

Interim Auditor's Annual Report on West Oxfordshire District Council

2022/23

March 2024



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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.



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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 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	2022/23 Auditor judgement on arrangements	2021/22 Auditor judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, but six improvement recommendation made to support the Council in improving arrangements for Financial sustainability.	A No significant weaknesses in arrangements identified, but four improvement recommendations made.	↔
Governance	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, but two improvement recommendation made to support the Council in improving governance arrangements.	A No significant weaknesses in arrangements identified, but seven improvement recommendations made.	↔
Improving economy, efficiency and effectiveness	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, but three improvement recommendation made to support the Council in improving arrangements for securing economy, efficiency and effectiveness.	A No significant weaknesses in arrangements identified, but three improvement recommendations 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)



Financial sustainability

The local government sector is operating with a significant degree of financial uncertainty, with recent announcements in the governments Autumn Statement 2023, being viewed by the sector, as offering limited support to reduce immediate and ongoing financial pressures. The Council continues to face financial challenges in terms of the medium-term financial outlook and has taken steps to address these challenges by the formation of a Transformation Working Group to help steer the Council's response to the challenging financial situation. The development of alternatives to the reliance on Council reserves, to balance the budget, will become increasingly important to the Council in the medium term to ensure the Council remains financially sustainable. Our work in respect of 2022/23 has not identified evidence of significant weaknesses within the arrangements in place. However, we have identified areas where the Council could improve arrangements and as such, have raised six improvement recommendations which have been accepted by Management. See pages 16 – 21 for more details.



Governance

During 2022/23 the Council enhanced its governance arrangements through a review of the Council's constitution and monitoring officer capacity requirements. The Council had comprehensive arrangements to support its control environment, during the reporting period, evidenced by its frequent review of its risk management arrangements and the activities of Internal Audit and the Counter Fraud and Enforcement Unit. Our work has not identified evidence of significant weaknesses within the arrangements in place. However, we have identified areas where the Council could improve arrangements and as such, have raised two improvement recommendations which have been accepted by Management. See pages 28 to 29 for more details.



Improving economy, efficiency and effectiveness

The Council has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources. During 2022/23 the Council adopted a new corporate plan that included a commitment to deliver cost effective and performing services. The Council regularly reviews service performance and is in the process of developing further the performance information provided to those charged with governance. The Council is alert to changes in procurement frameworks and during 2022/23 revised its Procurement and Contract Management Strategy. The Council has more recently reviewed the efficacy of a significant partnership and proposed alternative models of delivery which is currently subject to appropriate governance and oversight. Our work has not identified evidence of significant weaknesses within the arrangements in place. However, we have identified areas where the Council could improve arrangements and as such, have raised three improvement recommendations which have been accepted by Management. See pages 35 – 37 for more detail.

Publica

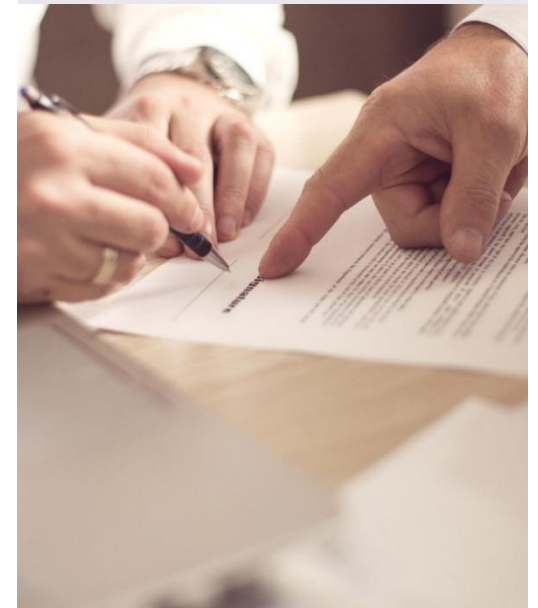
As set out in detail in the Improving economy, efficiency and effectiveness section of this report, the Council has recently considered and decided to proceed with bringing back in much of its outsourced services currently provided by Publica to give it greater control over service provision going forward. Whilst early days, the importance of effectively project managing this transition, whilst working with the other partners, cannot be overstated. This will inevitably necessitate significant time and resource as well as external expertise to ensure the transition is smooth and the expected benefits realised in a timely manner.



Financial Statements opinion

We are yet to issue an audit opinion on the Council's financial statements for 2022/23. It is expected to be presented to the Audit and Governance Committee in March 2024.

Further detail are set out on pages 44 to 46 .



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.

We did not make 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.

We did not issue 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.

We did not make 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.

We did not issue 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.

We did not make an application for judicial review.

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 9 to 37.

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 laid 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

West Oxfordshire District Council (the Council) was created on 1 April 1974 as part of a wider reorganisation of local government in England and is now one of five district Councils in Oxfordshire. The region covered by the Council is 275 square miles which is predominantly rural with a third of the district within the Cotswold Area of Outstanding Natural Beauty. The district has seen significant population growth in recent years with the population of West Oxfordshire increasing by 9%, from 105k in 2011 to 114k in 2021 with the rate of growth being higher than the overall population increase of the South-East. Despite the sharp rise in population the area remains the least densely populated area of the South-East with the population dispersed across a wide area. There are around 130 separate towns, villages, and hamlets across the district such as Woodstock, Burford, Chipping Norton, Charlbury, Carterton and Witney, where the Council's is based. West Oxfordshire has a diverse economy and one of the lowest unemployment rates in the country. Tourism plays a major role in the district's economy, attracting over four million visits and around £282 million to the economy of the region.

The Council has 49 elected members representing 27 wards. Elections are held in three out of every four years, with one third of the seats on the Council being elected at each election. In the fourth year of the cycle when no district Council elections are held, elections to Oxfordshire County Council take place. At the local elections in May 2022, no single political party gained an overall majority. The Liberal Democrat, Labour and Green groups agreed to form an administration to run the Council known locally as the 'West Oxfordshire Alliance' and following the district Council election in May 2023 the West Oxfordshire Alliance reaffirmed their commitment to lead the Council.

During 2022 the Council launched the 'Your Voice Counts' consultation, with residents, Town and Parish Councils, businesses, and local organisations to understand stakeholder priorities for future Council activity and this helped to inform the West Oxfordshire Council Plan 2023-2027 which set a vision for the future of West Oxfordshire being:

'Shaping West Oxfordshire as a district which offers a fulfilling and meaningful quality of life for our residents with opportunities for all to flourish. A thriving and prosperous place for entrepreneurs and businesses, where local people and visitors can enjoy the beauty and heritage of our landscape, built, farmed and natural environment.'

West Oxfordshire Council Plan 2023-2027 explained that to support the achievement of the Council vision five priorities will guide Council activity:

- Putting Residents First
- Enabling a Good Quality of Life for All
- Creating a Better Environment for People and Wildlife
- Responding to the Climate and Ecological Emergency
- Working Together for West Oxfordshire

More recently the Council has reviewed the suitability of a significant partnership arrangement, which is referenced within this Auditors Annual Report, and is currently subject to Council oversight.

During 2022/23 the Council continued to operate a cabinet and Council leader model of governance, from 18 January 2023 cabinet was renamed the Executive but this did not impact the model of Council governance and was a change in name only. For the sake of consistency, we have adopted the committee descriptor 'Executive' within this report.

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.

2022/23 Outturn

The Council's financial Performance Report for 2022/23 (year-end) was considered by the Council's Executive on 14 July 2023. This included the Council's general fund final outturn for the financial year 2022/23. The final outturn was an overspend of £0.57m. The deficit position was in line with Council projections included within earlier financial monitoring reports throughout 2022/23.

The report included a narrative summary which explained the financial year 2022/23 had been challenging for the Council due to higher than expected inflationary pressures and post Covid-19 disruption to income generating services. The report also included explanations of significant variances, and a full list of all budget variances which supports transparency and is in line with good practice.

Significant budget variances included £0.95m environmental services overspend, reflecting higher than expected pay award for waste services staff, significantly higher fuel costs for waste vehicles and increased costs relating to processing of recyclate. Matters relating to the Council's environmental service is referenced in more detail within the governance section of this report.

The Council's financial Performance Report for 2022/23 explained that the Council's leisure provider had been impacted by increased utility costs and lower level of footfall into the Council's leisure centres, which reflected sector wide issues emanating from the Covid-19 pandemic. The report explained these factors had impacted the provider's ability to pay the budgeted management fee to the Council for 2022/23 and a bad debt provision of £1.1m was assumed by the Council.

We have now been informed by the Council that the leisure provider has subsequently settled the £1.1m management fee, superseding the bad debt provision. Matter relating to the Council's leisure provider is referenced further later in this section.

The Council's capital charges were £1.7m less than budgeted, reflecting the Council's difficulty in finding suitable investment property opportunities.

The Council's 2022/23 budget assumed a general reserve contribution of £1.6m however this was not achieved and the overall budget deficit of £0.57m for 2022/23 was funded from general fund reserves. The Council's reserves are examined in more detail later within this report.

During 2022/23, the Council, like all others in the sector, faced significant inflationary pressures that outpaced financial assumptions made when the original budget was set. The Council was alert to these increasing pressures, updated members and revised earlier assumption and made provision for funding resulting overspends. In our judgement the Council managed, reasonably well, in 2022/23, a rapidly changing economic environment.

2023/24 Budget

On 15 February 2023, full Council considered the Budget and Medium-Term Financial Strategy (MTFS) Report for 2023/24. The report provided a comprehensive assessment of the local government finance settlement for 2023/24 which had been confirmed on 6 February 2023, and was supported by the Council's outlook of potential future local government finance settlements, and an explanation of the further deferral of local government finance reform to at least 2025/26.

The 2023/24 Budget Report detailed that the local government finance settlement for 2023/24 had been better than the Council had previously expected and included a new homes bonus payment of £1.6m, funding guarantee grant of £0.9m, revenue support grant of £0.2m, rural services grant of £0.1 and a one-off services grants of £0.09m.

The 2023/24 Budget Report reflected on the short-term nature of government finance settlements the resultant difficulty, experienced by the sector, in accurately forecasting future finance settlements. The Council's detailed analysis and assessment of implications of the current and predicted future local government settlements provided context to the 2023/24 budget report and demonstrates good practice.

Financial sustainability (continued)

2023/24 Budget (Cont'd)

The Council's income from retained business rates was estimated to be £5.1m for 2023/24, an increase of £0.75m in comparison to the previous financial year, due to significant increases in rateable values for 2023/24, following central government revaluation. The 2023/24 budget report set out the council tax base which had increased by 1.96% compared to the previous year, due new build housing growth. For the financial year 2023/24 district Councils were permitted to increase the Council Tax by a maximum of 3% or £5, whichever is the higher without the need for a local referendum. The Council's 2022/34 budget recommended an annual increase of £5 per band D property, which combined with the tax base growth would result in overall increase of £0.34m in income from council tax in compared to the previous year.

The 2023/24 budget report included an assessment of the significant impact of rising inflation on Council services, contracts, utilities and pay, with inflation growth of £1.5m built in the 23/24 budget. The 2023/24 budget also included leisure contract contingency of £0.5m representing a risk mitigation strategy against the possibility the Council's leisure provider would not be unable to fully settle the 2023/24 management fee of £1.4m. The report explained that the Council's leisure provider had also been significantly impacted by rising inflationary costs and change in consumer habits. We have been informed by the Council that a partial payment of the management fee for 23/24 has been received and there is ongoing discussion and negotiations between the Council and the provider to normalise the contractual arrangements. The leisure providers annual maintenance fee, payable to the Council, represent a significant income stream for the Council and non-payment presents risk to the Council which leads to an improvement recommendation. We recommend the Council provides the Executive with an update on the leisure contract to include:

- 2023/24 management fee income projections.
- Update on recent negotiations with the leisure provider.
- An appraisal of options required to maintain continuity of service and to normalise contractual arrangements for the remaining contract term.

The Council's budget report for 2023/24 included all the responses received from a public budget consultation which demonstrates the Council willingness to engage the public in the budget setting process and supports transparency.

The 2023/24 budget report proposed a balanced budget for 2023/24 that included adequate assumptions, including those relating to local taxation, and the 2023/24 budget factored in the projected outturn 2022/23 and anticipated deficit, whilst clearly identifying the impact of inflationary pressures on both the Council and its key partners, which represent reasonable practice.

The 2023/24 also highlighted a series of budgetary risks that could impact the Council's financial sustainability in the medium term. This included a need for the Council to develop a longer-term strategy to address the revenue budget gap of £31.8m identified within the MTFs 2023/24 – 2031/32. The Council MTFs and savings strategy is covered later within this section.

Capital Programme 2022/23

On 23 February 2022 full Council considered the Budget Report for 2022/23 which included the Council's proposed capital projects for 2022/23 which had an original budget of £14.6m which was to be funded by a combination of borrowing (£11.6m), external grant funding (£1.9m), capital receipts £0.3m, section 106 grants (£0.3m) and revenue contributions of £0.5m.

Planned capital expenditure included £10m of capital provision in relation to potential schemes falling within the scope of the Council's Recovery Investment Strategy, Leisure Centre upgrade and decarbonisation (£1.3m), Ubico replacement fleet costs (£1m), Disabled Facilities Grants (£0.6m), and provision of electric vehicle charging points (£0.4m), demonstrating alignment to the Council's corporate priorities. The Council's financial Performance Report for 2022/23 (year-end) was considered by the Council's Executive on 14 July 2023. This included the Council's capital programme outturn for the financial year 2022/23.

Actual capital expenditure for 2022/23 was reported as £15.2m against a revised capital budget of £30.5m. The revised capital budget principally reflected the Council's revision of its Recovery Investment Strategy capital budget from £10m to £23m for 2022/23. Significant contributors to the capital project slippage, during 2022/23, included:

- £0.6m - Ubico replacement fleet.
- £1.3m - Leisure Centre upgrade and decarbonisation.
- £13m - Recovery Investment Strategy.

The Council has explained the slippage in relation Ubico replacement fleet costs due to supply chain delays outside of the control of the Council and the leisure centre upgrade and decarbonisation works had evolved and this required the business case to be reviewed to ensure all costs were captured and appraised.

Financial sustainability (continued)

Capital Programme 2022/23 (Cont'd)

We consider the slippage in these capital programmes justifiable. Capital slippage of £13m in relation to the Recovery Investment Strategy was due to a lack of suitable investment properties which would deliver a level of return that complied with the Council's Recovery Investment Strategy. However, the report did explain the Council had been able to purchase, during 2022/23, Marriotts Shopping Centre and this acquisition would support the regeneration of the central Witney.

The Recovery Investment Strategy 2020 – 2024 was approved in 2020 and detailed new capital expenditure of £74m, to be funded by Council borrowing, for the period 2020/21 to 2023/23 and included a requirement that capital investment schemes falling within scope of the strategy did not worsen the ongoing revenue position of the Council with any proposals needing to meet the annual revenue cost of the capital investment plus a minimum financial return of 3.55%.

The lack of approved schemes within the scope of the Council's Investment Strategy represented the majority of capital project slippage during 2021/22 and now also 2022/23, due to the absence of suitable schemes that presented the level of return required by the Council. In our Auditor Annual Report for 2021/22 we recommended the Council conducts a review its Recovery Investment Strategy to include:

- An assessment of the impact of the strategy to date, including an assessment of projected income from capital investments made.
- A review of the strategy against the current economic landscape and outlook.
- An evaluation of the strategies role in supporting the financial sustainability of the Council.

This improvement recommendation has not been restated as the Council has informed us that that a review of Recovery Investment Strategy is currently being drafted which will cover an assessment of current performance and also the Council's the MTFs is being updated as part of the 2024/25 Budget Setting process to ensure that estimates and assumptions with regards to the Recovery Investment Strategy are prudent, and in line with the economic outlook.

Medium Term Financial Strategy 2022/23 – 2031/32

On 15 February 2023, full Council considered the Budget Report for 2023/24, and as already referenced in this report, this included a detailed assessment of local government finance and described the delays to the governments fair funding review and the business rates baseline reset.

The Council's Budget Report for 2023/24 included a 10-year MTFs 2022/23 – 2031/32 which now assumed new homes bonus payments would end in 2024/25 and the outcome of the governments fair funding review and the business rates baseline reset would negatively impact the Council from 2025/26 resulting in a reduction of £2m in estimated business rate income in comparison to 2024/25 leading to reliance on general fund reserves.

The local government sector is operating with a significant degree of financial uncertainty driven by short term local finance settlements, delays to local government finance reform, potential for a general election and wider economic drivers such as generationally significant inflation changes. In our Auditor's Annual reports for 2020/21 and 2021/22 we included recommendations relating to the use of scenario planning in the formation of the Council's MTFs. We have been informed by the Council, as of November 2023, that it is anticipated that the MTFs will be stress tested for key uncertainties including business rates reset and changes to New Homes Bonus funding.

The level of uncertainty faced by the sector has not subsided and scenario planning can be a beneficial tool in supporting financial planning, can enhance transparency and oversight to the budget setting process and this leads to our improvement recommendation made in 2021/22 to be restated. We recommend the Council introduces wider financial scenario planning within its MTFs and to include such information in annual budgeting setting reports.

The Council's MTFs 2022/23 to 2031/32 identifies a revenue budget gap of £31.8m as detailed in below:

Figure 1 : Budget Gap 2023/24 – 2031/32

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Total
Use of Reserves £m	0	0.35	2.1	5.1	4.7	4.8	4.2	3.7	3.5	3.3	31.8

Figure 1 identifies that the Council is required to close a budget gap of £31.8m, which represents 210% of the 2022/23 net budget requirement. The Council's overall approach is to utilise reserves to manage the short to medium term funding gap. However, the MTFs 2022/23 – 2031/32 states that general fund unallocated reserves will be exhausted by 2027/28 and the MTFs 2023/24 – 2031/32 does not include a plan to replenish these reserves which reduces the Council's ability to manage financial uncertainty.

Financial sustainability (continued)

Medium Term Financial Strategy 2022/23 – 2031/32 (Cont'd)

The Council has informed us that a Transformation Working Group has been formed during 2023 whose membership included the Council leader, Finance Portfolio Lead, Deputy Leader, and statutory officers of the Council. The Transformation Working Group aim is to steer the Council's response to the challenging financial situation, guide the preparation of a sustainable MTFS consistent with the Council Plan, and oversee the delivery of the Council's work programme in terms of service transformation, investment and revenue generation.

Included within the group terms of reference are the following objectives:

- Reach a common understanding of the financial challenges facing the Council and its financial position
- Champion effective financial planning, and help the Executive/Council develop a sustainable financial strategy which will deliver both a balanced budget and Council Plan priorities
- Monitor areas of financial risk and track transformation activity and planned savings.

The Council has put in place arrangements to identify alternatives to the use of reserves to support budget gaps in the Council MTFS. The Council does have sufficient reserves to support the budget gaps in the MTFS until 2027/28 however the current lack of identified savings and alternative to the use of reserves presents risk to the Council's financial sustainability in the medium term and this leads to an improvement recommendation.

We recommend the Council places a significant and immediate focus on developing planned savings and wider alternatives to the use of reserves in the management of budget gaps within the Council MTFS.

Council Reserves

On 15 February 2023 full Council considered the Budget Report for 2023/24 which included a report of the Chief Finance Officer on the robustness of the adequacy of the Council's reserves in adherence to the requirement within Section 25 of the Local Government Act 2003.

The Council's general fund balance (unallocated reserves) was forecast to be £12.9m as of 31 March 2023, 99% of the 2022/23 net revenue budget. The Chief Finance Officer concluded that the level of reserves was adequate in the short term but concluded that 'swift action must be taken to improve commercial returns where possible and identify and implement cost savings'.

The sustainability of the Council's unallocated reserves, in the absence of identified savings, has already been identified in a wider improvement recommendation in the previous section of this report.

The Council's Budget Report for 2023/24 did not include specific reference to a voluntary minimum threshold of unallocated general funds reserves which could support financial sustainability, and this is included in a wider improvement recommendation below.

The Council's Budget Report for 2023/24 also did not include reference to the level of earmarked reserves held by the Council. However, we have established the Council held £14.7m of earmarked reserves as of 31 March 2023, which included a Council Priorities reserve (£0.5m) supporting the delivery of the Council's corporate plan priorities and a budget deficit reserve (£0.7) which was intended to support the Council's to manage revenue implications resulting from any future reductions in government funding representing a practical risk mitigation strategy to local government funding uncertainty.

The management and oversight of the Council's reserves could be enhanced, and this leads to an improvement recommendation. We recommend the Council considers the adoption of a voluntary minimum threshold of unallocated general funds reserves and also includes details of both unallocated and earmarked reserves in annual budget setting reports.

Treasury Management

The Council sets a treasury management strategy annually as part of the budget setting process. The Council's treasury management activities are also supported by external consultants. The Finance and Management Overview and Scrutiny considered, on 28 September 2022, a report in relation to the services provided by treasury management consultants and updated members on the Council's ongoing assessment of such arrangements through a procurement process.

On 6 September 2023 a further update was provided to Finance and Management Overview and Scrutiny that confirmed treasury management consultants had been appointed following the conclusion of the procurement process and the Council had secured an enhanced package of advisory support that included bespoke advice on policies, new legislation, borrowing options, investment opportunities advisory support the development and review of Environment, Social and Governance (ESG) investment criteria and policies.

Financial sustainability (continued)

Treasury Management (Cont'd)

The Council's use of specialist external consultants, and the review of the level of consultancy required, to support its treasury management activities is adequate practice.

During the same meeting, the Finance and Management Overview and Scrutiny also considered the Treasury Outturn Report 2022/23 which detailed the Council's treasury management activities for the financial year ending 31 March 2023.

The report stated outturn for investment income received in 2022/23 was £1.3m representing a 4.09% gross return on an average investment portfolio of £44.4m with investment returns exceeding the original budget set by £0.18m representing reasonable performance.

The report also explained that during 2022/23 the Council held short term loans of £5m, to maintain sufficient operational cashflow to meet the Council's obligations, the loan was repaid in full in April 2023, we note the Council had no other borrowing during 2022/23 other than the short-term loan referenced.

In our 2021/22 Auditor Annual Report we recommended the Council enhances its treasury management activities by:

- The adoption of a treasury management indicator, in relation to the Council exposure to liquidity risk, by monitoring the amount of cash available to meet unexpected payments within a defined period, without the need for additional borrowing.
- The publication of the Council's performance, against all agreed treasury management indicators, within the annual Treasury Outturn Report submitted to the Finance and Management Overview and Scrutiny Committee.

The Council has partially acted on this recommendation. The Treasury Outturn Report 2022/23, considered by the Finance and Management Overview and Scrutiny included a series of treasury management prudential indicators in line with requirements detailed within the CIPFA Treasury Management Code.

However, the Council has yet to adopt a voluntary treasury management indicator, in relation to the Council exposure to liquidity risk and in consideration the Council was required to access short-term/temporary borrowing to support liquidity during 2022/23 the improvement recommendation is partially restated.

We recommend the Council enhances its treasury management activities by the adoption of a voluntary treasury management indicator, in relation to the Council exposure to liquidity risk, by monitoring the amount of cash available to meet unexpected payments within a defined period, without the need for additional borrowing. Oversight of the Council's treasury management activities is reference further later on within this section of the report.

Alignment of Financial and other Corporate Plans

In 2019, the government passed legislation to bring all greenhouse gas emissions to Net Zero by 2050. This was to align with the commitments in the Paris Agreement to limit global warming to 1.5 degrees.

The Council declared a Climate Emergency in 2020 and pledged to be Carbon Neutral by 2030. Subsequently a Climate Strategy 2021 – 2025 was adopted by full Council on 23 February 2021.

The Climate Strategy 2021 – 2025 identifies five themes as the focus of local climate action:

- Protecting and restoring natural ecosystems
- Energy
- Active travel and low-carbon transport
- Standards in new development
- Engage, support and educate.

A biannual report on the climate action taken by Council, in response to the climate emergency during and in accordance with the Climate Strategy 2021 – 2025, is produced and considered by full Council.

On 11 January 2023, the Executive endorsed the new Council Plan 2023 – 2027 which included five strategic priorities one of which included 'Responding to the Climate and Ecological Emergency - the Council will be a community leader in responding to the challenges of climate change, including rapidly reducing greenhouse gas emissions and preparing the District and its communities for the impacts of climate change to ensure a fair transition for all to a future that will be defined by climate change' which providing direct alignment to the Council's Climate Strategy 2021 – 2025.

Financial sustainability (continued) and Financial governance

Alignment of Financial and other Corporate Plans (Cont'd)

Full Council considered, on 19 July 2023, a report detailing actions taken by the Council over the preceding 12 months and included a comprehensive update of activity across the five streams of the Climate Strategy 2021 – 2025 and activities undertaken to by the Council to support its ambitions to be carbon neutral by 2030. This included the decarbonisation of Council owned leisure centres, with planned decarbonisation and upgrade works reflected in the Council's capital programme budget for 2022/23 and 2023/24 demonstrating further alignment to the Council financial plans which demonstrates good practice.

Financial Governance - Annual budget setting process

The Council's budget setting process for 2022/23 followed an established process that involved thorough internal and external engagement that included members, officers, key partners, and stakeholders which is reasonable practice.

The budget setting process for 2022/23 began in the autumn of 2021 with the chief finance officer and finance team holding meetings with all budget managers where a 'line by line' assessment of each budget area was conducted. During these meetings revenue, capital and earmarked reserves were discussed with budget holders also identifying cost pressures, opportunities for savings or income generation, fees and charges proposals and any service changes that might have a budgetary impact. The Council also stated that in parallel to budget holder engagement there were further meetings held between the respective senior leadership teams of the Council, and the Council's significant partners being Publica and Ubico which provided additional input to the emerging budget position. The output of all the meetings was captured and assessed by the finance team who then produced budget working papers.

In our Auditor Annual Report for 2021/22 we included an improvement recommendation in relation to the budget setting process and the specific identification and assessment of Council expenditure that was discretionary or statutory in nature. The Council has stated that the assessment is now part of the budget setting process and also informed us that the Council's Transformation Groups terms of reference specifically includes a requirement for the group to identify Council spending that discretionary and to assess potential options in relation to such expenditure to support ongoing financial sustainability of the Council.

On 1 December 2021 Finance and Management Overview and Scrutiny committee were provided with an update report on the developing draft budget for 2022/23. Members were asked to note the report and submit any comments to the Executive.

The Executive, on 19 January 2022, considered the 2022/23 Budget report that included a draft revenue budget, supported by a suite of papers including a breakdown of base budget changes by service area, prior year revenue comparisons, a MTFS 2020/21 – 2030/31, proposed Fees and Charges and details of the proposed council tax base calculation. Finance and Management Overview and Scrutiny committee further assessed the draft budget for 2022/23 on 9 February 2022 providing a further opportunity for comments to be passed to the Executive however there was no reference to the Council's, proposed capital, investment, or treasury management activities.

On 16 February 2022, the Executive considered, for the final time and ahead of full Council, the 2022/23 Budget report that included a comprehensive suite of relevant appendices which did include documents relating to the Council's, proposed capital, investment, or treasury management activities. Additionally, the 2022/23 Budget report described the outcome of a public budget consultation that was conducted from December 2021 to January 2022 and had 357 respondents in total with papers publishing in full respondent's comments which supports transparency and is good practice. On 23 February 2022 full Council approved a balanced budget based on the recommendations from Executive.

In our Auditor Annual Report for 2021/22 we noted that capital, investment and treasury management strategies were not considered by the Council's scrutiny committees or the Audit and Governance Committee ahead of the full Council annual budget setting meeting for the financial years 2021/22, 2022/23 and 2023/24 and this was included in a budget setting improvement recommendation for 2021/22.

We recommended that the Council should ensure committees charged with oversight are provided with draft Capital, Investment and Treasury Management Strategies, ahead of the full Council annual budget setting meeting.

The Council's newly created Overview and Scrutiny Committee considered a Treasury Management update report on 8 November 2023. Minutes of this meeting recorded that members had queried the constitutional position on where treasury performance reports are presented, with a recommendation that this is a responsibility of the Audit and Governance Committee and not the Overview and Scrutiny Committee. The responsibility for oversight of the Council's key financial strategies remains unclear and this leads to an improvement recommendation. We recommend the Council clarifies, within its constitution, the responsibility for the oversight of the Council's Capital, Investment and Treasury Management Strategies as part of the annual budget setting process.

Financial governance (continued)

Budget Monitoring and Oversight

During 2022/23 quarterly meetings were held between the finance team and budget holders to complete a budget forecast and identify variances against the original budget set, and the reasons for them which were then recorded by the finance team in a central system. The finance team then produced quarterly budget monitoring reports for the financial year 2022/23 which were assessed by the Executive on 21 September 2022, 14 December 2022, 8 March 2023 and 13 September 2023 with each report detailing and explaining the Council's revenue and capital expenditure with a supporting narrative explaining significant variances.

Additionally, the Council's Finance and Management Overview Scrutiny Committee provided additional oversight to the Council's financial performance and considered quarter 2, 3 and 4 budget monitoring reports for the financial year 2022/23. The Finance and Management Overview Scrutiny Committee also considered a Treasury Management update report on 7 December 2022 and the Treasury Management Outturn Report 2022/23 on 6 September 2023, which was the final meeting of the Finance and Management Overview and Scrutiny Committee.

On 27 September 2023 full Council considered a report that recommended to replace the existing overview and scrutiny committees with a single new overview and scrutiny committee. The Council constitution, part 3C Committee Functions, now includes a responsibility for overview and scrutiny committee to 'review and assess the Council's overall performance in relation to its policy objectives, performance targets and budgets' and in line with this requirement a report detailing the Council's financial performance for Quarter Two 2023-2024 was considered by the overview and scrutiny committee on 8 November 2023.

Finance Function Capacity

In our Auditor Annual Report for 2021/22 we recommended that the Council strengthens its finance capacity to enable it to commit sufficient time to all aspects of internal and external financial reporting. The Council has acted on this recommendation, on 17 July 2023 the Council's performance and appointments committee recommended the appointment of a new Director of Finance (Section 151 Officer).

We also understand from the Council interim finance team resource has been secured to provide additional capacity to the team and the Council is currently recruiting another senior accountant further strengthening its finance functions.

Conclusion

Overall, we found no evidence of significant weaknesses in arrangements, for 2022/23m to ensure the Council manages risks to its financial sustainability. However, the Council, like others in the sector, is faced with several significant financial challenges that has led to a deficit budget outturn for 2022/23 and a reliance on diminishing reserves to balance projected budget gaps, with recent announcement in the governments Autumn Statement 2023 offering little comfort to the sector. These factors will require the Council to carefully navigate a challenging financial environment in the short to medium term and necessitate the Council to identify alternatives to the use of reserves, such as savings, as a priority.

We have made six improvement recommendations set out on pages 16 to 21.



Improvement recommendations

Improvement Recommendation 1

We recommend the Council provides the Executive with an update on the Leisure contract to include:

- 2023/24 management fee income projections.
- Update on recent negotiations with the leisure provider.
- An appraisal of options required to maintain continuity of service and to normalise contractual arrangements for the remaining contract term.

Improvement opportunity identified

The Council has taken proactive steps to normalise the contractual obligations under its current leisure contract, which does not expire until 2027, and this improvement recommendation seeks to enhance transparency and support decision making in respect of this key provider.

Summary findings

The leisure contract management fee is a significant income source to the Council and non-payment presents risk the financial suitability of the Council.

Criteria impacted



Financial sustainability

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

Update was provided to the Informal Executive, in December 2023, with regards to recent discussions with GLL. The update covered the possibility of an agency arrangement and marketing work being done to increase membership. This contract is also on the agenda for the Transformation Group and on the Risk Register which is reviewed bimonthly by the Projects, Performance and Risks Management Team meeting. The emerging Leisure & Wellbeing Strategy is also on the Overview and Scrutiny Work Plan and a Task & Finish Working Group has been created to provide Member oversight of & support into the Strategy.

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 2

We recommend the Council introduces wider financial scenario planning within its MTFS and to include such information in annual budgeting setting reports.

Improvement opportunity identified

An assessment of differing financial scenarios as part of the MTFS, and the inclusion of these within the annual budgeting setting reports, would enhance transparency, strengthen oversight and support financial sustainability of the Council.

Summary findings

The local government sector is operating within a significant degree of financial uncertainty. In our Auditor's Annual reports for 2020/21 and 2021/22 we included recommendations relating to the use of scenario planning in the formation of the Council's MTFS.

Criteria impacted



Financial sustainability

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 MTFS updated for 2024/25 includes scenarios around key uncertainties including business rates reset, changes to New Homes Bonus funding and the Publica review.

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

We recommend the Council places a significant and immediate focus on developing planned savings, and wider alternatives to the use of reserves, in the management of budget gaps identified within the Council's MTFS.

Improvement opportunity identified

The Council does have sufficient reserves to support the budget gaps in the MTFS until 2027/28 however the current lack of identified savings and alternative to the use of reserves presents risk to the Council's financial sustainability in the medium term.

Summary findings

The Council's MTFS 2022/23 to 2031/32 identifies a revenue budget gap of £31.8m and that general fund unallocated reserves will be exhausted by 2027/28. Additionally, the MTFS 2023/24 – 2031/32 does not include a plan to replenish these reserves which reduces the Council's ability to manage financial uncertainty.

Criteria impacted



Financial sustainability

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 put in place a Transformation Group which includes asset management planning and a review of key contracts (Ubico and GLL) on its' Work 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 4

We recommend the Council considers the adoption of a voluntary minimum threshold of unallocated general funds reserves and includes details of both unallocated and earmarked reserves in annual budget setting reports.

Improvement opportunity identified

This recommendation seeks to further enhance the Council's management and oversight of the Council's reserves levels.

Summary findings

The Council budget setting reports for 2023/24 included an assessment of the adequacy of reserves but did not include a voluntary minimum threshold of unallocated general funds reserves and did not reference the level of the Council's earmarked reserves.

Criteria impacted



Financial sustainability

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

Earmarked reserves are reviewed on a regular basis to ensure that they are still appropriate. In the 2024/25 budget cycle four specific risk areas are being addressed via this review and repurposing exercise. These include the local government funding reforms, statutory override for financial instruments (set to end in 2025/26), Publica Review and the fluctuations in Investment Property income. This ongoing review is felt to be more conducive to maintaining an appropriate level of unallocated general funds rather than setting a voluntary minimum threshold. The latter could lead to decisions being made solely with regard to that minimum level rather than the business case for each decision.

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 5

We recommend the Council enhances its treasury management activities by the adoption of a voluntary treasury management indicator, in relation to the Council exposure to liquidity risk, by monitoring the amount of cash available to meet unexpected payments within a defined period, without the need for additional borrowing.

Improvement opportunity identified

The recommendation seeks to enhance further the Council's treasury management activities.

Summary findings

The Council's Treasury Management Strategy does not currently include a voluntary measure of liquidity and the inclusion of a liquidity measure would support the Council's financial planning

Criteria impacted

 Financial sustainability

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 Treasury Management Outturn Report for 22/23, the 23/24 Quarter 1 update position and the half year report were all fully compliant against the Strategy. Cash monitoring has been tightened. The Council has no external borrowing.

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 6

We recommend the Council clarifies, within its constitution, the responsibility for the assessment of the Council's Capital, Investment and Treasury Management Strategies as part of the annual budget setting process.


Improvement opportunity identified

Oversight and scrutiny of the Council's key financial strategies would enhance transparency and strengthen oversight of Council budgetary decision making.

Summary findings

Capital, Investment and Treasury Management Strategies were not considered by the Council's Scrutiny Committees or the Audit and Governance Committee ahead of the full Council annual budget setting meeting for the financial years 2022/23 and 2023/24. Members have also recently sought clarity in respect of the responsibility for oversight of the Council's key financial strategies.

Criteria impacted

 Financial sustainability

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

Agreed.

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

The Council has a current Risk and Opportunity Management Strategy which clearly sets out the Council's approach to risk and opportunity management and includes reference to the level of risk the Council is prepared to accept in pursuit of its corporate objectives which is categorised as follows:

Council's Risk Appetite - Creative and Aware

- Willing to consider all potential options that are most likely to result in success
- Well evaluated risk taking
- Learns from experience

The Council's publication of its risk appetite supports transparency and provides clarity to officers in the strategic and operational management of risk which is adequate practice. The Council's The Risk and Opportunity Management Strategy also describes the tools, techniques, advice, training, and support in place at the Council to support risk and opportunity management activity and sets out specific roles and responsibilities including a requirement for the Audit and Governance Committee to oversee the Council's risk management activities.

During 2022/23 the Council maintained and regularly updated a strategic risk register which was presented to Audit and Governance Committee quarterly with the intention of providing assurance that risks to the Council are being managed and appropriate actions are being taken to mitigate risk and also to provide an opportunity for the Audit and Governance Committee members to raise questions and highlight any risks which members considered should be referenced and mitigated.

On 30 March 2023, the Audit and Governance Committee considered the strategic risk register which included a series of 14 risks mapped against the Council's corporate objectives.

The strategic risk register included:

- A description of each risk
- Red, amber and green (RAG rating)
- Initial risk assessment
- Existing control, mitigation or contingency
- The residual risk score, residual risk assessment, overall change and direction of travel indicator
- Risk response and further actions require to mitigation the risk, the risk owner, and the responsible officer.

The highest graded risks related to government funding received by the Council being reduced, potential impacts of driver shortage and Covid-19 risks to the Council's waste and recycling service, risks of cyber-attacks on the Council and resultant data security impacts, agile working and officer wellbeing, inflationary pressures on Council finances and leisure service usage and leisure contract management.

The Council's strategic risk register carried a proportionate level information that was clearly set out and described a series of key national and local risks that could impact the Council and was assessed by members regular during 2022/23 all of which represents good practice.

Internal Audit

The Council's Internal Audit service is provided by South West Audit Partnership (SWAP) a not-for-profit organisation wholly owned by 22 public sector partners. SWAP can demonstrate SWAP compliance against the Public Sector Internal Audit (PSIA) Standards due to an external quality assessment having been conducted in May 2020 in line with the PSIA requirement that an external assessment should take place at least once every 5 years.

Ahead of each financial year SWAP develops a detailed audit plan for the Council, which is informed by a risk assessment, conducted by SWAP, consultation with senior management and in consideration of the Council's own strategic risk register.

Governance (continued)

Internal Audit (Cont'd)

The internal audit plan that is developed is a 12-month rolling plan that includes key areas of coverage but retains an element of contingency in order that the plan can remain flexible and respond to new and emerging risks areas requiring internal audit activity which is reasonable practice.

The Council's constitution (part 3C) places a responsibility on the Audit and Governance Committee to monitor the adequacy and effectiveness of the Internal Audit service and in adherence to this requirement the proposed internal audit plan for 2022/23 considered by the Audit and Governance committee on 21 April 2022. The proposed internal audit plan included 25 audits and reviews that included 8 core areas that included core financial systems, human resources, revenues and benefits, ICT, risk management, performance management, regulatory services and procurement. During 2022/23 an internal audit progress report was considered at each meeting of the Audit and Governance Committee summarising the internal audit work concluded in the proceeding period allowing members to assess progress but also to consider finalised audit findings, which supports timely reporting and assessment, and is good practice.

The Internal Audit Annual Report for 2022/23 was considered by the Audit and Governance Committee on 10 August 2023 and included a summary of the work undertaken by internal audit during 2022/23 and an overall opinion on levels of assurance resulting from this internal audit activity. The Internal Audit Annual Report for 2022/23 detailed outturn performance results for 2022/23 year as per Figure 2 below:

Performance Target	Performance (%)
Overall client satisfaction	100
Value to the organisation	100

Figure 2 shows that the audit plan performance statistics for 2022/23 were reported using qualitative measures only. The Internal Audit Annual Report for 2022/23 did include an ancillary table of activity that detailed 38 reviews that had been delivered as part of the 2022/23. This exceeded the original plan of 25 reviews, and this represents effective performance and demonstrates the agile nature of the internal plan.

However, the representation of internal audit performance statistics could be enhanced by the inclusion of quantitative performance measures to support oversight. This has not been raised as an improvement recommendation for 2022/23 as we have been informed by SWAP that the Internal Audit performance reporting framework is currently under review and SWAP will seek to agree with the Council, during 2023/24, performance measures that include both quantitative and qualitative measures, that support ease of assessment, oversight and reflect the agile nature of the internal audit plan.

The Internal Audit Annual Report for 2022/23 included the Head of the Internal Audit opinion on the overall adequacy and effectiveness of the system of internal control in operation at the Council. The opinion's conclusion was: 'On the balance of our 2022/23 audit work for the Council, enhanced by the work of external agencies, I am able to offer a Low Reasonable Assurance opinion in respect of the areas reviewed during the year.'

Council Arrangement to Prevent and Detect Fraud

In our Auditor Annual Report for 2021/22 we detailed the suite of policies the Council, and the Council's resourcing partner Publica, has in place which describe the measures taken to minimise fraud, bribery and corruption. Additionally, an improvement recommendation was included in the Auditor Annual Report for 2021/22 for the Council to agree and adopt a Code of Conduct for Council employees as this is a key document supporting the Council's approach and controls in the prevention and detection of fraud. The Council has acted on this recommendation and on 21 September 2023 full Council considered Constitution Working Group Report which stated that a new employee Code Conduct was being developed and would form part of the constitution once adopted. During 2022/23 the Council also reviewed all associated employee policies relating to retained officers and on 11 October 2023 the Executive considered a report that recommended the adoption of 26 updated employment policies which further supports the Council's control environment.

The Council also sought to strengthen its whistleblowing arrangements during 2022/23. On 21 April 2022, the Audit and Governance Committee considered a new Whistleblowing Policy that highlight key legislation and the roles and responsibilities of members, officers, and Publica staff.

Governance (continued)

Council Arrangement to Prevent and Detect Fraud (Cont'd)

We have been informed by the Council that during 2022/23 Council officers and Publica staff were required to complete the mandatory whistleblowing training and that further information on how to report a whistleblowing concern was issued to all officers and staff on 2 April 2023 which represents reasonable practice.

During 2022/23 the Council continued its participation within a shared service agreement between the Council, Forest of Dean District Council, Cotswold District Council, Tewkesbury Borough Council, Cheltenham Borough Council and Publica, to operate a Counter Fraud and Enforcement Unit to investigate allegations of internal and external fraud and to conduct proactive campaign and interventions to minimise fraud, bribery and corruption.

The Council's constitution states the Audit and Governance Committee is responsible for monitoring the adequacy and effectiveness of the (Council's) arrangements in place for combating fraud and corruption and in accordance with this requirement a proposed Counter Fraud and Enforcement Unit work plans for 2022/23 were considered by the Audit and Governance Committee on 21 April 2022. The Counter Fraud and Enforcement Unit work plan for 2022/23 detailed 33 proposed areas of planned counter fraud activity that was allocated across eight work streams being governance, policy, procedure, bribery and corruption, serious and organised crime, statutory investigations, strategic detection and prevention of fraud.

On 23 November 2022, the Audit and Governance Committee considered a report recommending the adoption of a new Fraud Risk Strategy, that had been developed by the Counter Fraud and Enforcement Unit on behalf of the Council. The Fraud Risk Strategy described high risk areas of fraud that the Council could be exposed to and set recommended response methods. The strategy also stated it had been developed to comply with Government Functional Standards relating to counter fraud activities and included checklists intended to inform areas to be included within the Counter Fraud and Enforcement Unit work plans. During the same meeting of the Audit and Governance Committee considered an updated Counter Fraud and Anti-Corruption Policy, reviewed to ensure compliance with current legislation, and considered a Counter Fraud and Enforcement Unit Update Report summarising activity taken in accordance with the Counter Fraud and Enforcement Unit work plan for 2022/23.

Council Arrangement to Prevent and Detect Fraud (Cont'd)

On 30 March 2023, the Audit Committee considered a report of the Counter Fraud and Enforcement Unit activities during 2022/23 which provided a further comprehensive summary of the Council's Counter Fraud activity that had been conducted throughout 2022/23. The report also referenced that during 2022/23 the Counter Fraud and Enforcement Unit became a partner of the multi-agency approach to fraud group (MAAF). This partnership group consists of attendees from Gloucestershire Constabulary Economic Crime Team, Trading Standards, Victim Support, the NHS and representative from other regional Councils. The purpose of the group is to collaborate on anti-fraud initiatives, raises awareness of fraud prevention within communities and to disrupt fraudulent activities within the region.

The Council's adoption of a Fraud Risk Strategy, supported by the activities of the Council's Counter Fraud and Enforcement Unit, and its participation within the MAAF partnership, demonstrates the importance the Council places on the prevention and detection of fraud and this represents good practice.

Monitoring Officer Arrangements

The Council is required by law to appoint the following statutory officers:

- Head of Paid Service (Chief Executive)
- Section 151 Officer (Director of Finance)
- Monitoring Officer (Director of Governance)

A monitoring officer is the statutory officer responsible for the legal governance of a Council. They have a legal duty place upon them to ensure a Council fulfils their statutory obligations and applies the adopted member code of conduct; this includes investigating and reporting on activity that could be illegal.

During 2022/23 the Council had a part time and interim monitoring officer satisfying the Council's legal obligations however the Council has reviewed the suitability of these arrangements. On 21 September 2022, the Executive considered a report titled Review of Monitoring Officer Arrangements and Officer Structure. The report identified that the existing part time arrangements has not provided enough capacity to address code of conduct complaints, to take forward the ongoing review of the Council's Constitution, and to contribute to the wider work of the Council.

Governance (continued)

Monitoring Officer Arrangements (Cont'd)

The report recommended that the Council should recruit and appoint a full time Monitoring Officer who would have additional responsibilities focused on helping the Council achieve its priorities in partnership with Publica and Ubico colleagues. Subsequently the Council appointed a full time Monitoring Officer (Director of Governance) who joined the Council in June 2023. The Council's review of capacity and resource needs in relation to statutory officers is good practice and this additional capacity could support the Council as it repatriates services from its resourcing partner Publica, with this area of activity being referenced more fully within the Improving economy, efficiency and effectiveness section of this report.

Council Decision Making

Council Constitution

The Council publishes its constitution on its website. The constitution is a written legal document that guides the Council on its decision-making processes. It provides a basis and framework for the members and officers to work within and sets out how decisions are taken, who has the power to take which decisions and sets out the procedures, codes and protocols to be followed to ensure decisions are made efficiently, transparently and with accountability to local people.

The Council has a duty to review the constitution annually with any necessary changes being considered by full Council. The Council formed, in July 2021, a cross part Constitution Working Group to conduct a full review of the constitution and on 27 April 2022, 19 October 2022, 18 January 2023 and 22 March 2023 full Council considered reports that summarised the work of the Constitution Working Group with each report recommending various amendments and updates to the constitution. A further significant change to the Constitution was made in September 2023 in relation to the Council's Overview and Scrutiny Committees and is referenced later in this report.

The Council's publication of its constitution on its website and the regular review of the constitution during 2022/23 enhances transparency, fulfils the Council's legal responsibilities and demonstrates good practice.

Model of Governance

During 2022/23 the Council continued to operate a cabinet and Council leader model of governance, from 18 January 2023 cabinet was renamed the Executive but this did not impact the model of Council governance and was a change in name only.

The Executive at the Council consists of nine members, that met 11 times during 2022/23, and work of the Executive falls into three main areas: advising the Council on future policy, taking decisions, providing they are in line with existing policy and not covered by the Non-Executive Committees; and appointing representatives on outside bodies and organisations.

The Executive is supported by several committees. The Council publishes on its website details of all Executive, committee and full Council meetings, and this includes the agendas, minutes and decisions made. The Council also has enabled live broadcasting of some Council meetings, with further functionality planned, which enhances transparency and demonstrates reasonable practice.

Oversight of decisions proposed and made, by the Executive, during 2022/23 was provided by the Council's Overview and Scrutiny committees being: Finance and Management Overview and Scrutiny Committee, Economic and Social Overview and Scrutiny Committee and Climate and Environment Overview and Scrutiny Committee. These Overview and Scrutiny committees met a total of 15 times during 2022/23 and minutes of these individual meetings show active participation of members in the examination of a wide range of Council activity.

Our Auditor's Annual Report for 2021/22 included an improvement recommendation for the Council to review its Oversight and Scrutiny requirements to reassure itself that its governance arrangements are robust, as part of this review the Council should review Part 3 of the Council's constitution to ensure the Council's Oversight and Scrutiny Committees have clearly defined roles and areas of focus.

The Council has acted on this recommendation and on 27 September 2023 full Council considered a Constitution Working Group Report that recommended to replace the three existing overview and scrutiny committees with a single new overview and scrutiny committee, chaired by a member of the opposition with a proposed schedule of meetings that would enable timely pre-decision scrutiny of Executive decisions.

The Council's review of its governance structures to ensure they are suitable demonstrates good practice.

Governance (continued)

Council Decision Making (Cont'd)

Full Council, on 27 September 2023, also considered a report regarding Political Proportionalities on Committees that detailed the allocation of seats on committees, and this is referenced in a wider improvement recommendation later on in this section.

The Council operates an Audit and Governance Committee, which is responsible for monitoring the adequacy and effectiveness of the Council's control and governance environment. The Council's Audit Committee met five times during 2022/23 with minutes of these meetings demonstrating a range of topics being assessed within the Audit and Governance Committees remit.

In our Auditor Annual Report for 2021/22 we included an improvement recommendation in relation to the Council's Audit and Governance Committee. We recommend the Council conducts a self-assessment exercise, in line with CIPFA guidance, which will support the Audit and Governance Committee to evaluate and define its scope, functions and impact and also identify areas for training and improvement. This output of the self-assessment exercise will also support the Council to identify the most suitable governance arrangements for treasury management activities.

The Council has acted on this recommendation and on 23 November 2023 the Audit and Governance Committee considered a report in relation to CIPFA Audit Committees: Practical Guidance for Local Authorities and Police and Audit and Governance Committee members resolved to complete the associated self-assessment and evaluation toolkit to enable Committee members to identify any training needs to ensure they meet the principles as set out in the CIPFA guidance.

The CIPFA Audit Committees: Practical Guidance for Local Authorities and Police includes a recommendation that Councils should strive to have no more than eight members as a committee of this size should allow sufficient breadth of experience but is small enough to allow the training and development of a dedicated group.

As already referenced earlier on in this report, full Council on 27 September 2023, considered a report regarding Political Proportionalities on Committees that detailed the allocation of seats on committees, this detailed that the Overview and Scrutiny Committee had 24 members and the Audit and Governance Committee would have 17 members (as it did in 2022/23) and this leads to an improvement recommendation. We recommend that the Council reviews number of members that serve on the Overview and Scrutiny and Audit and Governance Committees to satisfy itself the numbers are optimum and of a number that supports effective oversight.

Standards and Behaviours

On 23 August 2023 the Audit & Governance Committee considered the Council's Annual Governance Statement and Local Code of Corporate Governance for 2022/23. These documents detailed the Council's activities, during 2022/23, that supported an effective governance framework. The Annual Governance Statement for 2022/23 also included an action plan of activity to be undertaken during 2023/24 to further develop the Council's governance arrangements which represents good practice.

The Annual Governance Statement referenced the Council's Members Code of Conduct 2023 which sets out general principles of conduct expected of all members and specific obligations in relation to standards of conduct.

Investigation of, and decisions on, allegations of failure to comply with the Members Code of Conduct are considered and determined by the Monitoring Officer and/or an independent person and with support from the Council's Standards Panel.

Within our Auditor Annual Report for 2021/22 we included an improvement recommendation in relation to the Council's formal reporting of members code of conduct complaints. We recommend that the Council submits a combined summary of code of conduct complaints for the financial years 2021/22 and 2022/23 to the Audit and Governance Committee by the end of 2023 and thereafter provides the Audit and Governance Committee with an annual report on code of conduct complaints in adherence with the Council's constitution.

The Council has acted, in part, on this recommendation and on 28 September 2023 the Audit and Governance Committee considered a report in relation to code of Conduct complaints received for the period 1 April 2022 to 31 August 2023 and resolved to request an annual report on Code of Conduct complaints.

The report explained that during the period 1 April 2022 to 31 August 2023 there has been 7 Code of Conduct complaints in respect of the Council's members of which 5 had been withdrawn or dismissed, 1 remained under investigation and 1 complaint that progressed to a hearing which related to social media posts causing offence.

Governance (continued)

Standards and Behaviours (Cont'd)

The member complaint, that had progressed to a hearing, was determined by the Council's Standards Committee on 22 February 2023 and it was found that the member had breached the Code of Conduct. It was recommended that the member was provided with training on inclusion and diversity and the appropriate use of social media. During the Standards Committee meeting, on 22 February 2023, an associated recommendation was made that the Audit and Governance Committee considers an officer report on member training and that inclusion and diversity awareness training, and training on the use of social media, are provided to all members with attendance being made mandatory.

Subsequently, on 30 March 2023, the Audit and Governance Committee considered a report providing an update on the plans for member training and considered the recommendations of the Standards Sub-Committee relating to mandatory inclusion and diversity and social media training for members. Minutes of the Audit and Governance Committee state that it was agreed that training on inclusion and diversity, the use of social media, and the Members' Code of Conduct would be strongly encouraged for all members, but a mandatory requirement would not be supported or introduced.

We understand from the Council that Social media training was held for Council members on 8 June 2023 however one of the Council members attended. Inclusion and diversity training took place on 18 September 2023, and this was attended by nine members.

Higher levels of attendance in respect of members training could support the Council's governance framework and further promote high standards and model behaviours in line with the Council's Members Code of Conduct, particularly in relation matter of inclusion and diversity and the acceptable use of social media by members and this leads to an improvement recommendation. We recommend that the Council explores ways to foster greater engagement and attendance for member training sessions with a particular emphasis on inclusion and diversity, social media and the Members Code of Conduct.

The Council's code of conduct for members 2023 includes gift and hospitality guidelines for members. Member gifts and hospitality declarations are published under each member's profile on the Council's website which supports transparency. Publica, the Council's resourcing partner, also maintains a gifts and hospitality declaration process for officers and staff which is managed and overseen by the Human Resources team with requirements clearly outlined with the Publica Business Conduct Policy 2021.

The Council has a register of Data Breaches that is updated regularly, and we have reviewed the register and can find no evidence of significant data breaches during 2022/23. We also note that a Cyber Security update has been included within the Audit and Governance Committee forward work plan in adherence the constitutional requirement for the Audit and Governance Committee to monitor the adequacy and effectiveness of cyber security arrangements. Matters of data protection and cyber security remain a significant area of risk for all organisations as digital technology develops at pace and becomes even more embedded within the workplace and the Council's commitment to review its cyber security arrangements demonstrates good practice.

In completion of the Auditor's Annual Report for 2022/23 we have found no evidence of breaches of legislation or regulatory standards during the financial year nor is there evidence of significant or repeated departure from regulatory or statutory requirements or professional standards during this period.

Conclusion

Overall, we found no evidence of significant weaknesses in the Council's governance arrangements. We have made two improvement recommendations which are set out on pages 28 to 29.

Improvement recommendations

Improvement Recommendation 7

We recommend that the Council reviews number of members that serve on the Overview and Scrutiny and Audit and Governance Committees to satisfy itself the numbers are optimum and of a number that supports effective oversight.

Improvement opportunity identified

This improvement recommendation seeks to ensure the number of members appointed to the Overview and Scrutiny and Audit and Governance Committees are proportionate and suitable for the Council's requirements.

Summary findings

During 2022/23 the Council's Audit and Governance Committee had 17 members. The CIPFA Audit Committees: Practical Guidance for Local Authorities and Police includes a recommendation that Councils should strive to have no more than eight members. During 2022/23 the Council operated 3 Overview and Scrutiny Committee's, each with 15 members. During 2023/24 the Council has resolved to have only one Overview and Scrutiny Committee but with 24 members.

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

Agreed – As part of the CIPFA Self-Assessment the Audit & Governance Committee will be invited to consider their composition and following the recent creation of a single Overview and Scrutiny Committee a 12-month review will be undertaken to evaluate its effectiveness to include the number of Members that serve on it.

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 8

We recommend that the Council explores ways to foster greater engagement and attendance for member training sessions with a particular emphasis on inclusion and diversity, social media and the Members Code of Conduct.

Improvement opportunity identified

This improvement recommendation seeks to further strengthen the Council's governance arrangements and ensure relevant training is undertaken by members.

Summary findings

The Council regularly provides training to its 49 elected members. However, there were low levels of attendance to recent member training sessions in respect of inclusion and diversity and social media usage. Increased levels of member participation in training sessions relating to these areas would support members to maintain appropriate standards, demonstrate adherence to the members code of conduct and support the Council's governance arrangements.

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

Agreed.

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.

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.

Managing Performance

Following Council elections in May 2022, the new Council administration developed a new corporate plan, informed by extensive stakeholder consultation under the campaign 'Your Voice Counts'. On 11 January 2023, the Executive endorsed the new Council Plan 2023 – 2027 which included five strategic priorities:

- Putting Residents First
- A Good Quality of Life for All
- A Better Environment for People and Wildlife
- Responding to the Climate and Ecological Emergency
- Working Together for West Oxfordshire

Under the strategic priority 'putting resident first' the Council stated 'it will actively manage budgets, delivering good levels of service through the wise and efficient use of funds available' which affirms the Council's strategic focus and commitment on delivering performing services, within the agreed financial envelope, which is reasonable practice.

During 2022/23 the Council regularly monitored service performance. Each quarter, the Council's Finance and Management Overview and Scrutiny Committee, and then the Executive assessed a Council Service Performance Report.

On 12 July 2023, the Executive considered the service performance report 2022/23 quarter four. The covering report included a narrative assessment of service area performance supported by service dashboards.

The Council's quarterly monitoring of service performance which is then subject to oversight is reasonable practice.

Within our 2021/22 Auditor's Annual Report we recommended the Council undertakes a review of the data provided within the quarterly service dashboards to strengthen service performance reporting and oversight. The review should ensure the quarterly service dashboards include:

Service performance measures that are linked to corporate objectives.

- Agreed targets, where relevant.
- An explanation of sources of the data.
- Defined performance indicators.
- Simplified data graphs.
- Benchmarking data to assist the Council appraise its performance and value for money.

The Council has responded to this recommendation. On 13 September 2023, the Executive considered the 2023/24 Quarter 1 service performance report and noted the improvement recommendation within the 2021/22 Auditor's Annual Report in relation to service performance reporting. The Executive resolved to request that officers review the performance indicator data set to better reflect the emerging priorities and actions in the revised Council Plan. We consider the Council should now place a significant focus on strengthening its service and corporate plan performance reporting, in line with the request of the Executive, in order that arrangements can be assessed in the Value for Money assessments for 2023/24.

Benchmarking Performance

As part of our work, we have assessed indicators from the Grant Thornton and CIPFA financial benchmarking tool CFO Insights. This compares unit costs for a range of services, using revenue outturn data for 2022/23, and then benchmarks the Council's unit costs with its statistical nearest neighbours.

Improving economy, efficiency and effectiveness (continued)

Benchmarking Performance (Cont'd)

Of the six main revenue outturn service groupings the Council's cost of provision was very low for housing services, planning and development, and cultural and related services. Highways and transport, environmental and regulatory services and central services identified as high or very high in comparison to statistical neighbours, specifically in relation to:

- Climate change costs.
- Community safety.
- Flood defence.
- Recycling, street cleansing and trade waste.
- Environmental protection.
- Parking Services and tourism.
- Central services provided to the public.

These areas require further investigation by the Council to establish the reasons for unit costs being very high in comparison to other districts and this could support the Council to identify options that may help address the budget gaps identified in the MTFs 2022/23 to 2031/32 as already referenced within the financial sustainability section of this report.

We have been informed by the Council that a Transformation Group has been formed during 2023 help steer the Council's response to the challenging financial situation. A key objective, detailed within the Transformation Group's terms of referenced, is to review benchmarking data to identify further lines of enquiry which might reduce the cost base of services which demonstrates the Council's commitment to use benchmarking insights as part of its transformational activities which demonstrates good practice.

Partnership Working

Ubico

Ubico provides environmental services to the Council including household and commercial refuse collection, street cleansing, grounds maintenance, pest control and a dog warden service. Ubico is wholly owned by eight shareholders being the Council, Cotswold District Council, Forest of Dean District Council, Cheltenham Borough Council, Tewkesbury Borough Council, Gloucester City Council, Stroud District Council and Gloucestershire County Council and operates as a not not-for-profit Teckal company.

The Executive, on 20 April 2022, considered the Ubico Business Plan 2022/23 report which detailed objectives and planned activity for 2022/23, included a 2021/22 performance summary and the report referenced how Ubico is working in partnership with Publica and the Council as part of the Environmental Services Innovation Program (ESIP). The report stated the ESIP was bringing forward opportunities to deliver better services to residents, reduce the effect services have on the climate and environment, and capture efficiency and financial savings for all Council partners. And that during 2021/22 ESIP has delivered:

- In-cab technology that has helped maintain a high performing waste and recycling service and makes it easier for residents to report missed collections.
- A new online process for residents to purchase green waste licences.
- Reductions in fly tipping.
- A Litter bin review and replacement programme.
- The purchase of a new electric road sweeper to support the Council's climate change strategy.

The report also explained that the Council's Finance and Management Overview and Scrutiny Committee have reviewed the Draft Business Plan and feedback had been incorporated into the final draft. The Council's assessment and oversight of prior year performance, and planned activities, of this key partner represents reasonable practice.

Matters relating to Ubico were again considered by the Executive on 3 March 2023 who were provided with an update report on a waste service review and the Ubico contract extension.

The report explained external consultant has been engaged by the Council, in January 2022, to review the current waste collection service and model potential future options. An assessment report had been produced by the consultants and was now subject to due diligence work by officers and it was anticipated that the waste service review will be concluded later this year (2023) and then members will be able to consider the options and agree a roadmap.

In our review of the Executive forward plan, we have not seen evidence that such a review has been concluded and this forms part of an improvement recommendation later in this section. The report also explained that separate consultants had been commissioned to conduct a value for money assessment for the Council to help inform Council decision making with regards to the Ubico contract.

Improving economy, efficiency and effectiveness (continued)

Benchmarking Performance (Cont'd)

The report stated the consultant's assessment was that there were clear advantages to Ubico continuing to deliver the service for the Council and officers recommended that the contract with Ubico should be extended until 31 March 2026. The report also stated this should also allow time for Ubico to work with the Council to conduct the necessary due diligence on the waste service review (during 2023) and it will also allow for the delivery of further efficiencies under the ESIP in support of the Council's MTFS.

During 2022/23 to date there is considerable Council activity surrounding the activities of Ubico, all of which could have implications for the type and level of service delivery commissioned and have subsequent consequences to the Council's financial planning and financial sustainability.

Greater clarity to these various streams of activities would support oversight and transparency and this leads to an improvement recommendation. We recommend the Council provides an update report, to those charged with governance, in respect of the commissioned waste service review and the environmental services innovation program (ESIP) and how these commissioned streams of work will:

- Shape service delivery and impact future environmental services procurement
- Impact the Council's financial planning

We also recommend the report includes a road map of activities and milestones including a proposed model of governance to ensure effective oversight and to support transparency.

Partnership Working

Publica

Publica was formed in 2017 and is wholly owned by the Council, Cotswold District Council, Forest of Dean District Council and Cheltenham Borough Council. It is a not-for-profit Teckal company that is responsible for delivery of almost all services under contract on behalf of the member Councils. While Publica works closely with the Council, the company has its own board of Directors, its own Management team, and operates independently from the Council.

On 20 April 2022, the Executive considered a report detailing the Publica Business Plan 2022-25. The report explained the business plan sets out the high level, strategic objectives and ambition for Publica over the next three years and how it will deliver both day-to-day services and the key priorities for each shareholder Council. Additionally, the report referred to the increasingly challenging financial circumstances of the member Councils which will be a major driver for the focus of Publica's work.

Publica, and the Council's financial sustainability, was further referenced in the Council's Annual Governance Statement for 2022/23 as considered the Audit and Governance Committee on 23 August 2023. The Annual Governance Statement stated that given the creation of Publica is five years on, over the coming year all shareholder Councils will jointly conduct a robust review of future options to make sure the solutions needed for the Council to achieve financial stability can be achieved, given the MTFS shortfall over the years ahead. This review will examine the priorities for service delivery, options for reduction or transformation and how the Publica model fits into this.

Subsequently, the Publica shareholder Councils, commissioned external consultants to review the Publica partnership with findings of this review being detailed with a Publica Review report, considered by the Executive on 15 November 2023.

The report recommended most of the services current provided by Publica should be returned to the Council, adopting a phased approach between 2023/24 and 2024/25, with a select few services remaining in Publica, with the report explaining that the recommendation could have the following potential benefits:

- Greater autonomy for the Council over service delivery and for shaping future services.
- More direct control over service spend, and greater ownership of savings plans.
- Potentially easier recruitment given the offer of the Local Government Pension Scheme.
- Ability to provide specific focus on key service areas and programmes for the Council.
- Ability to be more 'fleet of foot' – shaping services specifically to the needs of the Council's residents and communities rather than adopting a one size fits all approach.

Improving economy, efficiency and effectiveness (continued)

Partnership Working (Cont'd)

The Publica Review report stated the exact costs associated with the proposed change were yet to be fully established however initial analysis indicated that the new proposed model has a net additional cost of £0.15m per annum and the report also recommended the Council set aside £0.3m from reserves to fund transition to help fund preparatory and transitional costs during the financial year 2024/25.

We understand from the Council that in consideration of the significance of the Publica Review report recommendations that a special meeting of the Council's Overview and Scrutiny Committee will be held on 18 December 2023 to consider the Publica Review report, this will allow for additional governance and input ahead of a final decision being adopted by full Council which is reasonable practice.

The Council has also stated that they are also actively considering the resource requirements need to manage the repatriation of services, subject to final governance approval, and are alert to the potential need to source interim roles to support the programme of work and to reflect the complexity of the repatriation.

We recognise that the Council's decisions in relation to Publica relate to the financial year 2023/24 whereas our Value for Money assessments principally relate to arrangement during 2022/23. However, the Publica Review Report represents a significant development in the Council's partnership arrangements taken at the time of our assessments and therefore has been included within this Auditor Annual Report. For the Council to realise the potential benefits of repatriation as outlined in the Publica Review report, going forward the Council will need to place a significant focus on a wide range of complex requirements and dependencies, and this leads to an improvement recommendation. We recommend the Council incorporates the following measures and considerations within its planning of the repatriation of Publica services:

- Careful alignment of governance and transition arrangements across the four respective Council's including reaching consensus on new operating models and services that are to be retained within Publica to ensure decision making and the pace of change is appropriate and measured.
- Ensure appropriate ongoing oversight is provided to each stage of repatriation plan.
- Putting in place the required skills and capacity to ensure the repatriation programme is adequately resourced.

- Supporting the existing workforce, and maintaining sufficient workforce capacity, during the transition period.
- Monitoring and maintaining agreed levels of service performance during the transition period.
- Identifying and reporting the actual impacts of repatriation to the Council's MTFS and longer-term financial sustainability.

Partnership Working

Strategic planning

The Council has significant partnership arrangements and can demonstrate it regularly reviews and assesses the effectiveness of partnerships and is prepared to consider alternatives that will better support the Council in the achievement of its objectives.

However, the Council has not yet clearly articulated its overall strategy in relation to partnerships and how partnership working will support the achievement of the Council corporate objectives, and this leads to an improvement recommendation.

We recommend that the Council develops and approves a partnership strategy and association partnership register, to include:

- A central record of Council's partnership activity, including partnership governance arrangements.
- An assessment of partnership risks and subsequent mitigations through the inclusion of a partnership risk register.
- Best practice information for officers in respect of partnership management.

The introduction of a partnership strategy and register would help ensure partnership working is considered in decision-making process, help support partnership management within the Council, enhance transparency of partnership arrangements, and further strengthen the Council's wider governance arrangements.

Improving economy, efficiency and effectiveness (continued)

Procurement and Contract Management

The rules governing public procurement are changing following the government's introduction of the new Procurement Act 2023. The government states the Procurement Act 2023 will bring a range of benefits, including:

- A simpler and more flexible commercial system that better meets our country's needs while remaining compliant with our international obligations.
- Opening up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts.
- Taking tougher action on underperforming suppliers and excluding suppliers who pose unacceptable risks.
- Embedding transparency throughout the commercial lifecycle so that the spending of taxpayers' money can be properly scrutinised.

The changing legislative framework has required the Council to regularly review its procurement and contract management strategy and on 28 September 2022 the Finance and Management Overview and Scrutiny Committee considered a report recommending the adoption of a new Procurement and Contract Management Strategy 2022. Then on 13 September 2023 the Executive considered an updated Procurement and Contract Management Strategy 2023 which the Council stated had been revised to ensure adherence to the changing legislative frameworks and best practice, and that further updates would be provided when new government legislation is finalised, which is expected to be in October 2024.

We also understand from the Council that a programme of staff training is being planned to ensure staff are fully aware of the requirements of the Procurement Act 2023. The Council's frequent review of its procurement and contract management strategy, and staff training needs, within a changing legislative environment, represents good practice.

In our Auditor Annual Report for 2021/22 we included an improvement recommendation for the Council to review its contract procedure rules to ensure they fully align with the Council's procurement and contract management process. The Council subsequently revised the Council's contract procedure rules to ensure alignment with the new Procurement and Contract Management Strategy 2023 and satisfied this recommendation.

The Council's contract procedure rules detail a waiver process as in some situations the Council may not be able to fully comply with normal procurement practice requirements.

As part of our work, we have assessed the number of waivers approved by the Council during 2022/23. The Council was able to provide evidence of a central repository of waiver requests, reasons for the waiver, demonstrate which part of the Council's contract procedure rule applied, and documented who approved the waiver. The Council approved three waivers during 2022/23 and have demonstrated these were approved in compliance with the contract procedure rules which is adequate practice.

Conclusion

Overall, we found no evidence of significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness. We have made three improvement recommendations which are set out on pages 35 to 37.



Improvement recommendations

Improvement Recommendation 9

We recommend the Council provides an update report, to those charged with governance, in respect of the commissioned waste service review and the environmental services innovation program (ESIP) and how these commissioned streams of work will:

- Shape service delivery and impact future environmental services procurement
- Impact the Council's financial planning

We also recommend the report includes a road map of activities and milestones including a proposed model of governance to ensure effective oversight and to support transparency.

Improvement opportunity identified

This improvement recommendation seeks to enhance further the existing oversight and transparency arrangements relating to significant streams of activity relating to the Council's waste service and partnership with Ubico.

Summary findings

There is considerable Council activity surrounding the activities of Ubico all of which could have implications for the type and level of service delivery commissioned and have subsequent consequences to the Council's financial planning and financial sustainability.

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

Agreed.

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

We recommend the Council incorporates the following measures and considerations within its planning of the repatriation of Publica services:

- Careful alignment of governance and transition arrangements across the four respective Council's including reaching consensus on new operating models and services that are to be retained within Publica to ensure decision making and the pace of change is appropriate and measured.
- Ensure appropriate ongoing oversight is provided to each stage of repatriation plan.
- Putting in place the required skills and capacity to ensure the repatriation programme is adequately resourced.
- Supporting the existing workforce, and maintaining sufficient workforce capacity, during the transition period.
- Monitoring and maintaining agreed levels of service performance during the transition period.
- Identifying and reporting the actual impacts of repatriation to the Council's MTFS and longer-term financial sustainability.

Improvement Recommendation 10

Improvement opportunity identified

This improvement recommendation seeks to highlight important factors that the Council will be required to manage in the repatriation of service from Publica back to within direct control of the Council.

Summary findings



The Publica Review report, considered by the Executive on 15 November 2023, recommended most of the services current provided by Publica should be returned to the Council. This decision will necessitate the Council to place a significant focus on a wide range of complex requirements and dependencies.

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

Agreed. A Programme Director is now in place, started on 22nd January 2024, to oversee the Publica Review and these recommendations will be a part of the detailed Transition Plan that is anticipated to be delivered in June 2024.

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 11

We recommend that the Council develops and approves a partnership strategy and association partnership register, to include:

- A central record of Council's partnership activity, including partnership governance arrangements.
- An assessment of partnership risks and subsequent mitigations through the inclusion of a partnership risk register.
- Best practice information for officers in respect of partnership management.

Improvement opportunity identified

The introduction of a partnership strategy and register would help ensure partnership working is considered in decision-making process, help support partnership management within the Council, enhance transparency of partnership arrangements, and further strengthen the Council's wider governance arrangements.

Summary findings

The Council has significant partnership arrangements which it regularly monitors and reviews. This recommendation seeks to enhance existing arrangements.

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

As stated in the Auditors Annual Report the Council has significant partnership arrangements and can demonstrate that they are regularly reviewed and assessed for their effectiveness. The Council will explore how the approval of a partnership strategy and associated partnership register would support the achievement of the Council's corporate objectives.

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 the Council conducts a review its Recovery Investment Strategy to include:</p> <ul style="list-style-type: none"> An assessment of the impact of the strategy to date, including an assessment of projected income from capital investments made. A review of the strategy against the current economic landscape and outlook. An evaluation of the strategies role and need in supporting the financial sustainability of the Council. 	Improvement	August 2023	<p>Management Response - Although the Council has reviewed multiple business cases, there has been a lack of suitable projects to invest in mainly due to the tightening of restrictions by Public Works Loan Board and the sharp rise in interest rates. The investment strategy still provides a framework to evaluate potential business cases, but the amount estimated to be invested and therefore the positive benefit to the MTFS has been revised every year with the reduction explained at length in the budget papers due to the restrictions highlighted above.</p> <p>November 2023 update - A review of Investment Properties report is currently being drafted which will cover an assessment of current performance. The Medium-Term Financial Strategy is being updated as part of the 24/25 Budget Setting process to ensure that estimates and assumptions with regards to this strategy are prudent, and in line with the economic outlook.</p>	Yes	No
<p>2 We recommend the Council introduces wider financial scenario planning within its MTFS and to include such information in annual budgeting setting reports.</p>	Improvement	August 2023	<p>Management Response - In the 2023/24 budget papers we showed two versions of the MTFS. One with the proposed growth items under review and one without, allowing members to see the impact of decisions made on those items.</p> <p>November 2023 update - Ongoing. It is anticipated that the MTFS will be stress tested for key uncertainties including business rates reset and changes to New Homes Bonus funding.</p>	Yes	Yes. The improvement recommendation is restated.

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
<p>3 We recommend the Council develops and agrees the following:</p> <ul style="list-style-type: none"> A Publica Workforce Strategy, and aligned Council Workforce Strategy, that supports the delivery of the Council's corporate priorities and MTFS. An Asset Management Strategy that is aligned to the Council's new corporate plan 2023 to 2027 and Climate Change Strategy 2021-2025 that supports the Council in the delivery of its objectives through the management of physical assets in line with the Council's MTFS. 	Improvement	August 2023	<p>Management Response - Management will consider this. The Corporate Plan is still under development. Revised Council Priorities were still being agreed at the point that the 2023/24 budget was being set. We would expect any additional resource requirements raised by the new Corporate Plan to be considered as part of the 2024/25 budget setting process to ensure that they could be accommodated within our funding envelope and if not, that appropriate steps to reduce other expenditure was taken.</p> <p>November 2023 update - A review of Publica has been completed by Human Engine and options are being taken to Executive and Councils in the four shareholder Councils of Publica. The Council has put in place a Transformation Group which includes improved asset management planning on its' forward plan of potential projects. Further consideration also as part of 24/25 budget proposals [re invest to save plans].</p>	Yes.	<p>No. The Council is considering the repatriation of Publica which would negate the need for an aligned workforce strategy and necessitate the develop of a new workforce strategy once the repatriation is complete. The Council has also stated it is reviewing asset management arrangements.</p>
<p>4 We recommend the Council enhances its treasury management activities by:</p> <ul style="list-style-type: none"> The adoption of a treasury management indicator, in relation to the Council exposure to liquidity risk, by monitoring the amount of cash available to meet unexpected payments within a defined period, without the need for additional borrowing. The publication of the Council's performance, against all agreed treasury management indicators, within the annual Treasury Outturn Report submitted to the Finance and Management Overview and Scrutiny Committee. 	Improvement	August 2023	<p>Management Response - Work is ongoing to strengthen cashflow forecasting and much improvement has been made. Management will consider the above recommendation.</p> <p>November 2023 update - The Treasury Management Outturn Report for 22/23 has recently been reported, as has the 23/24 Quarter 1 update position. Both reporting full compliance against the Strategy. Cash monitoring has been tightened. The Council has no external borrowing.</p>	Partially.	<p>Yes. A new improvement recommendation relating to liquidity is included within the financial sustainability section of this report.</p>

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
5 We recommend for the Council to agree and adopt a Code of Conduct for Council employees as this is a key document supporting the Council's approach and controls in the prevention and detection of fraud.	Improvement	August 2023	<p>Management Response - This is currently being reviewed with a view to creating a Council specific code of conduct.</p> <p>November 2023 update - On 27/09/23 Council agreed that once approved the WODC Officer Code of Conduct, which is currently going through the consultation process will be added to the Constitution.</p>	Yes	No.
6 We recommend the Council enhances the budget setting process by: <ol style="list-style-type: none"> 1. The identification and assessment of discretionary and statutory expenditure. 2. Providing Committees charged with oversight with draft Capital, Investment and Treasury Management Strategies, ahead of the full Council annual budget setting meeting. 	Improvement	August 2023	<p>Management Response - Work is being done not only to review statutory and discretionary spend but also to review whether statutory expenditure is at the appropriate level. Budget papers go through multiple iterations and for the 2023/24 budget, the final versions to Council were the 8th set of published papers. While the actual strategy papers were not published ahead of time, all previous iterations highlighted the risks and issues dealt with in the formal strategy papers and the Council's response to them. The current timing of the scrutiny committees means that they do not always fall in the window between the information being available to draft the strategy papers and the budget being set, FMOS meets in extra session to allow it to review the budget twice ahead of the final budget meeting at Council. This recommendation will be considered by management along with the revision of scrutiny timings.</p> <p>November 2023 update - A Transformation Group has been established to act as a subset of Informal Executive helping to steer the Council's response to the challenging financial situation, guide the preparation of a sustainable MTFs consistent with the Council Plan, and oversee the delivery of the Council's work programme in terms of service transformation, investment and revenue generation. The identification and consideration of non-statutory / discretionary spend will be considered as part of this (and is included in its terms of reference).</p>	Yes	Yes. Point 1 of recommendation has been stratified. However, point 2 remains outstanding and has been included in a new improvement recommendation within the financial sustainability section of this report.

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
<p>7 We recommend the Council's budget monitoring processes is enhanced further by:</p> <ol style="list-style-type: none"> 1. The optimisation of the finance system to remove the need for forecasting to be recorded outside of the core finance system. We also recommend, as part of the system optimisation, collaborative planning is also considered, allowing budget holders to have greater system access. 2. Additional oversight of the Council's investment and treasury management activities by the introduction of mid year monitoring reports to the Finance and Management Overview Scrutiny Committee. 	Improvement	August 2023	<p>Management Response - The Council disagrees with first part of recommendation. Budget holders have read access to the system but tend not to use it. We do not currently forecast at line level which is what would be required in order to enter a forecast into the system and do not have the capacity to do so. We are adding additional resource, but it will be used on focused business partnering. Forecasting is used to identify targeted interventions which will be supported by the additional resource, and not used to reforecast everything. The Council agrees with the second part of the recommendation.</p> <p>November 2023 update - The Incoming permanent S151 Officer will be tasked with reviewing the Council's financial management arrangements. Quarterly Treasury Management Reporting is now in place.</p>	Yes	No
<p>8 We recommend that the Council strengthens its finance capacity to enable it to commit sufficient time to all aspects of internal and external financial reporting.</p>	Improvement	August 2023	<p>Management Response - Agreed. Additional resource has been scoped and is in the process of being agreed.</p> <p>November 2023 update - Recruitment of a senior accountant is currently in progress and the closing date for applications is 13th November 2023</p>	Yes	No
<p>9 We recommend the Council reviews its Oversight and Scrutiny requirements to reassure itself that its governance arrangements are robust, as part of this review the Council should review Part 3 of the Council's constitution to ensure the Council's Oversight and Scrutiny Committees have clearly defined roles and areas of focus.</p>	Improvement	August 2023	<p>Management Response - Agreed, this is currently the subject of a paper suggesting a revision of committee structure.</p> <p>November 2023 update - On 27/09/23 Council approved the collapsing of three O&S Committees into one O&S Committee with the first monthly meeting scheduled for 08/11/23. A draft work plan is currently being produced with input from the Chair Elect and the Independent Remuneration Panel is being asked to consider whether they would recommend a SRA be paid to the Vice Chair and if so the amount.</p>	Yes	No

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
<p>10 We recommend the Council's conducts a self-assessment exercise, in line with CIPFA guidance, which will support the Audit and Governance Committee to evaluate and define its scope, functions and impact and also identify areas for training and improvement.</p> <p>This output of the self assessment exercise will also support the Council to identify the most suitable governance arrangements for treasury management activities.</p>	Improvement	August 2023	<p>Management Response - Management will consider this.</p> <p>November 2023 update - The A&G Committee Work Plan for 23/11/23 contains an item on the CIPFA Self-Assessment Toolkit with a Member Survey Results and Evaluation Report on the Work Plan for 19/03/24</p>	Yes	No.
<p>11 We recommend that the Council submits a combined summary of code of conduct complaints for the financial years 2021/22 and 2022/23 to the Audit and Governance Committee by the end of 2023</p> <p>And thereafter provides the Audit and Governance Committee with an annual report on code of conduct complaints in adherence with the Council's constitution.</p>	Improvement	August 2023	<p>Management Response - The Council's Monitoring Officer is considering this recommendation.</p> <p>November 2023 update - Report presented to Audit & Governance Committee 28/09/23</p>	Yes	No. The Council has presented a report of code of conduct complaints covering the period 1 April 2021 to 31 August 2023. The Council has stated it was not considered proportionate to go back to 1 April 2021 and committed to annual reports going forward.

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
<p>12 We recommend the Council undertakes a review of the performance data provided within the quarterly service dashboards to strengthen service performance reporting and oversight. The review should ensure the quarterly service dashboards include:</p> <ul style="list-style-type: none"> • Service performance measures that are linked to corporate objectives. • Agreed targets, where relevant. • An explanation of sources of the data. • Defined performance indicators. • Simplified data graphs. • Benchmarking data to assist the Council appraise its performance and value for money. 	Improvement	August 2023	<p>Management Response - The Council's performance management reporting was refreshed in 2022 from a lengthy report to a revised set of dashboards created in collaboration with service leads and Cabinet members. The dashboards are not directly linked to the corporate objectives because they are focused on key areas of service delivery to give management reassurance that service areas are performing appropriately with the narrative in each dashboard giving the service the opportunity to explain results or raise concerns. These services may not have been identified as priority areas, which often have specific projects underway and reported through that channel but are the core services delivered by the Council and therefore need to be robust. Indicators are reviewed periodically to ensure they are appropriate</p> <p>November 2023 update - On 13/09/23 the Executive requested Officers to review the PI data set to better reflect the emerging priorities and actions in the revised Council Plan.</p> <p>On the Executive Forward Plan for 15/11/23 a report on the proposed performance framework to be adopted based on a Narrative/Key Actions/KPI Assessment format, will be considered to guide the Council to consistently delivering high quality services, engaging citizens and ensuring accountability, transparency and continuous improvement across the Council operations.</p>	Yes	No

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
13 We recommend the Council and Publica, discuss and jointly review, the existing partnership agreements in order to: <ul style="list-style-type: none"> Clarify the hierarchy and responsibility of decision making. More clearly define the service delivery requirements and expectations. 	Improvement	August 2023	<p>Management Response - The Council partnership with Publica could be strengthened further by clarification of decision-making responsibilities between the Council and Publica and the existing service and commissioning agreements between them could be evolved to provide greater detail in respect of service delivery requirements and expectations.</p> <p>November 2023 update - A review of Public has been completed by Human Engine and options are being taken to Executive and Councils in the four shareholder Councils of Publica.</p>	Yes	No
14 We recommend the Council reviews its contract procedure rules to ensure they fully align with the Council's procurement and contract management process.	Improvement	August 2023	<p>Management Response - The Council's Monitoring Officer and Head of Procurement are considering this recommendation.</p> <p>November 2023 update - On 13/09/23 Executive approved a revised Procurement & Contract Management Strategy and delegated authority to the MO to update the Contract Rules which has been actioned in October 2023 (Minute No 85 refers)</p>	Yes	No

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:

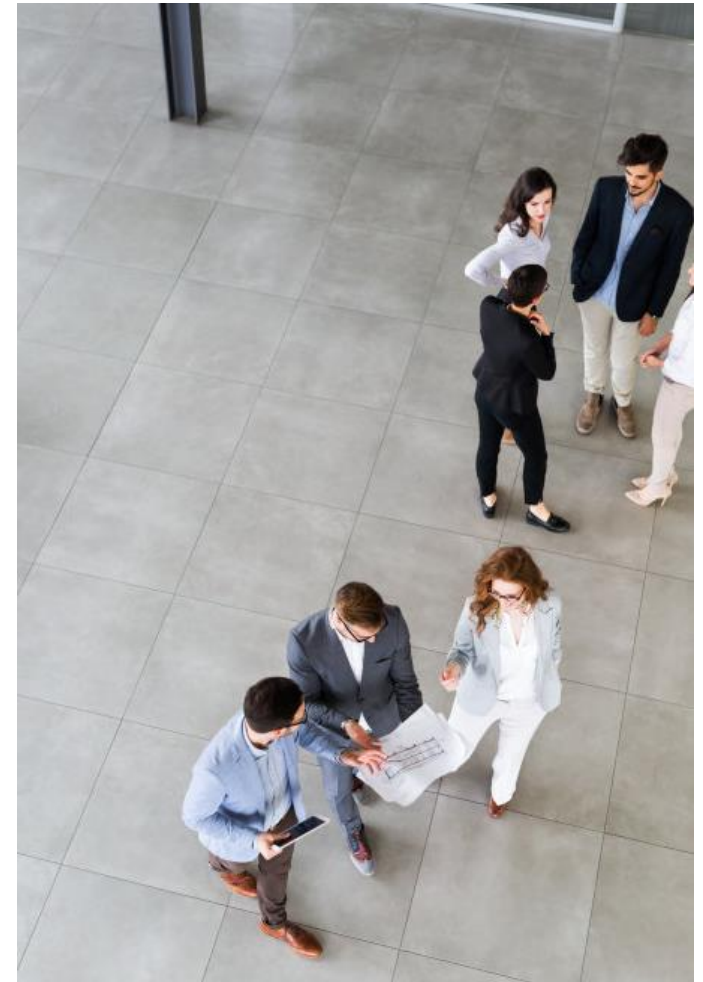
- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

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 are yet to issue an audit opinion on the Council's financial statements for 2022/23.

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

- Our planning work took place in November 2023
- The 2022/23 Draft Audit Plan was considered Audit and Governance Committee on 23 November 2023.
- Our final accounts audit commences in January 2024.
- It is anticipated our Audit Findings Report and Audit Opinion will be presented to the Audit and Governance Committee on 19 March 2024.



Other reporting requirements



Other opinion/key findings

We are yet to issue an audit opinion on the Council's financial statements for 2022/23. It is expected to be presented to the Audit and Governance Committee in March 2024.

Audit Findings Report

Detailed findings will be set out in our Audit Findings Report, which we aim to present to the Council's Audit and Governance Committee in March 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.

We are yet to issue an audit opinion on the Council's financial statements for 2022/23. It is expected to be presented to the Audit and Governance Committee in March 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.

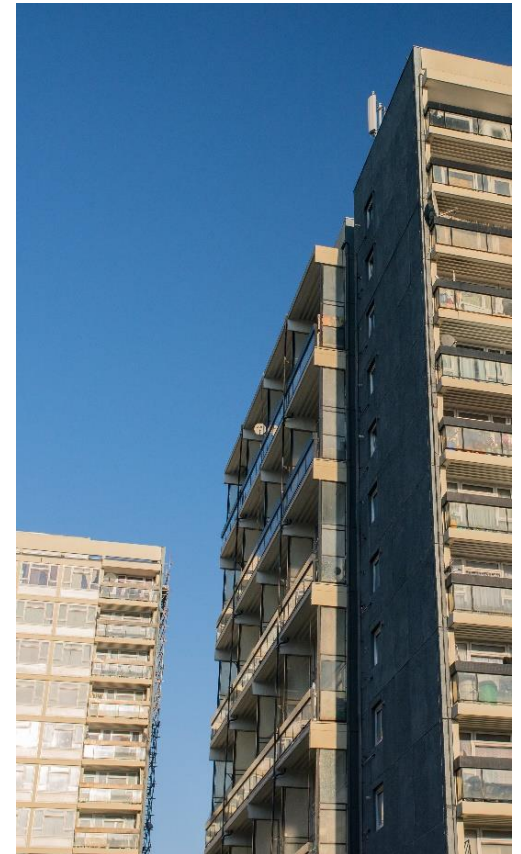
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records 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 references
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No.	Not applicable.
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'.	No.	Not applicable.
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.	16-21 28-29 35-37

