of a Partnership Register</a></p> <p>The Council should produce a Partnership Register to show what types of partnership the Council has and how they contribute to the delivery of the outcomes in the Council's Strategy 2023 - 2027. Details of how the value of partnerships is measured should be included in the Register.</p>                 | Improvement              | Improving economy, efficiency and effectiveness | <p><u>Action:</u> We will consider this as part of our arrangements for strategic risk management and business planning</p> <p><u>Responsible Officers:</u> Chief Operating Officer</p> <p><u>Due Date:</u> Ongoing</p>   |

# 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.

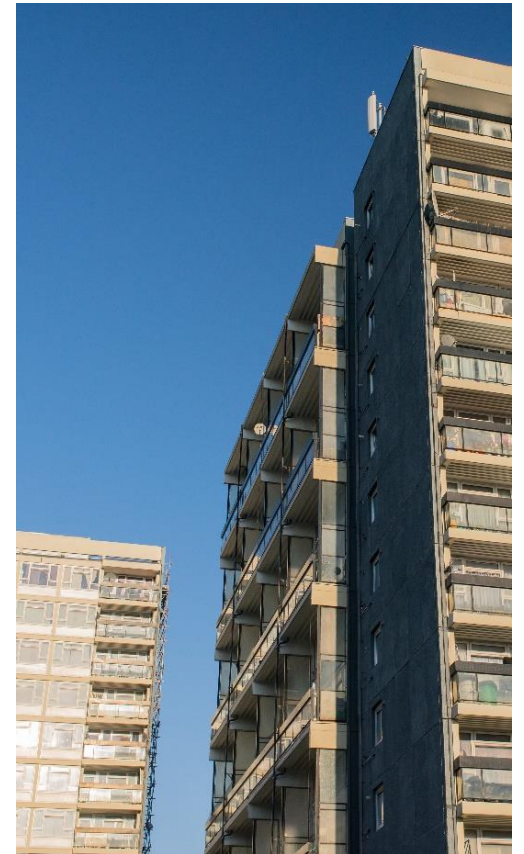
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records 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: Value for Money Auditor responsibilities



## Value for Money arrangements work

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 audited body'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 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 National Audit Office (NAO) Code of Audit Practice ('the Code'), 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.

2023/24 is the fourth year of the Code, and we undertake and report the work in three phases as set out in the Code.

## Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the Council's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period

| Information which informs our risk assessment           |   |
|---|---|
| Cumulative knowledge and experience of the audited body | Annual Governance Statement and the Head of Internal Audit annual opinion |
| Interviews and discussions with key stakeholders        | The work of inspectorates and other regulatory bodies                     |
| Progress with implementing recommendations              | Key documents provided by the audited body                                |
| Findings from our opinion audit                         | Our knowledge of the sector as a whole                                    |

## Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

## Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the Council's auditors as follows:

- **Statutory recommendations** – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and require discussion at full Council and a public response.
- **Key recommendations** – actions which should be taken by the Council where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Council's arrangements.

# Appendix C: Follow-up of previous recommendations

| Recommendations  | Type of recommendation * | Date raised  | Progress to date  | Addressed? | Further action? |
|--|--------------------------|--------------|---|------------|-----------------|
| 1 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 the 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 the changes and improvements are managed effectively. The action plan should have implementation timescales, and appropriate resources in place to manage these processes. | Key                      | January 2024 | The improvement plan includes specific timelines to ensure prompt and effective changes, helping track progress and ensure accountability. The Council allocated resources, including additional funding, staff recruitment, and investment in new systems, to address critical areas identified in the Ofsted inspection. However, the second Ofsted monitoring visit in May 2024 indicated that some issues persisted in 2023/24. | Ongoing    | Ongoing         |
| 2 The Council should consider how it might reduce delays in complying with agreed recommendations resulting from complaints upheld by the LG CSO.  | Improvement              | January 2024 | While steps have been taken, such as introducing a new complaints team and enhanced monitoring, concerns about meeting recommended timescales remain. The CMT now monitors compliance with a focus on improving performance in 2024/25, so the recommendation was still outstanding in 2023/24.   | Ongoing    | Ongoing         |
| 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 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              | January 2024 | Agreed. Addressed in 2023/24 recommendations.   | Ongoing    | Ongoing         |
| 4 The Council should ensure the delivery of agreed action plan in relation to salary overpayments.   | Improvement              | January 2024 | The Director of HR and Head of Finance (d151) are working to ensure this is resolved by the end of 2024/25.   | Yes        | No              |

