

Auditor's Annual Report on South Gloucestershire Council

2022/23

1 February 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.



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	2021/22 Auditor judgement on arrangements		2022/23 Auditor judgement on arrangements		Direction of travel
Financial sustainability	A	No significant weaknesses in arrangements identified, but improvement recommendations made.	A	No significant weaknesses in arrangements identified, but improvement recommendations made.	↔
Governance	A	No significant weaknesses in arrangements identified, but improvement recommendations made.	A	No significant weaknesses in arrangements identified, but improvement recommendations made.	↔
Improving economy, efficiency and effectiveness	A	No significant weaknesses in arrangements identified, but improvement recommendations made.	A	No significant weaknesses in arrangements identified, but improvement recommendations made. Improvements continue to be made to address the weakness in arrangements in Childrens Services identified in 2020/21. The improvement recommendation raised in 2021/22 to complete the work being done to improve the service has been actioned, though the full effect of all actions have yet to be realised. We will continue to monitor this in 2023/24.	↔

- 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



Financial sustainability

Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its financial sustainability. South Gloucestershire Council has historically performed well, with a record of stable budgetary management in previous years. The next few years are expected to remain economically uncertain, particularly in relation to inflation, increased utility costs and the demand for Adult and Children's social care. The future of government funding settlements over the medium term also remain unclear, with an increasing emphasis on local taxation to fund budget pressures vulnerable to local economic conditions. In October 2022, the Council identified a gap of £29m in 2023/24 rising to c. £33m by 2024/25. We are satisfied that the Council has responded in order to be able to forecast a balanced budget using savings plans and reserves. Our improvement recommendation is to emphasise that the Council should continue to monitor forecasted budgets and savings assurance to deliver a balanced budget.



Governance

Overall, we are satisfied that the Council has appropriate arrangements for ensuring that it makes informed decisions and properly manages its risks. We have reviewed the Council's management and assessment of risk, leadership, internal audit effectiveness and partnerships. From our work, we have identified an improvement recommendation for the Internal Audit function to ensure prompt follow up of historic recommendations. Further to this, we also raised an improvement recommendation in respect to the partnership governance with WECA (West of England Combined Authority). The Council should continue to work closely with WECA to support the implementation of governance improvements. We have not raised a significant weakness in relation to governance arrangements.



Improving economy, efficiency and effectiveness

The Council has demonstrated that appropriate arrangements are in place to secure economy, efficiency and effectiveness in its use of resources. The Council continues to implement improvements in the Childrens Services, and evident progress has been made during 2022/23. We note from the Department for Education focused visit in June 2023 acknowledges the progress being made by the Council. We have also covered a range of areas in our assessment, examples such as the implementation of a new finance and human resources system, procurement, the Childrens and Adult Social Care system, the Integra trading arm, the PFI scheme (Private Finance Initiative). See pages 22 – 30 for the summary of our work and improvement recommendations made.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by Council officers, Council Members and external stakeholders with whom we have engaged during the course of our review.



Financial Statements opinion

We have completed our audit of your financial statements and issued an unqualified audit opinion on 1 February 2024 following the Audit Committee meeting on 30 January 2024. Our findings are set out in further detail on page 38.



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.

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 parking enforcement income 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

South Gloucestershire Council is a unitary authority in the south-west of England. Unitary authorities combine the functions that are normally delivered separately by the non-metropolitan counties and non-metropolitan districts. These functions include housing, waste management, waste collection, Council tax, education, libraries, social services, transport, planning, consumer protection, licensing and cemeteries.

South Gloucestershire was created on 1 April 1996 as part of a wider re organisation of local government in England at the time. It's bordered by Gloucestershire, Bristol, Bath, and North East Somerset (BANES), and Wiltshire. The Council elects 61 Councillors from 28 wards. Following the May 2023 local elections, South Gloucestershire moved from a Conservative majority run Council to a Liberal Democrat and Labour partnership. There's a range of large employers within the region such as the Ministry of Defence, Airbus, Rolls-Royce, Royal Mail, Friends Provident and Hewlett Packard.

As per the 2021 census the estimated population for South Gloucestershire was 290,400 with the largest settlements within the area being Kingswood, Bradley Stoke, Yate, Thornbury, Stoke Gifford, Patchway and Filton. South Gloucestershire has seen a 10.5% increase in residents since 2011. It's growth in population over the last 10 years is higher than all of its neighbouring authorities, Bristol, Bath and North Somerset, North Somerset and Gloucestershire (ONS). Like elsewhere across the country the population is aging, with 40 being the median age of residents, and a 22% increase of people aged 65 years and over, since 2011. This is coupled with an 8% decrease in those aged 15 to 19, an 8% decrease in those aged 40 to 44, and a 7% decrease in those 45 to 49.

The Council operates using a structure of separate departments which focus on specific areas, such as the Department for People which focuses on housing, community, adult social care, safeguarding, children's social care, education and public health. The Department for Place focuses on areas such as planning, transport and environment, infrastructure projects, environmental health, highway authorities and civil parking enforcement. The Department for Resources and Business Change covers finance, legal and governance, property services, I.T, strategy and innovation, and human resources.

The Council is a voting member of the West of England Combined Authority (WECA). WECA delivers a number of services, including transport, on a regional basis and is also a means by which devolved government funding is obtained and distributed among the constituent Councils for infrastructure and other development projects. The governance of WECA is overseen by the West of England Combined Authority Committee, which comprises of the leaders from member authorities (South Gloucestershire, Bristol and BANES Councils). The committee is chaired by the West of England Combined Authority Mayor.

The Council Plan is based around four key priorities which have been informed by a recognition of some fundamental challenges: notably driven by a passion to reduce the growing inequality gap and meet their climate emergency promise. These priorities will inform the Council's policies and decision-making. The areas that the Council aims to focus on are:

- Priority 1 – Creating the best start in life for our children and young people
- Priority 2 – Identifying and supporting those most in need and helping people to help themselves
- Priority 3 – Promoting sustainable inclusive communities, infrastructure and growth
- Priority 4 – Realising the full potential of our people and delivering value for money

Alongside local authorities across England, South Gloucestershire Council currently faces similar challenges in respect to financing. Inflationary increases, uncertain future funding from central government and pressures on adults and children's services provide a financial challenge to South Gloucestershire in achieving a balanced budget.

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 34.

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 and ongoing financial pressures

South Gloucestershire Council has good processes for financial and budgetary management, however, has historically underspent. The Council has delivered small overspends on each of the service budgets over the past two years, delivering a total underspend of £2,320k to 31 March 2022 and £3,062k to 31 March 2023. This was driven by an overspend of £2,558k in Adults & Housing, caused by increased costs in community support due to the increased demand. Also, an overspend of £5,753k in Childrens and Young People. The overspend is due to the increased demand and price pressures within Unaccompanied Asylum-Seeking Children, care leavers and residential placements. These overspends are offset against underspends in Children's Social Care due to reduced staffing vacancies and agency costs following successful recruitment practices. There was also a significant underspend in central items of £7,339k, this was caused by an improved treasury and income and expenditure position. Additionally, the £3,062k was also driven by the growth in pay offer of £3,754k, however this was covered by the Financial Risks Reserve and remaining balance of the Covid reserve.

The 2022/23 savings target was £7,443k across departments with a £606k contingency budget held in central items. There was a further £3,371k savings target brought forward from previous years where permanent solutions continue to be developed. At outturn, the programme had achieved £5,643k permanently with £4,572k of one-off savings.

Total Earmarked Reserves were £151,731k at the start of the year. The opening position includes positive Schools Balances of £10,638k. Reserve balances have decreased to £149,209k at year end. The 2022/23 closing position includes £53,519k within the City Region Deal Reserve which is held by the Council in its role as accountable body and £38,990k within the Financial Risk Reserve. The opening balance of the Dedicated Schools Grant Adjustment Account was an overspend position of £21,132k and outturn overspend position has increased to £22,549k after applying a £5,500k safety valve contribution and a £334k transfer from the Financial Risks Reserve. The revenue outturn overspend of £3,062k was funded by the transfer from the remaining Covid Reserve and drawdown against the inflationary allowance in the Financial Risk Reserve. The total earmarked reserve as of 31 March 2023 was £38,989k.

Budget setting process

The budget-setting process is multi-layered and involves the finance staff and responsible officers for the budget area. The draft budget is then presented to Cabinet for review in October. For 2022/23, officers took an additional report in December 2022, to outline to Cabinet further savings. A subsequent report was produced in February 2023 which documented further the budget with additional information around the special expenses and Council tax setting. There is also quarterly reviews of budget to outturn position by Cabinet enabling members to closely monitor budget performance in year. The updated MTFP is summarised in the budget report with corresponding appendices to the Cabinet report. This reflects a good level of member scrutiny which, together with the Council's record of delivering planned savings and medium-term financial planning to ensure it generates a balanced budget confirms the strength and validity of the budget setting processes in place.

Financial sustainability (continued)

Budgetary control

There are robust systems in place for oversight of the budget. The Finance department engages at least quarterly with budget holders and monthly for higher risk areas such as Children's & Adults Social Care. As well as quarterly budget monitor reports to Cabinet, budget holders are supported by the finance team who provide technical financial skills and experience. The budgetary control systems and processes at South Gloucestershire are operating effectively. Oversight occurs on a number of levels from the finance team, Strategic Leadership Team and Cabinet members. There is an annual timetable which includes various budgetary monitoring and control activities and involved service departments, finance department and review at Cabinet meetings. There is also clarity around statutory responsibility and processes in place align well with statutory reporting requirements.

Capital and treasury management

Spending against the Capital Budget in 2022/23 totalled £79.5m against the approved budget of £102.1m (2021/22: £96.0m against and approved budget of £148.0m) an underspend of 21.6% compared to 35.1% in 2021/22, reflecting re-profiling of multi-year schemes. Major capital spending included £14.8m to flood management and ecology projects. £6.3m spent on the Grange Site development, and £1m allocated to climate emergency projects. Capital receipts received from the sale of surplus assets, vehicles and right to buy receipts in year totalled £6.19m, the Council plans to deliver capital receipts over the next four years in aid of the capital strategy. Cash and cash equivalents at the start of the year totalled £42.6m, and as of 31 March 2023 the total cash and cash equivalents totalled £15.4m which is formed by £94k held in cash, £1.8m held in current accounts and £13.5m in other short-term deposits.

Financial planning

The Council Plan clearly sets out the corporate strategic priorities, which are referenced within the Council's financial planning. The plan sets the Council's vision, its ambitions for the area and its priorities for addressing the challenges and opportunities it faces. It was updated following the public consultation exercise and approved by the Council in October 2020, with regular updates provided to Cabinet. The budget and medium-term financial plan was produced subsequently and in line with the priorities.

When the 2023/24 budget was set in February 2023, the Council had put in place a balanced budget for the next 3 years. Future years budgets are currently going to be balanced through contributions from the financial risk reserves while the savings programme is being delivered. The Council introduced the Resource Allocation Project (RAP) during 2021/22 to support the savings schemes and 2022/23 is the first full year of the programme operation. Significant work has been undertaken by the Council to identify savings opportunities to help provide a balanced budget, and the medium-term financial planning undertaken demonstrates a prudent approach whilst future funding levels remain uncertain.

The capital programme budget is mainly focused on capital schemes within the department for people, place (West England Combined Authority Schemes), and department for resource and business change. There was an underspend on capital programmes as per the outturn presented to Cabinet in July 2023 where the total revised capital programme budget was £138,931k and the actual spend for 2022/23 was £83,806k. The variance is driven by the Council working with external organisations and as such project completion deadlines are subject to multiple factors. An example in the place department is the Kingswood Highstreet Acquisition and redevelopment where the programme has been increased to fund additional property purchased, and a study to be carried out for a leisure centre. There is possible additional spend for improvements once the surveys are complete.

Medium term financial planning

The Medium-Term Financial Plan (MTFP) is updated as part of the draft budget. The MTFP development process incorporates sensitivity analysis and scenario modelling on key aspects of the MTFP, including income, expenditure and savings assumptions. The Council has aligned its medium-term financial planning alongside its priorities:

- Priority 1: Creating the best start in life for our children and young people.
- Priority 2: Identifying and supporting those most in need and helping people to help themselves
- Priority 3: Promoting sustainable inclusive communities, infrastructure and growth.
- Priority 4: Realising the full potential of our people and delivering value for money.

Financial sustainability (continued)

In October 2022 Cabinet received a draft revenue budget and capital programme which identified a gap of £29.3m in 2023/24 rising to c. £33m by 2024/25. The report identified that the Council was able to maintain a balanced budget for the next three years (2023/24 – 2025/26) with a deficit of £4,899k in 2026/27. Using savings and use of the financial risk reserve (earmarked reserve).

The draft budget report in October 2022 identified that despite the strong progress made on both the delivery of priorities and improving overall financial sustainability, the level of cost pressures being faced were outside the Council's direct control requiring a more significant response. This Council has a historically strong track record of absorbing demand and inflationary growth through driving ongoing efficiencies. However, the current scale of challenge remains too great for this approach to be maintained and it has been necessary to identify efficiency savings through schemes like the RAP (Resource Allocation Plan) and workforce deployment. The Council has sought to do this in the least disruptive and detrimental way possible using the Council Plan priorities as the focus seeking to maintain the positive progress and investment made to date whilst addressing the Council's statutory requirement to set a balanced budget for the forthcoming year.

The Adult Social Care (ASC) precept component of Council tax continues to be used to contribute towards the cost pressures arising from adult social care costs across the MTFP. Whilst it is recognised that this is an additional cost borne by residents it is core funding the Council has access to for funding adult social care in the medium term and as such is critical to the ongoing delivery of these services to those residents most in need (Priority 2 of the Council Plan).

Identifying savings

The Council has demonstrated a good track record of identifying and delivering savings since the 2010 Spending Review. The key method to reduce the gap is with savings, the Council has addressed this by establishing a savings plan. The plan details in 2023/24 additional savings proposed totalling £7,172k (with £6,424k ready for implementation, £572k in scope and scale of change identified, £176k at outline development) this provides a cumulative savings balance of £22,782k. 2024/25 identified a further £10,302k of savings, 2025/26 £11,803k and in 2026/27 £12,075k.

As previously noted, the financial landscape for the global economy is still turbulent given the ongoing Ukraine Crisis and increased inflation and further pay awards. The Council's savings process has placed the Council in a stronger position than it otherwise would have been to manage the additional financial pressures that arose during 2022/23 onwards. The Council has been able to develop a sufficient savings programme to forecast a balanced budget for 2023/24 and 2024/25.

See below historic savings performance, evidencing the Council's ability to meet its savings targets. We note that during 2021/22 the Council was able to generate a total saving of 76.96% against its savings target, and 75.81% in 2022/23, whilst the Council isn't performing as well to its target in 2022/23 when compared to 2021/22 the actual increased savings amount on year is an increase of £1,373k. This indicates whilst the Council is not delivering the full savings target, the cumulative savings balance is increasing significantly. It's also worth noting that a large proportion of the savings generated in year are ones in which permanent solutions are still be identified. There is a risk that as the Council undertakes its savings schemes, there will be fewer temporary savings measures in the future. Although it is noted that savings are considered to be departmental responsibilities, to prevent corporate impacts. We will continue to monitor the Council's savings programme and performance to date.

Savings Performance	2022/23 £000's	2021/22 £000's	Comment
Total	10,814	7,767	Total achieved in year.
Balanced carried forward from prior year	3,371	2,219	N/A
Target saving	7,443	5,548	N/A
Savings achieved	5,643	4,270	Savings achieved recurrently (not through temporary measures)
Of which; Savings achieved temporarily	4,573	3,174	Where permanent solutions are still to be identified
Not achieved	598	317	N/A

Financial sustainability (continued)

Use of reserves

In order for the Council to deliver a balanced budget in 2022/23 the Council utilised the financial risk reserve (within earmarked reserves). The Council maintains a financial risk reserve which is earmarked to support the revenue budget, on a one-off basis, in future years. As per the revenue outturn for 2022/23 the total overspend during the year was £3,062k, the overspend is funded by a transfer held within the financial risk reserve. The opening balance as at 1 April 2022 was £31,101k with a closing position of £39,990k. Even with the use in year, there was a £1,124k release of a school provision and a further additional £1,110k provided for a reserve against the slippage of the new finance and human resources system as support for 2023/24. This use is more than originally planned in the October 2022 draft budget presented to Cabinet where the original contributions for use were £2,789k in 2022/23.

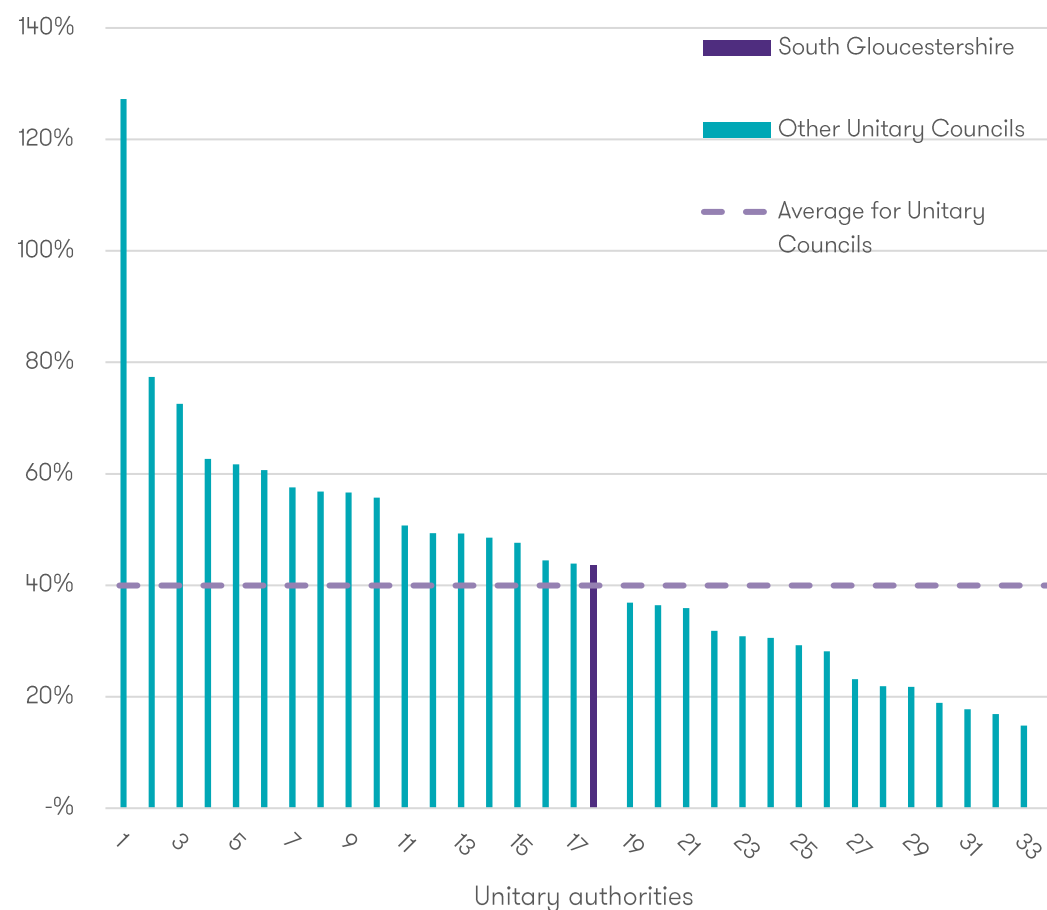
In addition to the established savings programme, the financial risk reserve is utilised in the medium-term, where in 2023/24 the Council estimates a deficit of £9,731k. This will be offset against £8,117k from the financial risk reserve with a further £1,614k from a release of one-off earmarked reserves. This extends into 2024/25 where the Council estimates a deficit of £4,724k, again offset against £5,036k from the financial risk reserve with a further £511k from one off earmarked reserves and -£823k reprofiled release from earmarked reserves.

We note following approval from Cabinet, the revised reserves policy ensures that all earmarked reserves have been reviewed for identifying one-off resources for redeployment on the Council's budget strategy. Across the medium-term financial plan, the council is reliant on the use of earmarked reserves, the planned use of earmarked reserves (appendices to medium-term financial plan) are £32,004k during 2023/24, £9,611k in 2024/25 and £1,907k in 2025/26. This is eroding the total earmarked reserves in due course where the forecasted opening balance as at 1 April 2023 is £122,344k and the forecasted closing balance as at 31 March 2027 is £80,214k.

Whilst the planned use of reserves is reasonable given the financial challenges the Council faces, it's important that the Council should also actively seek to build up reserves over the medium term, we will continue to monitor this.

The graph on the right showcases the general and earmarked reserves balances (excluding schools) as a percentage of the next service expenditure. The datasets used are from the revenue outturn figures provided to DLUHC for 2021/22. In comparison to 33 unitary authorities where data was available, South Gloucestershire was ranked 18th just above average.

General fund and non-schools earmarked general fund reserves as a percentage of net service revenue expenditure (%)



Financial sustainability (continued)

Dedicated Schools Grant (DSG)

In 2022, the government's local government finance policy statement announced that the statutory override for the Dedicated Schools Grant (DSG) would be extended for the next three years from 2023-24 to 2025-26. The statutory override means that any DSG deficits do not need to be included in the Council's main revenue budgets.

The statutory override only provides temporary relief for Councils to manage their DSG deficits. When the statutory override expires, Councils will be expected to cover the cost of their DSG deficits themselves. This would likely have to be met from unringfenced general reserves. The risk arises where Councils consider that their general reserves balance may be close to or less than the amount required to fund their DSG deficit. Many Councils have become dependent on the statutory override to continue as a going concern. With the statutory override expiring in 2025/26, there is intense pressure for Councils to devise a plan to manage the DSG deficit to mitigate the risk of funding the deficit from reserves and risk fully depleting the general reserves balance.

During the year the Dedicated Schools Grant (DSG) was reported to have a cumulative overspend of £22,459k, with a year-end outturn, as of 31 March 2023 of £7,161k overspend. This was an improvement of £3,448k when compared to Q3 outturn where the forecasted Q4 outturn was projected at £8,109k. The DSG Deficit reserve brought forward was £21,132k, a safety valve payment of £3,000k and an advanced payment of £2,500k during the year leaving the total DSG deficit reserve of £22,459k.

For context, the Council signed a safety valve agreement with DfE to achieve a breakeven budget for 2022/23 and eliminate the deficit over the next 6 years. The agreement reached saw DfE inject an additional £25,000k of funding to the Council over the 6 years providing £10,500k in 2021/22 then followed by £3,000k for each year in 2022/23 to 2025/26 with a final payment of £2,500k in 2026/27. In return the Council will implement the agreed DSG management plan set out in the agreement to eliminate the DSG deficit by 2024/25 and in each year subsequently afterwards.

We note from discussions with senior leadership that the DSG recovery plan is underway and the deficit is gradually reducing overtime, with the aim of being in budget by 2025/26. We note that in the context of the Council's medium-term deficit, the continued compliance with the safety valve funding plan also comes under pressure. The Council has opened a regular dialogue with DfE to keep the arrangement under review. We are therefore satisfied that the Councils is taking appropriate steps to manage the DSG deficit and will continue to keep this under review.

Financial sustainability (continued)

Outturn – Q1 2023/24

As per the Q1 2023/24 the Council's forecasted revenue position outturn shows an overspend of £2,813k. The overspend is driven by £605k by the People Department, an overspend by £2,000k in the Place Department. The overspend in the people's department was caused mainly by the pressure within the Looked After Children area which relates to overspending in the Unaccompanied Asylum Seeker Children (UASC) and Care Leavers. The Department of Place is reporting an overspend due to the income for the department being less than budgeted by £2,000k. The Council is actively monitoring the spend areas and will review the income expectation for Place in Q2. It is important that the Council remains committed to delivering services within the budgeted funding envelope to avoid overreliance on unbudgeted one-off measures and reserves to manage pressures, as over the long term this will erode reserves and distract from restoring financial sustainability.

At Q1 capital expenditure is forecast to reduce from £164,183k to £128,970k (excluding the Property Investment scheme headline approval) following a reprofiling into future periods totalling £37,821k and amendments for new and existing schemes totalling £2,608k. The reprofiling of £37,821k (19%) is proposed to be re-profiled to future years with further reprofiling expected in Q2 report as more detailed costing and WECA change requests are approved.

Conclusion

Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages its financial sustainability. Although the next few years are expected to remain economically uncertain, particularly regarding inflation and the financial gap the Council faces, combined with the high demand pressure for Adult and Children's Social Care. The future of government funding settlements over the medium term also remain unclear, with an increasing emphasis on local taxation to fund budget pressures vulnerable to local economic conditions. The Council and its elected members will need to continue to closely monitor budget pressures and MTFP assumptions and retain focus on savings developments and assurance. We have not identified any risks of significant financial weaknesses but have identified an improvement recommendation in relation to emphasis on future monitoring of budget pressures.

We also note that the Council is currently in the ERP implementation phase of the new finance and HR system. Whilst the timeframe of the project is relatively compacted, given the scale and depth, we have assurance around the project's success through the clear project plans the Council has in place in addition to the regular monitoring and scrutiny through its management and governance. Furthermore, whilst the project aims to be 'live' by 1 April 2024 the Council has purchased an additional year's license of the original software provider to aid as a back-up if the transition from the old to the new software isn't completed.

Improvement recommendations

Improvement Recommendation 1

The Council and its elected members will need to continue to closely monitor budget pressures and MTFP assumptions, and retain focus on savings development, to support the medium-term financial position and enable the retention of adequate reserves.

Improvement opportunity identified

Whilst not an improvement necessarily, the Council should continue to monitor the budget pressures and continually review the MTFP to ensure it can achieve a balanced budget in the foreseeable future. As we emerge from Covid, the economic landscape has proven to be volatile, and financial uncertainty is likely to continue over the medium-term. The Council must ensure that its arrangements for planning and managing budgets is sufficiently agile to react to these challenges as they arise.

Summary findings

We note from the review of the Medium-Term Financial Plan, that the Council has identified gaps in the forthcoming years. It has established a plan to forecast a balanced budget through savings and reserves. The Council should continue to monitor this and adjust to reflect the external and internal pressures that the Council faces.

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 we have raised a recommendation to support management in making appropriate improvements.

Management comments

Recommendation accepted – aligned with activity already in place across the council recognising the importance of close financial monitoring and management.

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.

Monitoring and assessing risk

The Council has an appropriate risk management framework. The constitution references a Risk Management Policy, and the 2022/23 Annual Governance Statement and the Internal Audit Services Annual Assurance Report 2022/23 describes some of the approach to risk management. The Council's risk management framework includes an annual risk assessment process. This is carried out through the Organisational Risk Register (ORR) formerly known as the Strategic Risk Register (SRR), which is an integral part of the Council's framework of risk management, reviewed by the Strategic Leadership Team and presented to Cabinet annually. Each department maintains a risk register which includes risk, controls, risk owner and date to review progress of the mitigation controls.

The Risk Register weighs the risk using the revised 5 by 5 matrix of impact of the risk and the likelihood of the occurrence. The RAG rating scores each based on the impact and the likelihood and categorises them based into Low, Medium and High Risk. The Risk Register also sets out the triggers for each risk and the consequences for each risk. The mitigating actions/opportunities already in place, further actions required to be taken by a designated responsible individual (responsible officer) and a target date to review the risk by both the Strategic Leadership Team and Cabinet are included. The internal audit function leads on the Council's risk reporting by escalating risk identified (score greater than 15) at Directorate Management Teams and ensuring that risks deemed to be significant to the Council's monitoring environment are reported through to Cabinet and Strategic Leadership Team. From our review of the Risk Register, the use of a 5 by 5 matrix is effective in capturing the risks and provides an effective tool for management to interpret risk easily.

Leadership and committee effectiveness/decision making

The Council operates a Leader and Cabinet form of executive arrangement. There is a Scrutiny Commission which monitors in-year performance and budgets. The Council's Scrutiny Commission conducts in-depth reviews of issues through informal focused task groups, call in decisions and monitors the in-year performance and budget. Call in decisions are a statutory process which enables a prescribed number of members of the Council can request that a decision, that has already been made but not yet implemented, to be reconsidered. From the review of the Scrutiny Commission minutes we could not identify any call-in decisions. The Audit and Accounts Committee is responsible for Council's arrangements for approving the Annual Accounts and compliance with statutory guidance. The Committee operates effectively, we evidenced this by the review of minutes highlighting the challenges made to internal/external audit reporting, in addition our review of audit committee attendance didn't identify any meetings which were inquorate. During the 2022/23 year there were 3 Audit and Accounts Committee meetings, with one meeting cancelled. The CIPFA practice guidance on audit committees recommends that 4 meetings should be held per financial year. However, our review of future meetings for 2023/24 showcases that 4 meetings have been arranged. Therefore, we have not raised this as an improvement recommendation. We would expect that all of these meetings take place during the 2023/24 year.

The Annual Governance Statement (AGS) is prepared in line with the Council's Constitution, which sets out how the Council operates, how decisions are made and the policies are followed to ensure that these are efficient, transparent and accountable to local people. From the review of the AGS presented in the Annual Accounts 2022/23 we didn't identify any instances of non-compliance, but further work was identified for the next financial year to further improve arrangements.

Governance (continued)

Internal Audit Function

The Internal Audit Function covers Internal Audit Services and Health and Safety. We noted that there was only some minor changes to the audit team, but the remaining members are suitably qualified. It was noted during our discussions with the Head of Internal Audit that there had been a reduction in the audit team, and the team is actively recruiting and is backfilling the post. Across the sector there is a national recruitment challenge. Despite the reduction in staff the plan was achieved.

The 2022/23 Internal Audit plan was presented to the Audit and Accounts Committee on 28 June 2022 and includes 800 days planned for audit services (including 60 days of contingency), an increase when compared to the 2021/22 plan which had 760 days. The annual assurance report was presented to the Audit and Accounts Committee on 4 July 2023 with an overall opinion of reasonable assurance over the adequacy and effectiveness of the Authority's internal control framework, with one fundamental weakness opinion given around Breakthrough mentoring.

Internal Audit Services for public sector bodies are monitored by the Public Sector Internal Audit Standards (PSIAS). PSIAS are required to conduct an assessment of Internal Audit Services at least once every five years and rate the services 'conforms', 'partial conformance' or 'non-conformance' to the requirements of the PSIAS standards. The PSIAS final report on the last external assessment at the Council was dated May 2022 and confirms that the Internal Audit Service fully conforms to the requirements of PSIAS.

Our assessment identified that Internal Audit coverage across Council services is good. In prior years' VfM assessments we noted that the Council was behind in implementing Internal Audit recommendations and Internal Audit was also behind on following up recommendations. At the time that was due to scaled back activity due to the Covid-19 pandemic. At the Audit & Accounts Committee in July 2023, internal audit have reported that 100% of recommendations due in 2022/23 were followed up, of which 83% have been implemented. As part of the September 2023 update, the Head of Internal Audit provided an update that the team were on track to ensure all recommendations during 2023/24 would be followed up. For 2023/24 a new control has been implemented whereby progress on recommendations is reported to SLT. Their support is sought if insufficient progress is being made. There are still some areas where progress is not being made in a timely manner. The aim is that this will be addressed through the new measures.

There is a suite of policies in place, covering anti-fraud and corruption, and the Council has established an anti-fraud culture which includes a whistle-blowing policy and participation in the data matching exercise managed under the National Fraud Incentives coordinated nationally by the Cabinet Office. The Council's Counter-Fraud arrangements are robust and there is a clear framework in which the Council acknowledges, prevents and pursues fraud, corruption and bribery. During the year, Internal Audit was not aware of any serious irregularities that could impact the Council or affect its financial position. Our review of the arrangements identified no issues and there are sufficient Internal Audits specifically on Counter Fraud areas such as Procurement.

Management information systems

The Council's use of management information systems is not uniform across different services and corporate reporting is compiled from a range of information sources. This is like many local authorities across the country, where information systems are often specific to service directorates, such as housing, adult social care and finance. Whilst information is compiled through a range of information sources, the Council is effective in ingesting the source data and reformatted for management to interpret. This is evidenced in data heavy documents produced by the Council such as the Medium-Term Financial Plan and the Council plan.

These reports are published on the Council's website and can be downloaded by the public. The Council's website is a good source of information and interaction with the residents and stakeholders and contains a range of information about the Council.

Monitoring and ensuring appropriate standards

The Annual Governance Statement is compliant with the CIPFA (Chartered Institute of Public Finance and Accountancy) code. An appropriate level of care is taken to ensure that the Council's policies and procedures comply with the relevant codes and legislative frameworks. The work of the Standards Sub-Committee has been reported to the Regulatory Committee. In September 2023 the complaints for 2022/23 were reviewed. During the year 7 complaints were raised, 4 complaints related to Parish Councillors in which either no breach was found or if a breach was found then sufficient training was recommended. The remainder were complaints raised against South Gloucestershire Councillors, in all three cases no breach was found. We have reviewed the underlying details and are satisfied that these do not pose a value for money risk for the purposes of this review.

Governance (continued)

Partnership Governance – WECA

The Council is a voting member of the West of England Combined Authority (WECA). WECA delivers a number of services, including transport, on a regional basis and is also a means by which devolved government funding is obtained and distributed among the constituent Councils for infrastructure and other development projects. The governance of WECA is overseen by the West of England Combined Authority Committee, which comprises the leaders of the member authorities (South Gloucestershire, Bristol, and Bath and North East Somerset) and is chaired by the directly elected West of England Combined Authority Mayor.

It was noted in the prior year value for money assessment that the relationship between the members of the Combined Authority was strained. This was partly attributable to the inherent tensions between the West of England Mayor's mandate to create and deliver a regional strategy and the desire of the individual authorities to retain and protect their own political interests. The dynamic was further complicated by local circumstances, these included the existence of a parallel but separately constituted Joint Committee. The Joint Committee included North Somerset Council as an additional member but remained outside of the Combined Authority. The political landscape is further complicated by the co-existence of the West of England Mayor and the Bristol City Mayor over part of the same footprint and the constitutional requirement for significant elements of Combined Authority business to require unanimous voting, which effectively allows any member to veto a decision.

Last year we issued a critical report on the governance of WECA that identified five significant weaknesses in governance which includes three statutory recommendations. These relate to events that took place during the financial year. Two of the statutory recommendations place an obligation on the members of WECA to work together to improve working relationships and the level of engagement on key decisions. This links to the prior year recommendation made that the Council should work closely with WECA to support (within its remit) the implementation of the required improvements to the governance of WECA.


A constructive and collaborative working relationship between partners is fundamental to the ability to continue to reach consensus, approve the use of devolved funding and attract funding to and deliver value to the region, in addition to the ongoing delivery of key regional services including local bus services.

We note that the relationship between the Council and WECA has improved particularly at officer level, since the new interim WECA Chief Executive took post since December 2022. The view is that the new Chief Executive of WECA has come to the role with a collaborative priority actively wanting to work with partners. There has also been a change in regard to South Gloucestershire's political representation on the WECA Committee and this brings the opportunity to make further progress in relationships at this level. There remain a number of challenges to overcome and we will continue to monitor progress as the relationships at political and strategic level gradually improve.


Conclusion

Overall, we found no evidence of significant weaknesses in the Council's arrangements for ensuring that it makes informed decisions and properly manages its risks. We have made one recommendation, set out on the next page.

Improvement recommendations

Improvement Recommendation 2	The Council should ensure that Internal Audit recommendations are implemented on a timely basis and in line with agreed timescales.
Improvement opportunity identified	Whilst we note in the Annual Assurance Report 2022/23 presented to Cabinet in July 2023 there are recommendations outstanding and the Internal Audit function is still underway in implementing the recommendations, we recommend that the Council should aim to continue to review and implement the recommendations on a timely basis.
Summary findings	From our review we noted historically that the Council was behind in implementing recommendations, the review in 2022/23 identified that there were still recommendations remaining that were historic recommendations from 2018/19.
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	<p>Internal audit recommendations progress of implementation was raised as a recommendation in the 2020/21 VfM report. This was explained at the time that we scaled back follow up activity due to the COVID19 pandemic when the council was in extremely unusual circumstances.</p> <p>In the 2021/22 VFM report, the action plan provided that progress had been made and a new recommendation was not raised.</p> <p>Please refer to Page 95 of the reports pack for 4th July Audit and Accounts Committee, 2022/23 Assurance report. Table 6, internal audit reported 100% of recommendations due in 2022/23 were followed up. Of those recommendations followed up, 83% were implemented. This was an improved position on 2021/22. In September 2023 progress report, internal audit only provide narrative on reviews completed they do not provide detail on progress against numbers of recommendations due, this is because it would be hard to accurately track this definitively mid-year. The Head of Internal Audit did provide a verbal view to committee that the team were broadly on track to ensure all recommendations due during 2023/24 will be followed up. Informal benchmarking with other authorities indicates that we have a very robust follow up approach. For 2023/24 a new control has been implemented whereby progress on recommendations is reported to SLT. Their support is sought if insufficient progress is being made. There are still some areas where progress is not being made timely, but this is being addressed through the new measures.</p>

Improvement recommendations

Improvement Recommendation 3	The Council should continue to work closely with WECA to support (within its remit) the implementation of the required improvements to the governance of WECA.
Improvement opportunity identified	From our interviews with senior statutory officers and review of minutes and partnerships. We note that the relationship has improved with WECA, however we believe that the Council should continue to work closely to support the historic recommendations around the governance of WECA.
Summary findings	Whilst not a new improvement recommendation, the Council should continue to strengthen the relationship with WECA and continue to support it's governance progression based on historic recommendations.
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	Recommendation accepted and builds on positive work undertaken to date.

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.

Performance review, monitoring and assessment

The Council set out its corporate priorities in a 4-year integrated Council Plan in October 2020. The Council Plan does not have any financial implications, but the services as the main framework documented for driving the Council's strategic planning processes and provides key reference document for reset, delivery and service plans that are in place to support the plan and these are updated annually to feed into the budget, MTFP and the capital planning process.

The Council Plan is based on overarching goal of 'achieving the best for residents and their communities' and informs the Council's corporate objectives. In 2020, the Council developed twenty Action Plan Commitments to assess the progress towards these objectives. Each action plan commitment has a set of performance indicators and is managed jointly by a member and a lead officer. Progress is monitored by Cabinet twice a year in a high-level summary report, which is narrative based and provides a high-level overview alongside a more detailed appendix. The reports submitted to the Scrutiny Commission include further detail and combine approximately 100 KPI's used to assess the Council's performance against targets and trends and plans to improve areas of underperformance(s). Highlights of performance against the four Council plan priorities as follows:

- Priority 1 – Creating the best start for our children and young people. Some of the indicators relating to SEND remain in red (eg percentage of South Gloucestershire special schools judged to be good or outstanding). However, we note that a number of indicators are rated green, such as the percentage of South Gloucestershire secondary and primary schools rated good or outstanding by Ofsted.
- Priority 2 – Identifying and supporting those most in need and helping people to help themselves. The Council is performing well against most indicators, although there are some with red flags for Commitment 9 (we will support the most vulnerable adults to maintain and promote their independence) and Commitment 11 (we will ensure that people feel safeguarded and supported in our care, at home and in their communities).
- Priority 3 – Promoting sustainable inclusive communities, infrastructure and growth. This includes KPI's relating to the waste collection service rated green and some areas flagged as amber around the removal of fly tips in the target time. Cleanliness indicators are showing as green. Commitment 13 (we will lead the response to climate emergency and deliver on our commitments) shows a red indicator around the use of renewable energy.
- Priority 4 – Realising the full potential of our people and delivering value for money. There is a generally positive performance, there was one area which was red which was Commitment 19 (we will work as one Council providing staff with the skills, tools, and support to perform at their best, promote equality of opportunity for all and live our values).

The Council Plan includes two further underlying themes: Addressing the Climate Emergency and Closing and Inequality Gap. Progress in these areas is a fundamental part of the four priority areas outlined above.

Improving economy, efficiency and effectiveness (continued)

Feedback from residents

We noted that feedback from consultation with residents and businesses from questionnaires and surveys, a Citizens' Panel and social media feedback show that year on year, there has been a marginal decline in the level of satisfaction with the Council's performance. The Council should make sure that it responds promptly to these concerns in terms of Council priorities and the financial context in which services are operating.

- 73% of respondents were satisfied with South Gloucestershire as a place to live (76% as per the 2021/22 annual accounts)
- 51% of respondents were happy with the way that the Council runs things, whilst 44% agreed that the Council can be relied upon to consistently deliver services. 53% and 45% in 2021/22.

Net service satisfaction was highest for libraries (57%), followed by parks and open spaces (52%), then waste and recycling (50%) and the lowest for planning (2%), local bus and children's social services (2%).

Partnership working

The Council Plan sets out the objectives of partnerships, expected outcomes and deliverables. There is a formalised and rigorous oversight of work undertaken by the Council in partnership with other bodies and appropriate leadership in place to ensure good governance is embedded throughout the lifetime of each partnership. Partnerships in place at the Council include arrangements with local health bodies, working with other Local Authorities across services such as Children and Adult Services and partnerships with voluntary sector. Each plan has a lead provider (usually but not always the Council) and is overseen by its own Board. The work carried out with partners is reviewed and assessed within the Council's plan and budget is usually managed within appropriate service.

The performance indicators for partnership engagements is monitored in the same way as other services delivered by the Council and included in the KPIs monitored through the 20 action plan commitments reviewed twice a year.

Private finance initiative (PFI)

The Council has a service concession contract with Suez Recycling and Recovery South Gloucestershire Ltd, for an integrated waste management service which has operated since 2000 and is due to end in July 2025. Suez has responsibility for the collection and transportation for household waste, operation and management of waste and recycling centres, household waste reduction through recycling and home composting and operation of facilities for the processing and the final disposal of the Council's waste. As of 31 March 2023 the division was reporting an underspend of £8k, an improvement of £31k when compared to the Q3 position. Furthermore, the Council has established a timeframe where it's reviewing its options when the PFI contract ends in 2025. It has established a timeline set out in the outline business case that was presented to Cabinet in June 2023 providing the future options for the new waste service delivery model. From the review of the source outline business case and the agreed timeframe, we are satisfied that the Council has suitably prepared for the PFI scheme ending and has options in place to manage risks, including procurement activity beginning for a new partner. We will continue to monitor the progress of the business case and the performance of the service concession. We recommend that the Council should continue to monitor and develop the outline business case to ensure a seamless transition from the PFI scheme ending to entering a new contract for waste.

Commissioning, procurement and contract management

The Council has a detailed procurement strategy that covers the financial periods from 2020 to 2023 and incorporates the Council's social value and ethical procurement criteria. The Procurement Strategy includes a number of key developments for implementation and an action plan is monitored by the Strategic Procurement Group.

The Council operates a devolved Procurement Function with three Divisional Procurement Hubs supporting the Executive Directorates and overseen by the Strategic Procurement Group (SPG). The SPG has a terms of reference, and is chaired by the Executive Director of Resources & Business Change and comprises of senior procurement officers across the three hubs in addition to the Heads of Service. SPG meets quarterly and is responsible for co-ordinating procurement across the Council, monitoring major contracts, maintaining the Contracts Register, Contract management and overseeing the procurement process for all key contracts.

Improving economy, efficiency and effectiveness (continued)

Commissioning, procurement and contract management (continued)

The SPG provides summary reports to the Strategic Leadership (SLT) and can also escalate any issues arising to SLT or to individual Executive Directors as required. The SPG is supported by Hub Group meetings who discuss and prepare the information required for SPG and co-ordinate action across the hubs. The Hubs prepare procurement updates for their respective Directorate Leadership groups on an approximately 6-month cycle.

Key contracts are monitored by SPG using a dashboard that covers all key contracts across all directorates. The responsible budget managers provide updates for this tracker, which is co-ordinated by the Hub Leads. The Tracker records the level of annual spend, any issues arising from the contract management process, renewal/expiry information and progress on any renewal/re-procurement processes.

The Council's Contracting Rules are documented and appended to the Financial Regulations sitting under the Council's Constitution. Section 8 deals with rules around contract waivers and competitive tendering requiring Executive approval.

The Council undertook a review of the waivers on spend greater than £5k for the period of January to June 2021, which was presented to the Departmental Management Team in 2021/22 and a further analysis again during 2022/23. The result of the findings highlighted that £3.8m of the spend that was analysed during the 6-month period, £342k was judged to be non-compliant with the contracting rules set by the Council. The review highlighted that the commissioning and procurement staff were correctly applying the procurement rules however the procurement teams do not always have optimal visibility. Whilst it is worth noting that the new Microsoft Dynamic 365 finance and human resources system that the Council is currently implementing will enable procurement to have further visibility, this is not going to be implemented and live until 1 April 2024 at the earliest. We feel that the Council should seek to further increase visibility of waivers using standardised processes and documents across the Council. Currently there is only a waiver register in the Resource & Business Change department, this should be consistent across all departments, enabling the Council to have one waiver register which outlines all waiver activity in one place, across all 3 hubs. This should be continued with the implementation of the new system. In respect to best practice for documenting waivers, the evidence we observed was high level and lacked detail on the justification for the use of the waiver, thus from a reviewer perspective also doesn't allow for sufficient scrutiny. A robust waiver procedure should help to mitigate risks of challenge from third parties in how the Council procures goods and services, improve transparency in how decisions are made and help to manage, control and mitigate other risks. A full register of waivers will help to ensure oversight of all waiver activity and should be presented to DMT and Cabinet on a regular basis.

From our discussions with Internal Audit, we noted that there have been reviews undertaken within the Resource and Business Change Department focussed on procurement practices. Internal Audit raised recommendations around the improvements to the consultant checklists, and to improve the controls for IR35. We feel that for consistency it would be beneficial for the Council to undertake a contract management and procurement review in heavy spend areas such as the People department, to provide assurance that the procurement process is operating effectively and that the controls around Adult and Childrens spend have suitably operating controls. We note that in the audit plan for 2023/24 an area for consideration for the Internal Audit team to review is the Contract Management and Quality Assurance. Also, given the current consultation by central government in reviewing the public procurement practice, anticipated to be live by October 2024 a review of the procurement practices could provide value to ensure awareness and ability to respond to upcoming regulation.

The Council has been actively providing training to those procuring and commissioning services from all 3 hubs. Training has been provided by the Resource and Business Change Department on a range of areas such as introducing the procurement practice, inducting staff around the end-to-end procurement process and social value training. However, the training provided is not mandatory. Whilst an attendance register is retained by Learning & Development, there do not appear to be checks in place to ensure all individuals involved in procurement and contract management attend necessary training. We would recommend that the Council should consider maintaining records, across all 3 procurement hubs to ensure that the training attendance is monitored and followed up. This would identify if there were gaps in services areas where training hadn't been undertaken or updated recently. We feel this is especially prevalent given the upcoming change in procurement legislation. This could also ensure a reduction in waiver activity.

Our review has identified pockets of good procurement practice, however, there appears to be a lack of consistency across the Council. Contract registers are not currently up to date although work is underway to improve this. Some areas have recently brought in additional staff to build better practice such as property services and the Council is aware of the challenges that it faces with the upcoming changes to procurement legislation. Whilst the implementation of the new Microsoft Dynamic 365 software will allow procurement teams and finance to have more visibility over procurement and contract management, there is still room for improvement ahead of the new system.

Improving economy, efficiency and effectiveness (continued)

Benchmarking Analysis

We have undertaken benchmarking as part of our work to better understand the local challenges and performance outcomes for South Gloucestershire during the 2022/23 financial year.

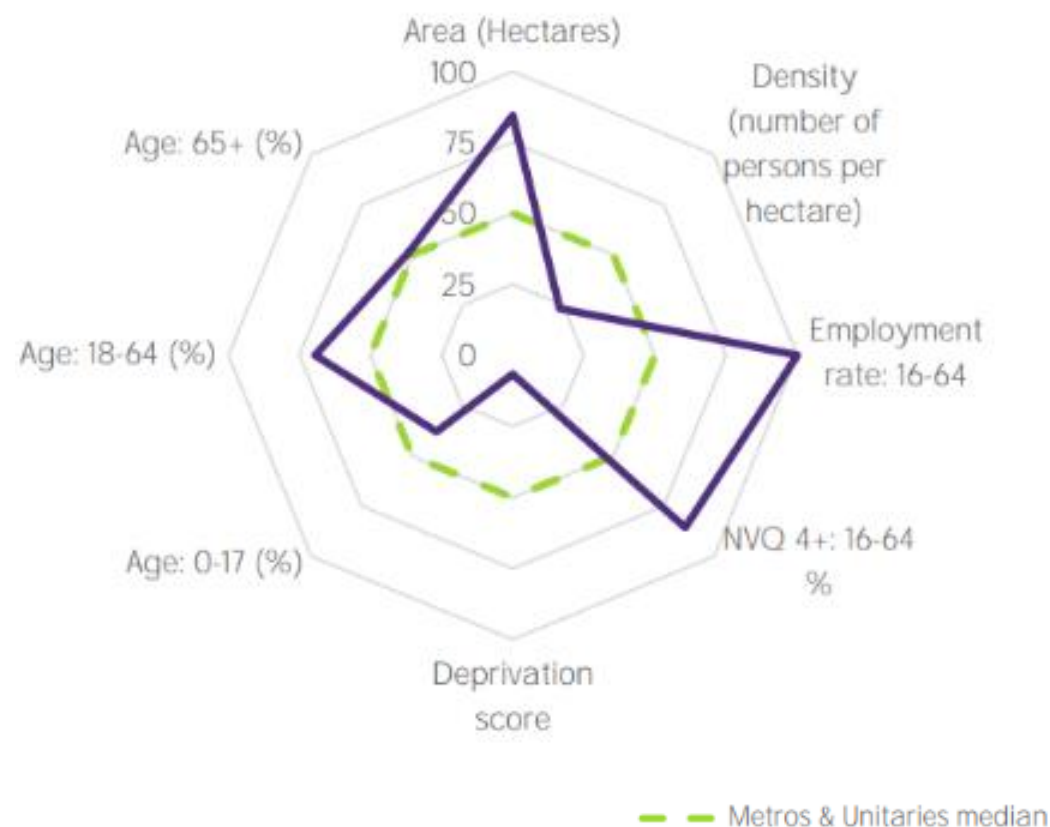
We have looked at the Council's core spending power which measures the core revenue funding available for local authority services, including Council Tax and locally retained business rates, as this is the most indicative relative future funding position for local authorities. Our analysis has highlighted that South Gloucestershire has total Core Spending Power of £234.0 million., ranking 44 out of 95 metropolitan and unitary councils. Core Spending Power per Dwelling is low compared to all metropolitan and unitary authorities, ranking 75th out of 95.

It is important to understand the context in which South Gloucestershire Council operates and the challenges and opportunities posed by the unique characteristics of the place. The socioeconomic profile, to the right, shows South Gloucestershire in the context of all metropolitan and unitary authorities.

The 50 line represents the group median. Consequently, points closer to the outside of the profile are 'very high' in comparison to the group and those closer to the centre are 'very low'. The chart shows that South Gloucestershire has a low proportion of people aged 0-17 years old and a high proportion of those aged 18-64 years old, in comparison to all metropolitan and unitary authorities. South Gloucestershire's population has very low levels of deprivation, very high NVQ 4+ skills levels and a very high employment rate.

During the 2021/22 financial year, South Gloucestershire Council had the lowest Council tax collection rate at 96.44%. when comparing to the nearest neighbour group, however it is above the national average of 95.8%.

South Gloucestershire Socio-Economic Characteristics



Improving economy, efficiency and effectiveness (continued)

Benchmarking Analysis (Net Expenditure)

The below table provides an overview of the Council's expenditure based on revenue outturn results for 2021-22 as reported to the Department of Levelling up Housing and Communities (DLUHC). The first column shows the area of spend that data relates to, whilst the second column shows the "Unit" title that is associated with the area of spend, such as total population or age 0-18. The next column provides 'unit costs' which are spend per head figures. These values are calculated by dividing the total actuals by the unit value, then multiplying by 1000. These values are in pounds as opposed to £000s.

The aim of this measures is to normalise spend to allow for more accurate comparison between areas. The "Metros & Unitaries context" column shows the "Unit Cost Quintile" in a County Councils context. The aim is to show where areas stand benchmarked against the rest of the group. Quintiles are calculated by ranking the "Unit Cost" values in descending order. The greatest value is given a percentile of 100 and the lowest a percentile of 0. Values in between are allocated evenly distributed interval percentiles. Percentiles between 80 and 100, the top quintile, are determined as "Very High", 60-80 as "High", 40-60 as "Average", 20-40 as "Low" and 0-20, the bottom quintile, as "Very Low".

South Gloucestershire is not ranked as "Very High" on any of the categories, meaning it is not within the top 20% of spenders among Metros & Unitaries across any categories.

Service line	Unit	South Gloucestershire	Metros & Unitaries context
TOTAL ADULT SOCIAL CARE	/aged 18+	470.31	High
TOTAL CENTRAL SERVICES	/head	46.77	Not comparable
TOTAL CHILDREN SOCIAL CARE	/aged 0-17	694.18	Very Low
TOTAL CULTURAL AND RELATED SERVICES	/head	22.30	Very Low
TOTAL EDUCATION SERVICES	/aged 0-18	2,726.31	Average
TOTAL ENVIRONMENTAL AND REGULATORY SERVICES	/head	97.99	High
TOTAL HIGHWAYS AND TRANSPORT SERVICES	/head	46.57	High
TOTAL HOUSING SERVICES (GFRA only)	/head	18.71	Very Low
TOTAL OTHER SERVICES	/head	10.57	Not comparable
TOTAL PLANNING AND DEVELOPMENT SERVICES	/head	16.52	Low
TOTAL PUBLIC HEALTH SERVICES	/head	60.73	Very Low
TOTAL SERVICE EXPENDITURE	/head	1,420.31	Low

Improving economy, efficiency and effectiveness (continued)

Mosaic

The review of Internal Audit Reports identified that a review of the Mosaic system (used for Childrens and Adults Social Care) had identified that there are considerable issues and inconsistencies across divisions responsible for this area of work. The report stated the issues around service user billing frequency where clients are receiving sporadic bills and clients are finding it difficult to have their billing queries addressed quickly. The Council has produced a project initiation document in which it clearly details the proposed objectives, scope of work and deliverables to provide an improved and robust governance for the adult social care payments, information is produced on a timely basis and is accurate. Effective and efficient collection of income and a reduction of the bad debt requirement.

We have raised an improvement recommendation that the project should go ahead, and within the agreed scope of work to deliver the outcomes as agreed.

Integra

Integra is a trading arm of the Council, it works alongside schools and other educational establishments to provide specific service provisions such as facilities management and HR. It was noted that the Council had historically has had challenges recruiting for roles in the Integra service line. Our discussions with the Service Director for integra had identified that the Council has adopted a 3-stage process in which it reviews the commercial viability and restructure of its non-statutory services, such as school support for cleaning services where the Council has relinquished its role as the procurer of cleaning services. Placing the onus on the local authority schools to manage their own contracts. The aim of the stage review is to identify savings through removing services which are operating in deficits, to aid the savings process.

We observed the reduction in the service through the reduction in financing available through the earmarked reserves, the traded services reserve was £631k as of 31 March 2022 and during the year through the reduced service the reserve ended at a balance of £312k as of 31 March 2023.

This reduction in service has led into a reduction in the number of staff required, internally staff have been redeployed elsewhere. This places less pressure from a recruitment perspective. We note that as per our discussion with the Service Director of Integra that the recruitment issues still exist, however with less services available through Integra the onus around recruitment is going to be less prevalent if the use of the system is ending in the foreseeable future.

ERP Implementation

The Council is currently implementing a new electronics resource planning system (ERP). Microsoft Dynamics 365, for the use of integrated Finance and Human Resources system. In October 2022 the Council added a capital budget of £6.2m for the purchase and implementation of Microsoft Dynamics 365 and the associated Independent Software Vendors on an invest to save basis, the total required programme savings estimated (estimated) at £915k per annum. Microsoft Dynamics 365 is a portfolio of business applications that aims to deliver superior operational efficiency and improving customer experiences, aiding the Council's ability to become more agile. The software is manufactured by Microsoft and aims to be an adoptions of a new system and its processes rather than adaption of the original software and processes. The use of independent service providers provide bolt on additions to the proposed specific functions such as payroll.

The project timeline started in December 2022, and is due to go live on 1 April 2024. During the process of implementation, the software will undergo 4 iterations. There is 6 weeks' worth of testing completed prior to the go live date on 1 April, this is the typical run time for a project, the Council is using the Microsoft fast track programme meaning that certain requirements are completed to allow the Council to undertake testing using Microsoft's test environment. This ensures that the implementation meets specific Microsoft requirements required for completion and to access the test environment.

The Council has appropriate governance for the delivery of this programme under the Council's change methodology and programme management approach. The governance arrangements include a Senior Responsible Officer (Executive Director for Resources & Business Change), Programme Manager and workstreams covering People Change, Process Change, Data and ICT. The programme board is formed from a wide range of stakeholders, project sponsors, project managers, project consultants (external), heads of service areas, members from procurement, members of finance. The wide range of stakeholders provides sufficient scrutiny and ensures the project progresses with different perspectives considered.

To ensure that the project runs successfully, the Council has established a project plan in which specific milestones are achieved by set dates to ensure the overall success of the new software implementation. The plan includes two elements the detailed plan for the software implementation and an element for change management where training materials, and training sessions are planned to prepare the end users.

Improving economy, efficiency and effectiveness (continued)

Children's Services

The Council is making good progress in implementing an action plan to improve Children's Services in response to recommendations made by Ofsted on Children's Services following the last comprehensive inspection in 2019, and subsequent focused visits in November 2021 and September 2022. The 2019 inspection rates the service as 'Requiring Improvement to be Good' and although this highlighted a wide range of areas for improvement, this provided assurance that the service as a whole was of an adequate standard.

In November 2021 the Council had a focused visit from Ofsted, that looked specifically at the 'front door' processes through which user access to the service. This highlighted significant failings and a need for priority action that resulted in an Improvement Notice being issued by the Department for Education (DfE) in March 2022. In their feedback to the Council, Ofsted identified that some of the areas of weakness that had been identified in 2019 had not progressed quickly enough since that time.

For our 2022/23 VfM review we discussed progress with the Executive Director for the Department for People, who provided further details about the programme of work being undertaken by the Council to improve its children's services since recommendations were first made by Ofsted in 2019.

There have been several issues that have affected the prompt implementation of Ofsted recommendations since 2019, partly due to the difficulties of delivering services during the pandemic, but also due to staff recruitment challenges and the increase in demand for Children's services.


The Council is currently on a pathway to implement its recommendations, we observed correspondence between the Council and the Department for Education where the department thanked the team for their efforts in ensuring the Department for Education that was conducted in June went smoothly, and how the Council has invested and strengthened its workforce. Overall, from the correspondence it was clear that the Council's continued efforts over the last 12-18 months has led to an improved grip and understanding of performance across the service.

We have considered the Council's progress against the Improvement Plan for Children's Service and the priority actions, and the arrangements are now in place to support this agenda. We conclude that sufficient progress has been made to demonstrate a positive direction of travel. The Council is still however on a journey and should continue with progress against their action plan. The Council should ensure that Children's Services Team, the SLT and Cabinet continue to focus on the improvement agenda to ensure that the improvement plan remains on track over the next few years, we raised this in 2021/22 and will continue to monitor this over the next year and re-assess the risk of significant weakness in our 2023/24 VfM review.


Conclusion

Overall, we are satisfied that the Council has appropriate arrangements in place to ensure it manages risks to its oversight in respect to economy, efficiency and effectiveness in its use of resource. We have made recommendations, stated in the next pages.


Improvement recommendations

Improvement Recommendation 4	The Council should continue to ensure that it develops an outline business case and deliver a seamless transition from the PFI contract ending in June 2025 and ensure the new contract is effective and delivers value for money for the Council
Improvement opportunity identified	The Council has established a clear timeframe and pathway with options to consider about the new ways that the Council can deliver the waste service.
Summary findings	The Council should aim to continue monitoring and reviewing different options to ensure it can deliver on the new service provision post PFI contract ending.
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	Waste management notes recommendation to continue to review and keep governance oversight of the transition and future VFM of a new Waste mode , whilst keeping in mind alternative model options for contingency purposes. Financial, political, procurement and legal oversight will be maintained through regular Board, Member and external consultant and Defra reviews.

Improvement recommendations

Improvement Recommendation 5	The Childrens Services Team, the SLT and Cabinet need to continue to focus on the improvement agenda and ensure that the improvement plan remains on track over the next few years.
Improvement opportunity identified	The Council is on a positive track to ensure it meets the improvement plan, this recommendation is in relation that the Council should continue to do so.
Summary findings	Our discussions with SLT and the Childrens Services team has identified the good progress the Council has been making to meet the improvement plan, and the reviews identified evidence the positive trajectory. However it's imperative that the Council should still monitor the performance to the plan.
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	This audit wording is a fair representation of current progress and remaining challenges. We are actively delivering our Improvement Plan and provide regular reports through our Enhanced Performance Board and will continue to do so, maintaining our ambition to deliver well for children and families.

Improvement recommendations

Improvement Recommendation 6	The Council should deliver the improvement work on the Mosaic System (Adult Social Care System) to the agreed deliverables.
Improvement opportunity identified	As per our review of Internal Audit reports and head of service directorates that the Mosaic system had been an issue leading to infrequent service charging to clients and the Council’s inability to respond to charging queries from clients in a timely manner.
Summary findings	Our review identified the proposed project initiation document, we believe that the project would achieve the deliverables that would resolve the issues with Mosaic. Our recommendation is based on the Council’s ability to deliver it.
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	One Council Portfolio Board (OCPB) has approved the Adults Social Care Payments and Billing project to address the Mosaic audit recommendations. The project has commenced, with representation across social care, commissioning and brokerage and finance with a positive, shared purpose to deliver improvements. The project is making good initial progress. The project leads will provide regular progress updates to project sponsors, directorate management teams and OCPB.

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 7

The Council should seek to improve the visibility of waivers through the use of standardised processes and documents to allow for further scrutiny and provision of consistent reporting across all 3 hubs. This should include sufficient documented justification and sign off for use of waivers, as well as a consolidated waiver register which should be presented on a regular basis to DMT and Cabinet to ensure effective oversight and scrutiny.

Improvement opportunity identified

Through the use of standardised documents and processes the Council can gain further visibility of the use of waivers and can allow management to apply more scrutiny across all 3 hubs. The Council should ensure that the waivers are documented to sufficient detail that it ensures visibility across the Council and allows for cross-department scrutiny when reviewing the waivers. From a reviewer's perspective the documentation around waivers could be improved through the use of standardised templates ensuring that the procurer/commissioner has suitable justification for the use of a waiver. The Waiver Procedure should help to mitigate risks of challenge from third parties in how the Council procures goods and services, improve transparency in how decisions are made and help to manage, control and mitigate other risks. A register of waivers will help to ensure oversight of all waiver activity and should be presented to DMT and Cabinet on a regular basis.

Summary findings

Our findings identified that some analysis completed by procurement had identified £342k of spend through waivers from January-June 2021 which was non-compliant. It was evident from our discussions with key officers that oversight of waiver activity was limited, and that there was not a combined waiver register regularly presented to decision-makers. This lack of visibility opens the Council to risks.

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

We currently have standardised documentation and processes however a centralised register of waivers is accepted. Moving forward Microsoft D365 will be able to intercept POs allowing greater oversight.

Improvement recommendations

Improvement Recommendation 8

The Council would benefit to obtain assurance of the procurement/commissioning practice across Adults and Childrens services, such as by conducting an Internal Audit Reviews across all areas where procurement activity is undertaken.

Improvement opportunity identified

The Council can gain assurance that the procurement and commissioning practices across the Council are consistent, and that the practice is delivering social value across all areas.

Summary findings

Internal audit conducted audits of procurement for Place and Resource & Business Change during 2021/22, which was followed up in August 2022. From our review of Internal Audit Assurance reports we noted that historically the procurement practice and the contract management in Adults and Childrens has not been reviewed in recent years. Given the upcoming changes to procurement legislation it may be beneficial for the Council to review practices for consistency and to identify improvements ahead of changes.

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


We have conducted an audit of procurement approach for Place and R&BC during 2021/22, this was followed up in August 2022.

For People we have conducted audits of :

- Children's personal budgets in June 2022
- Day Services supplier reliefs (this audit took over 18 months to complete) final report date Oct 2022
- Residential Payments spot checks (which focussed on finance function not commissioning) June 2023

We have aimed to keep knowledge of CBS and other projects by being part of Commissioning Transformation Board. While we acknowledge this cannot replace internal audit work, we were aware that there were significant capacity issues within the commissioning team which would make it difficult to free up staff to adequately engage with the audit process and enable timely completion (this was evidenced by the Day Services review). We will be looking to colleagues in commissioning for co-operation in completing an audit of reablement in Quarter 4 2023/24 and an audit of residential care commissioning and CBS in Q1 2024/25. We will take into account the comments of external audit and ensure these audits cover assurance over high spending budgets and procurement regulation compliance.

Improvement recommendations

Improvement Recommendation 9	The Council should look to instate a standardised training report that could be accessed across all 3 procurement hubs to ensure that training is recorded centrally and any gaps in training are identified.
Improvement opportunity identified	The Council already undertakes training for procurement and commissioning staff. However, it would be beneficial for the Council to use a central document to identify when staff involved in procurement, commissioning and contract management last undertook training to identify whether there are any gaps that could lead to non-compliance in the future. This is particularly important when procurement and contract management are only considered an element of a role and there may be limited proximity to upcoming regulatory changes.
Summary findings	Our review of the training provided showcases that training is provided by the Council, however there was limited evidence of monitoring of attendance or assurance that all staff involved in procurement, commissioning and contract management attend and engage with training materials.
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	We hold a register of who has been on internal procurement training and external training is recorded by Learning & Development. Visibility of this could be improved however the data is retained.

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1 The Council and its elected members will need to continue closely monitor budget pressures and MTFP assumptions, and retain focus on savings development, to support the medium-term financial position and enable the retention of adequate reserves.	Improvement	January 2023	<p>The Council continues to provide quarterly monitoring reports to members along with details of the savings programme and reserves. Inflation has been a particular area of focus more recently and a centrally held contingency has been set aside to help manage the impact of pay and price inflationary rises.</p> <p>Additional internal monitoring continues with Strategic Leadership Team and Informal Cabinet. Budget Scrutiny Task Group are also briefed prior to Cabinet on quarterly forecasts.</p> <p>The Resource Planning process for 2024/25 Budget Setting has focussed on savings programme assurance over the 4 year programme. The first review was undertaken over the Spring and didn't identify any issues requiring a change in profile to the savings programme in the MTFP. A further review is planned at the end of October where all RED rag rated projects will be brought back to panel by way of a deeper dive with the view to reducing risks and accelerating progress wherever possible. The Cabinet Member for Corporate Resources and their Partner Lead attend the Panels.</p> <p>A number of briefings have been held with the new Administration in the lead up to the Draft 24/25 Budget being published. Principles for the preparation of the next year's budget have been agreed including the need to deliver the savings programme to time and value, and the need for a minimum two year balanced budget.</p> <p>From October 2023 onwards there is now an established Partnership Budget Working Group chaired by the Leader which asks as the political leadership engagement with officers in the preparation of the Administration's annual budget.</p>	Yes	While the Council has made good progress, we consider that this should remain an area of focus, and have raised this recommendation again in 2022/23.

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
2 The Council work closely with WECA to support (within its remit) the implementation of the required improvements to the governance of WECA.	Improvement	January 2023	<p>Regular updates on progress are received by WECA Committee of which the SGC Leader is a voting member. The last update was on 6th October – Agenda Item 16</p> <p>UA CEOs meet regularly to receive regular updates and work with the interim CEO at WECA to progress the actions agreed in the improvement plan.</p> <p>S151s across the region meet fortnightly to discuss key issues arising; with similar arrangements with Monitoring Officers. We now have a WECA led Programme Review Board that is attended by s151s and Infrastructure Directors to provide assurance on delivery to time and value back to CEOs and Committee. There are also meeting cadences in place for Place and Skills Directors.</p> <p>Reports for Committee and CEOs are being shared earlier with engagement sought from the UAs in advance. Some progress made towards using Sharepoint to further improve collaboration.</p> <p>Political relationships remain challenged; however officer engagement is much improved.</p>	Yes	No

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
3	The Childrens services team, the SLT and Cabinet need to continue to focus on the improvement agenda to ensure that the improvement plan remains on track over the next few years.	Improvement	January 2023	The Council continues to focus on making improvements as evidenced by the feedback from Ofsted and the DfE as part of regular progress reviews. Steps taken to make improvements include greater partnership working, with the establishment of a Safeguarding hub, the creation of three new senior leadership roles, improved management oversight and supervision and changes to internal practices and systems.	Partly	While the Council has made good progress, we consider that this should remain an area of focus, and we will continue to monitor
4	The Council should continue to provide updates to members and the public against the action plan for improving the Planning Service and ensure that improvement is achieved on a timely basis.	Improvement	January 2023	Updates on the Planning service performance and progress against the improvement plan are presented to Place Executive Members on a quarterly basis, and a performance 'dashboard' is presented with similar regularity to key stakeholders including the Town and Parish Councils and planning agents. Performance has consolidated at a level which now provides a cushion above the Government's minimum performance thresholds, reducing the risk in this area. The intention is to review performance objectives later in 2023/4, when more clarity on the planning reform changes has been provided by central government and a decision has been taken by the Council on ringfencing the planning fees to support further investment in the service.	Yes	No

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?	
5	Cabinet should continue to monitor progress against the actions being taken to address critical recruitment and retention issues, particularly in Childrens and Adults social care and integra.	Improvement	January 2023	Within Childrens’ Social Care the department has introduced: - An International recruitment scheme to recruit overseas Social Workers. This has resulted in 19 vacant Social Worker posts being filled on a permanent basis and subsequently this is reducing the reliance on agency Social Workers during 2023/2024. - A recruitment and retention bonus scheme which has supported the retention of Social Worker staff. Within Adult social care the attraction and retention of experienced social work and OT practitioners is an increasing issue. In recognition of this the service set up the Adult Social Care Attraction and Retention Board. The work programme of the Board is drawn from a number of staff surveys and HR data. The work programme covers; Learning and Development, Communication and Leadership, Recognition and Enabling working conditions. Through the 2022/23 Resource Allocation process, investment was approved to create a Career progression scheme for registered and non-registered staff to support retention and strengthen internal supply. The scheme together with investment in apprenticeships has been critical in securing internal supply to posts. 2022/23 annual turnover of 14% is below the national average.	Yes	No

Opinion on the financial statements



Audit opinion on the financial statements

We gave an unqualified opinion on the Council's financial statements for the 2022/23 year on 1 February 2024 following the Audit and Accounts Committee meeting on 30 January 2024.

Audit Findings Report

More detailed findings can be found in our Audit Findings Report, which was published and reported to the Council's Audit and Accounts Committee on 30 January 2024.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council.

We are not required to undertake detailed work at the council as the expenditure is below the de minimus level set by the NAO.

Preparation of the accounts

The Council provided draft accounts and supporting working papers in line with the agreed timetable for each year.

Issues arising from the accounts:

There were no significant matters arising from the audits.

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation



Appendices

Appendix A: Responsibilities of the Council

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

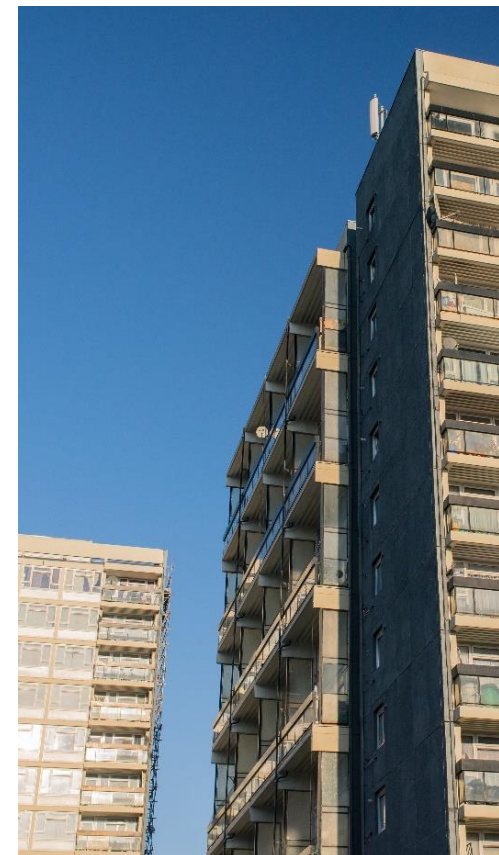
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records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

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

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

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

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



Appendix B:

An explanatory note on recommendations

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

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Council’s arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as ‘key recommendations’.	No	N/A
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	15, 19, 20, 28-33

