

South Gloucestershire Council

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

December 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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Introduction



Purpose of the Auditor's Annual Report

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

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

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

Responsibilities of the appointed auditor

Opinion on the financial statements

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

- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

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

Value for money

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

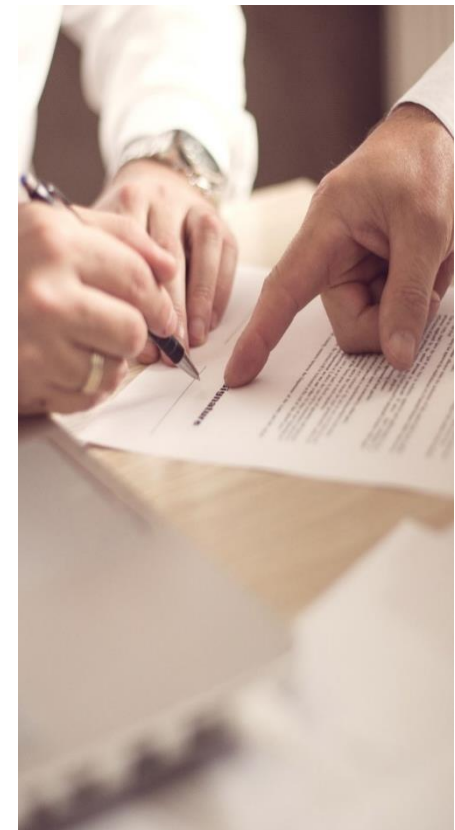
- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

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

Auditor powers

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

These powers are set out on page 12 with a commentary on whether any of these powers have been used during this audit period.



Executive summary



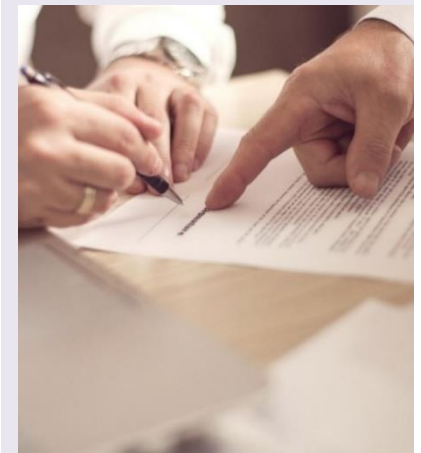
Executive summary (1 of 5)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The NAO has consulted and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year (30 November) and for the audited body to publish the Report thereafter. This new requirements will be introduced from November 2025. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible and are bringing forward our 2024 reporting in advance of the Code change. Our summary findings are set out below. Our recommendations and management responses are summarised in the section starting on page 36.



We have completed our audit of your financial statements and issued an unqualified audit opinion on 23 December 2024 following the Accounts and Audit Committee meeting on 26 November 2024.

Our findings are set out in further detail on page 11.



Financial sustainability

On 15 February 2023, Full Council approved the Revenue Budget of £287.17m for 2023/24. The 2023/24 revenue outturn was a surplus of £1.63m after a planned use of £9.73m from the financial risks reserve.

On 21 February 2024, Full Council agreed a Revenue Budget of £305.77m for 2024/25 and the four-year Medium-Term Financial Plan (MTFP) which was balanced for the next three years if planned savings materialise, with a gap of £5.97m in 2027/28 after use of the Budget Strategy Reserve, and a core funding gap of £9m to address by 2028/29. On 7 October 2024, the Cabinet received the Q1 2024/25 financial report showing a forecast £5.55m revenue overspend, before the release of in-year contingencies.

The Council joined the Department for Education's (DfE) Safety Valve Programme in 2021 which resulted in £25m over four years to help reduce the Dedicated Schools Grant (DSG) deficit. The 2023/24 outturn was an overspend of £5m, an increase of £2.62m above the target for 2023/24 and a cumulative deficit of £27.46m. In 2024/25 the forecast overspend is £8.3m, over the agreed £7.7m. This would take the projected DSG unusable reserve deficit to £35.83m by 31 March 2025. The safety valve progress tool shared with DfE in August 2024 shows the plan is on track with the revised Safety Valve targets. The financial forecast shows the deficit increasing to £39m by the end of 2025/26 but this is forecast to reduce to £26.47m by 2032. From 2026/27, the cumulative DSG deficit is due to return to the Council's balance sheet when the statutory override ceases on 31 March 2026 unless this is extended by the Government. This would have a material impact on the Council's financial position as would be the case for many upper-tier councils. [We make an improvement recommendation for the Council to continue working to address its DSG deficit \(page 18\).](#)

In February 2023, Full Council approved a medium-term savings programme for delivery totalling £40.3m by 2026/27. In February 2024, the budget shows £27.864m of cumulative savings by the end of 2024/25 including new savings of £9.52m. In October 2024, the Cabinet received a MTFP update showing the Council will need to find £9m of new savings for 2026/27 increasing to £16m by 2028/29 after the implementation and delivery of the savings programme and service level options.

In March 2023, the Council held departmental earmarked reserves of £96.68m, these decreased to £73.39m by March 2024 of which £10m was moved to improve the general fund reserves position. The Council had £19m in general reserves in March 2024, which is 6% of the net budget. In 2024/25 the Council planned to use £23.63m of its departmental earmarked reserves, taking these to £49.40m by 31 March 2025, this is a reduction of £47.28m in two years. We note the Quarter 2 forecast shows an additional £20m in City Region Deal receipts which the Council plans to transfer to the financial risk reserve. The Council is forecasting to not require a further £7.5m of its earmarked reserves in 2024/25.

[We make an improvement recommendation to develop a more sustainable savings programme focused on budget reductions \(page 19\).](#) This builds on our prior year improvement recommendation which we close. [We also make four other improvement recommendations covering benchmarking, workforce planning, capital governance and budget and strategy alignment \(pages 20 and 21\).](#)

Executive summary (2 of 5)

Governance



In our Auditor's Annual Report (AAR) 2022/23 we made an improvement recommendation to improve waiver visibility by using standardised processes and documents to allow for scrutiny and consistent reporting across all three procurement hubs. The Cabinet did not see a consolidated waiver register in 2023/24 or up to October 2024 as there was no consolidated list. There was also no directorate list of waivers for People in 2023/24 or up to October 2024.

In March 2023, the Head of Procurement left the Council and was not replaced. This caused a lack of capacity in the service leading to the Procurement Strategy not being updated and the Strategic Procurement Group (SPG) stopped meeting. In 2023/24 the Council lacked financial and procurement checks on contracts. There was no system in place to gain assurance that services were compliant with either the Council or national procurement rules. This has improved following the introduction of D365 from April 2024, the procurement hubs are uploading contracts into the system, and this is expected to be completed by January 2025. There was a procurement fraud of £0.18m in June 2023 which the police are still investigating. The fraud resulted in the internal audit team undertaking an audit of bank mandates, making several recommendations and delivering staff training to reduce the risk. The Accounts team lead on procurement card spending and there is very limited visibility on spending via p-cards by procurement. The Audit Committee saw no procurement update in 2023/24 or up to October 2024, which we would expect to see. We identify procurement as a significant weakness in the Council's arrangements for value for money and make a key recommendation which is summarised on page 9 and reported on page 26.

In November 2023, the Cabinet approved the Council's Risk Management Strategy which included risk appetite. The Strategy considers arrangements for risk escalation and de-escalation and the Council also uses the Government's Orange Book risk model, which is good practice. The Head of Internal Audit leads on risk management but there are controls in place set out in the Internal Audit Charter. We have identified some enhancements to risk management and make an improvement recommendation.

In our AAR 2022/23 we made an improvement recommendation for the Council to ensure that Internal Audit recommendations are implemented on a timely basis. In 2023/24 Internal Audit followed up 57 recommendations (100%) of those due, of these 36 were fully implemented (63%) but two audits had recommendations outstanding for more than two years. We retain our prior year recommendation.

The Council does not have a counter-fraud function which we would expect to see in a council of this size and no-one in the internal audit team is counter-fraud trained. In 2023/24 four frauds were investigated: the frauds were low value, and the Council has taken steps to learn from these and put controls in place to reduce the likelihood of future occurrences therefore we make an improvement recommendation to strengthen the Council's counter-fraud arrangements.

The Council has a robust budget setting process in place that starts in July when the Cabinet agrees the budget assumptions. There is a budget scrutiny process, effective service engagement and public consultation. The Council holds three budget panels throughout the process where service budgets are challenged.

Budget holders are not yet able to self-serve until the budget monitoring module is completed in 2025/26. In 2023/24 and up to September 2024 only high-risk services receive monthly budget meeting with the finance team. Services did have monthly financial reports provided to them in 2023/24.

In November 2023, the Local Government Association (LGA) Corporate Peer Challenge described the Council as well-run with strong, respectful and purposeful relationships between Chief Executive and all political group leaders. This is the result of a consistent leadership style and approach, modelled by the Chief Executive and reflected by senior officers and political leaders.

In addition to the key recommendation, we make six improvement recommendations (pages 27-28).

Executive summary (3 of 5)

Improving economy, efficiency and effectiveness



In 2023/24 the Council consulted on a new Corporate Plan over a seven-month period. The new Council Plan (2024-2028) was approved in May 2024 together with its key performance indicators (KPIs) with baselines and targets for each of the four years. However, we note some baselines are missing and some are for 2021/22. Some targets are also blank. Some of the KPIs are not performance measures but planned delivery of papers. We also note a lack of regular performance reporting. We make an improvement recommendation to develop the Council's performance management arrangements.

In our AAR 2022/23 we raised an improvement recommendation for the Council to deliver the improvement work on the Mosaic System (Adult Social Care System) to the agreed deliverables. We retain our prior year recommendation concerning Mosaic and make a new improvement recommendation to ensure the Council carries out a lessons learnt review of the Mosaic and D365 procurements, change management and implementation to improve future system implementations.

In our AAR 2022/23 we made an improvement recommendation for the Children's 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. In December 2023, the OFSTED improvement notice was lifted. The Council was rated Good in all five areas. We note the Council was invited by the DfE to participate in the national 'what works in SEND' programme and is an example of good practice for its SEND clusters.

In July 2024, Vinney Green Secure Unit was inspected under the common social care inspection framework and was found as requiring improvement to be good. We raise an improvement recommendation and will return to this in our VFM work for 2024/25.

In our AAR 2022/23 we made an improvement recommendation for the Council to continue working closely with the West of England Combined Authority (WECA) to support (within its remit) the implementation of the required improvements to WECA governance. As WECA still needs to significantly improve its governance arrangements, and we retain this improvement recommendation.

In our AAR 2022/23 we made an improvement recommendation to continue to ensure the Council develops an outline business case and deliver a seamless transition from the Private Finance Initiative (PFI) waste contract ending in June 2025. This is complete and we have closed this recommendation.

The Council has introduced contract management plans for contracts over £0.1m but we only received one of these to review. There is a need to undertake more robust corporate challenge for contract management. Contract performance management is variable across the Council, and this requires further development. We make an improvement recommendation.

In conclusion and based on our areas of focus and evidence considered, we have not identified any significant weaknesses in arrangements to ensure the Council manages improving economy, efficiency and effectiveness. However, we have identified four areas where the Council could improve arrangements and as such, have raised four improvement recommendations which have been accepted by Management (pages 32-33).

Executive summary (4 of 5)



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

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. A summary of our judgements are set out in the table below.

Criteria	2022/23 Auditor judgement on arrangements	2023/24 Risk assessment	2023/24 Auditor judgement on arrangements	Direction of travel
Financial sustainability	A No significant weaknesses in arrangements identified, but improvement recommendations made.	No risks of significant weakness were identified	A No significant weaknesses in arrangements identified, but six improvement recommendations are made to support improvement (pages 18-21).	↔
Governance	A No significant weaknesses in arrangements identified, but improvement recommendations made.	No risks of significant weakness were identified	R Significant weakness in arrangements procurement were identified and a key recommendation made. More detail is provided in the detailed findings section of this report on page 26. We also identified areas for improvement and made six improvement recommendations to support improvement (pages 27-28).	↓
Improving economy, efficiency and effectiveness	A No significant weaknesses in arrangements identified, but improvement recommendations made. Improvements continue to be made to Children's Services, but more work is needed, and we will monitor this in 2023/24.	No risks of significant weakness were identified	A No significant weaknesses in arrangements identified, but four improvement recommendation have been made to support improvement (pages 32-33).	↔

- 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 (5 of 5)



Significant weakness identified in governance arrangements

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. We reviewed the Council's governance arrangements and have concluded there was a significant weakness in arrangements.

Procurement

In our AAR 2022/23 we made an improvement recommendation for the Council to improve the visibility of waivers using standardised processes and documents to allow for further scrutiny and provision of consistent reporting across all three hubs. The Cabinet did not see a consolidated waiver register in 2023/24 or up to October 2024. There was no consolidated list of waivers for 2023/24 or up to October 2024 and no directorate list of waivers for People in 2023/24 or up to October 2024. The Audit Committee saw no procurement update in 2023/24 or up to October 2024, which we would expect to see.

In March 2023, the Head of Procurement left the Council and was not replaced. This caused a lack of capacity in the service leading to the Procurement Strategy not being updated. The last Strategy covered 2020 to 2023. The Strategic Procurement Group (SPG) also stopped in March 2023. A virtual SPG group does consider procurements of over £1m.

In 2023/24 the Council lacked financial and procurement checks on contracts. There was no system in place to gain assurance that services were compliant with either the Council's rules or with national procurement rules. This improved following the introduction of Microsoft dynamics 365 [D365] from April 2024. Most contracts are now held corporately on the contracts register embedded in this system, but Directorates are still working to get contracts onto D365. Resources and Business Change is 80% complete, the other two Directorates are less developed, and January 2025 is the date set to complete this work.

There was a procurement fraud of £0.18m in June 2023 caused by a provider cyber incident leading to a bank mandate fraud. We note the police are still investigating. The internal audit team undertook an audit of mandates which resulted in recommendations being made. It also trained staff to identify future mandate fraud. We note no learning on cyber requirements for contract providers because of this procurement fraud. The Accounts team lead on procurement card spending and there is very limited visibility on spending via p-cards by procurement.

The contract and financial regulations in the constitution were last updated in May 2024, these are limited but do reference the Procurement Act 2023. The Council is preparing to implement the Procurement Act changes. It has three workstreams in place: policy and procedures, people and system each has a risk and issues log. The Council intends to update its contract rules to align with the Act prior to implementation. Three procurement leads have done the full training in procurement and commissioning and 45% of the team have completed the e-learning courses. The e-tendering system has published changes in the test environment with a go live date of January 2025 with training planned for users.

Based on the work undertaken and evidence reviewed, we are not satisfied that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2023/24. We have therefore identified a significant weakness in arrangements and raise the following key recommendation.

Key recommendation 1

The Council needs to significantly improve its procurement arrangements by ensuring it has sufficient capacity to ensure robust controls are in place to demonstrate financial and procurement decision-making compliance and achievement of value for money.

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



Opinion on the financial statements



Audit opinion on the financial statements

We have completed our audit of your financial statements and issued an unqualified audit opinion on 23 December 2024 following the Accounts and Audit Committee meeting on 26 November 2024.

The full opinion will be included in the Council's Annual Report for 2023/24, which can be obtained from the Council's website.

Grant Thornton provides an independent opinion on whether the Councils financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

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

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

Findings from the audit of the financial statements

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

Draft financial statements were of a reasonable standard and supported by detailed working papers.

The audit has been more protracted than anticipated. A key factor in these delays has been officer capacity to respond to audit queries alongside the implementation and embedding of the Council's new ledger system in the 2024/25 financial year. There has also been turnover of officers who are key to responding to audit queries and this has resulted in additional time being needed to understand our requirements and provide suitable analyses and evidence.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report was presented to the Council's Audit and Accounts Committee on 26 November 2024 alongside this report. Requests for this Audit Findings Report should be directed to the Council.

Use of auditor's powers

We bring the following matters to your attention:

2023/24

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.

Value for Money Commentary on arrangements



The current local government landscape

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



National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on councils' General Fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for council services such as social care and homelessness. At the same time, the crisis impacted adversely on key areas of council income that were needed to service the increase in demand, for example fees and charges and the collection rates for council tax, business rates and rents.

In January 2024, the UK government announced an additional £600 million for local government, but the Spring Budget for 2024 brought little in the way of any further support. Rising costs of delivering services, coupled with workforce shortages in key areas, supply chain fragility, and rising interest rates for servicing debt, brought a level of crisis to the local government sector perhaps never experienced before. Current warning signs of difficulty include:

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

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

The general election that took place on 4 July 2024 led to a change in government, and changes to government policy and legislation relating to the sector are emerging at the time of producing this report. The Chancellor's Budget on 30 October 2024 confirmed the Government's plans for greater devolution in England and confirmed a real terms increase in core spending power to local government for 2025/26 of 3.2%. Including an increase in grant of £1.3 billion. The Chancellor also announced £1 billion additional funding for SEND, an additional £2.3 billion for schools, and councils will be able to use the full amount of capital receipts from right to buy sales. The detail of what the Chancellor's announcement means for individual councils will become clearer when their provisional finance settlement for 2025/26 is confirmed by the Government in December 2024.



Local context

The Council is a unitary council with a population of 290,400 in 2021 and is projected to rise by over 25% to over 354,000 by 2043. The largest increases are projected in the older age groups, resulting in a flatter age structure by the end of the projection period with a 44% increase in residents aged 65 or over. It was formed in 1996 following local government reorganisation.

The Council has had no overall control since May 2023, being run by a Liberal Democrat and Labour coalition. It has 61 councillors, and its next election is in May 2027.

The Council operates under an Executive decision-making model, which oversees the formation of all major policies, strategies and plans and as such the Council's formal decision making and governance structure constitutes the Full Council and an Executive (the Cabinet). Full Council and Cabinet are supported by overview and scrutiny.

The Council approved a new Council Plan in May 2024. The new core priorities are: respond to the climate and nature emergency, help reduce inequalities, support children and young people to thrive, support wellbeing and independence, and build better places, with secure, affordable housing and good, sustainable transport links.

Financial sustainability (1 of 7)



We considered how the audited body:

Commentary on arrangements

Assessment

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

On 15 February 2023, Full Council approved the Revenue Budget of £287.17m for 2023/24. The 2023/24 revenue outturn was a surplus of £1.63m after a planned use of £9.73m from the financial risks reserve. The place budget overspent by 6.4% from £43.62m to £45.85m before the pay award, reflecting pressures on homelessness and a loss of income. The agreed capital programme for 2023/24 was £132.49m before slippage from 2022/23. The capital programme outturn was £83.49m against a budget of £113.71m, excluding £30.94m associated with the property investment fund. Capital slippage into 2024/25 was £29.98m, excluding the property investment fund.

In February 2024, Full Council agreed a Revenue Budget of £305.77m for 2024/25 and were advised the 4-year Medium-Term Financial Plan was balanced for the next three years, with a gap of £5.97m in 2027/28 after use of the Budget Strategy Reserve, and a core funding gap of £9m to address by year 4. A capital programme of £120.08m was also agreed for 2024/25. On 7 October 2024, the Cabinet received the Q1 2024/25 financial report showing a forecast £5.55m revenue overspend, before the release of in-year contingencies.

The Council joined the DfE Safety Valve Programme in 2021 which resulted in an additional DSG grant of £25m over four years to help reduce the DSG deficit. The outturn position for 2023/24 is an overspend of £5m, an increase of £2.62m above the target for 2023/24 and a cumulative deficit of £27.46m. In 2024/25 the forecast overspend is £8.3m. This would take the projected DSG unusable reserve deficit to £35.83m by 31 March 2025. The financial forecast shows the deficit increasing to £39m by the end of 2025/26 but this is forecast to reduce to £26.47m by 2032.

The cumulative DSG deficit is due to return to the Council's Balance Sheet when the statutory override ceases on 31 March 2026, if this is not extended by the Government. This would have a material impact on the Council's financial position as would be the case for most of the sector. We identify a weakness in the arrangements to manage the DSG deficit and make an improvement recommendation.

A

- 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.

Financial sustainability (2 of 7)



We considered how the audited body:

Commentary on arrangements

Assessment

plans to bridge its funding gaps and identifies achievable savings

In our AAR 2022/23 we raised an improvement recommendation for the Council and its elected members to continue closely monitoring budget pressures and MTFP assumptions, and retain a focus on savings development, to support the medium-term financial position and enable the retention of adequate reserves. We close this recommendation and make a new improvement recommendation to reduce use of reserves and develop more sustainable savings.

In February 2023, Full Council approved the 2023/24 budget which included a medium-term savings programme for delivery totalling £40.3m by 2026/27. In February 2023, a £5m deficit remained for 2026/27 assuming all savings were delivered. The 2023/24 outturn shows savings of £18.78m (97%) were achieved in-year. Of these savings £12.28m (63%) were reoccurring and £6.5m (34%) were non-reoccurring. In October 2024, it was reported to the Cabinet that the 2024/25 savings target was £13.911m which included £5.944m of savings brought forward from previous years. At Quarter 1, £5m of the £40.3m savings programme is at risk of non-delivery. In October 2024, the Cabinet were told the Council will need to find £9m of new savings for 2026/27 increasing to £16m by 2028/29 after the implementation and delivery of the savings programme and service level options.

In March 2023, the Council held departmental earmarked reserves of £96.68m, these decreased to £73.39m by March 2024 of which £10m was moved to improve the general fund position. The Council had £19m in general reserves in March 2024, which is 6% of the net budget. In 2024/25 the Council planned to use £23.626m of its departmental earmarked reserves, taking these to £49.40m by 31 March 2025, this is a reduction of £47.28m in two years.

We note the Quarter 2 forecast shows an additional £20m in City Region Deal receipts which the Council plans to transfer to the financial risk reserve. The Council is forecasting to not require a further £7.5m of its earmarked reserves in 2024/25.

We consider the level of these departmental earmarked reserves is relatively low and impacts the Council's ability to manage a significant financial shock. We are concerned about the one-off measures in the savings programme and the Council needs to develop a transformational savings programme to ensure savings are sustainable and sufficient to meet its medium-term financial position without further reliance on reserves. We make an improvement recommendation.

A

plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

In February, each year the Council approves a Financial Strategy, 10-year Medium Term Financial Plan, and an annual revenue budget. This does align with the Council's Corporate Plan.

The Council's Resource Panels are used to support the budget process and in 2024/25 are challenging the levels of statutory spending and the investment in discretionary services. It now also includes benchmarking but this needs to be more consistently applied to cost and performance across services through this process. This would benefit the Council's savings programme, and we make an improvement recommendation.

A

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.

Financial sustainability (3 of 7)



We considered how the audited body:

Commentary on arrangements

Assessment

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

The Council declared a Climate Emergency in 2019 for South Gloucestershire to become carbon neutral by 2030 and Climate is one of the Council's new Corporate Plan priorities. We note limited revenue funding to support this ambition. The 2023/24 budget only included a commitment of £2.728m for climate emergency from the Community Infrastructure Levy. Since April 2023, the Council has a Climate and Nature Decision Wheel to help ensure better social and environmental outcomes are considered when making decisions about projects, especially those needing £100,000 or more of external funding. However, proposals in the medium-term Capital Programme have received decisions prior to April 2023. We make an improvement recommendation to align the Council's budget with its corporate priorities.

In October 2024, the Cabinet agreed the Estate Strategy developed during 2023/24. It follows the updated advice from the Chartered Institute of Public Finance and Accountancy (CIPFA) to put in place a strategic asset management approach.

In 2023/24 the Council did not have a consistent approach to service planning, so this was not used to inform workforce planning. The Council does not have a costed workforce plan, and we make an improvement recommendation.

The 2023/24 capital programme outturn was £83.49m against a budget of £113.71m, excluding £30.94m associated with the property investment fund. In 2024/25 the annual capital strategy included the minimum revenue provision impact of the capital programme and other revenue financing costs. In July 2024, an Internal Audit of capital governance identified improvements are needed to grant funding scheme assurance. We make an improvement recommendation on capital governance.

A

identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

The Reserves Policy was reviewed in 2023/24. The Council had £19m in its general fund at the end of 2023/24 (6% of the net budget) and departmental earmarked reserves of £73.39m which had reduced in year from £96.68m of which £10.3m was used to improve the position of the general fund which was only £8.7m on 31 March 2023.

The Council planned further use of its departmental earmarked reserves in 2024/25, which are forecast to reduce to £49.40m by 31 March 2025. These earmarked departmental reserves are made up from Budget Carry Forward, Covid-19 Financial Support, Invest to Save, Financial Risks, New Homes Bonus and Service Investment Reserves.

There is a core funding deficit of £9m in 2027/28 and the Financial Risks Reserve has insufficient funding to cover this final year of the MTFP. The Council had spending controls on staffing and discretionary services in 2023/24, and these continued for 2024/25. Financial risks are well explained to the Cabinet through regular reporting. Elsewhere in this report we identify the need for additional savings to reduce the reliance on reserves and close the medium-term gap and raised an improvement recommendation, so we do not repeat it here.

G

G No significant weaknesses in arrangements identified or improvement recommendation made.

A No significant weaknesses in arrangements identified, but improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendations made.

Financial sustainability (4 of 7)



Areas for improvement – DSG

The Council joined the DfE Safety Valve Programme in 2021 which resulted in £25m over four years to help reduce the DSG deficit. It has worked with local partners and the DfE to develop and agree to a DSG Safety Valve (Deficit Recovery) Plan and has established a high needs block working group that meets monthly focused on cost reductions in the high needs budget and it has developed a SEND strategy.

At the start of 2023/24, the DSG deficit was £22.46m, and a planned increase of £2.38m in year. The outturn position shows an overspend of £5m, an increase of £2.62m above the target for 2023/24 and a cumulative deficit of £27.46m. With the agreement of DfE the deficit is set to increase to £39m in 2025/26. In December 2023, the Council submitted a request for capital funding and its reprofiled finance plan to the DfE, but this capital funding was not agreed. This is impacting on provision of places.

In 2024/25 the forecast overspend is £8.3m, over the agreed £7.7m in the programme. However, ongoing dialogue with DfE and performance monitoring is in place. This would take the projected total DSG unusable reserve deficit to £35.83m by 31 March 2025. The increase is driven by demand for Education, Health and Care Plans (EHCPs), and an increase in the cost of providing support to young people with an EHCP. The DfE's benchmarking data shows evidence of improvement. The Council is now below the national average for the proportion of pupils receiving an EHCP. However, demand continues to grow.

The safety valve progress tool shared with DfE in August 2024 shows the plan is on track with the revised Safety Valve targets. The financial forecast shows the deficit increasing to £39m by the end of 2025/26 but this is forecast to reduce to £26.47m by 2032. From 2026/27, the cumulative DSG deficit is due to return to the Council's Balance Sheet when statutory override ceases on 31 March 2026 if this is not extended by the Government. This would have a material impact on the Council's financial position as would be the case for most of the sector.

As part of our work, consideration was given as to whether the DSG overspend in 2023/24, and the forecast overspends in future, were sufficient to constitute a significant weakness in the Council's arrangements. However, we have been able to gain assurance that the Council is proactively managing the position, and engaging suitably well with DfE to agree a plan to address the deficit. We also note that the Council's General Fund reserves are sufficient to absorb the impact of the deficit if the statutory override is not extended in 2026, although we note that this would require significant reallocation of currently earmarked reserves. On that basis we are satisfied that there was not a significant weakness in the 2023/24 financial year, but we note that this is will continue to be an area of focus for our work going forwards.

Improvement recommendation 1:

The Council needs to ensure it continues to work with its partners to deliver the DSG recovery plan and works to reduce its deficit position.

Financial sustainability (5 of 7)



Areas for improvement

Savings and Transformation

In our AAR 2022/23 we raised an improvement recommendation for the Council and its elected members to continue closely monitoring budget pressures and MTFP assumptions, and retain a focus on savings development, to support the medium-term financial position and enable the retention of adequate reserves. We have closed this and raised a new recommendation.

In February 2023, Full Council approved the 2023/24 budget which included a medium-term savings programme for delivery totalling £40.3m by 2026/27. This programme included a range of savings proposals of which some required development and consultation. In February 2023, a £5m deficit remained for 2026/27 assuming all savings were delivered. The 2023/24 net savings target was £13.715m together with £5.628m of savings brought forward from previous years where permanent solutions continue to be developed. At the outturn position for 2023/24 savings of £18.779m (97%) were achieved in-year. Of these savings £12.281m (63%) were re-occurring and £6.498m (34%) were non reoccurring.

In February 2024, the budget shows £27.864m of cumulative savings by the end of 2024/25 including new savings of £9.52m. We note some of these are one-off vacancy controls, technical adjustments and fees and charges.

In October 2024, the Cabinet received a MTFP update showing 2024/25 savings target was £13.911m which included £5.944m of savings brought forward from previous years where permanent solutions continue to be developed. At Quarter 1, £2.11m or 15% of the savings plan reported in-year risks and a savings review indicated that £5m of the £40.3m savings programme is at risk of non-delivery. The Cabinet received a revised savings programme of £35.37m in cumulative savings by the end of 2025/26. We note some savings still needed development and one-off measures were still included. The Cabinet also received the medium-term financial update which showed the Council's current projected budget surplus of £5.37m in 2025/26 and deficits of £9.19m in 2026/27, £9.1m in 2027/28 and £15.81m in 2028/29 after the assumed implementation and delivery of the savings programme and service level options.

In March 2023, the Council held departmental earmarked reserves of £96.68m, these decreased to £73.39m by March 2024 of which £10m was moved to improve the general fund position. The Council had £19m in general reserves in March 2024, which is 6% of the net budget. In 2024/25 the Council planned to use another £23.63m of its departmental earmarked reserves, taking these to £49.40m by 31 March 2025, including a school's balance of £6.31m, this is a reduction of £47.28m in two years.

We consider the level of these departmental earmarked reserves is relatively low and impacts the Council's ability to manage a significant financial shock. We are concerned about the one-off measures in the savings programme and there is a need to develop a transformational programme to ensure savings are sustainable and the Council can meet its medium-term financial position without further reliance on reserves.

Improvement recommendation 2:

The Council needs to ensure it has sufficient budget savings to reduce its use on reserves while meeting its medium-term financial gap and a clear strategy for reserves replenishment

Financial sustainability (6 of 7)



Areas for improvement

Cost benchmarking

The Council's Resource Panels are used to support the budget process and in 2024/25 are challenging the levels of statutory spending and the investment in discretionary services for the 2025/26 budget setting. This process now also includes benchmarking but while this is applied well in some services it is not yet consistent across the Council.

Improvement recommendation 3:

The Council needs to consistently apply cost and performance benchmarking across services through the Panel process to benefit the Council's savings programme.

Workforce plan

The Council does not have a costed workforce plan. We note a new corporate service plan template was introduced for 2024/25. The Council could refine this approach to help them develop a workforce plan for 2025/26.

Improvement recommendation 4:

The Council needs to develop a costed workforce plan.

Alignment with strategic priorities

The Council declared a Climate Emergency in 2019 for South Gloucestershire to become carbon neutral by 2030 and Climate is one of the Council's new Corporate Plan priorities. We note limited revenue funding to support this ambition in the budget. The 2023/24 budget only included a commitment of £2.728m for climate emergency from the Community Infrastructure Levy. Since April 2023, the Council has used a Climate and Nature Decision Wheel to help ensure better social and environmental outcomes are considered when making decisions about projects, especially those that need £100,000 or more of external funding. However, proposals in the Capital Programme 2024/25 to 2027/28 have largely attracted external funding with decisions made prior to April 2023. The Council needs to be clear about how its budget aligns to its corporate priorities and climate emergency needs factoring in appropriately. For new capital projects we note this is happening using the wheel.

Improvement recommendation 5:

The Council needs to ensure it align its revenue and capital budgets to its corporate plan priorities.

Financial sustainability (7 of 7)



Areas for improvement

Capital governance

In July 2024, an Internal Audit of capital governance identified improvements are needed to grant funding scheme assurance. The Vinney Green Secure Unit Scheme, funded by the Department for Education, had no assurances over its grant conditions. The Audit did identify some good practice but recommended improved capital governance was put in place which should include consistent monitoring and clear revenue costs. Consideration of value for money was not always evidenced. There was no overall council-wide approach to capital programme governance. The Council should look to both map and document its capital governance arrangements. There should be a terms of reference in place for relevant boards. Once developed the arrangements should be cascaded to all Members and Officers so it is clear and understood.

Improvement recommendation 6:

The Council needs to improve its capital programme governance including adherence with grant conditions.

Governance (1 of 9)



We considered how the Audited Body:

Commentary on arrangements

Assessment

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

In November 2023, the Cabinet approved the Council's Risk Management Strategy which included risk appetite. The Strategy considers arrangements for risk escalation and de-escalation and the Council also uses the Government's Orange Book risk model, which is also good practice. The Council's Organisation Risk Register is presented to the Senior Leadership Team (SLT) quarterly and to Cabinet annually. Departmental Risk Registers are reviewed every two months by management and annually by the Cabinet.

The Head of Internal Audit leads on risk management but there are controls in place in the Internal Audit Charter. We have identified some enhancements to risk management and make an improvement recommendation.

In July 2023, the Audit and Accounts Committee approved the internal audit plan for 2023/24 and in July 2024 they received the Annual Assurance report which gave reasonable assurance over the adequacy and effectiveness of the Authority's internal control framework. It identified 13 Critical Priority Reviews were completed, and the team supported the Microsoft D365 implementation (93% of the target) and 14 high and 18 medium priority reviews were completed (71% of plan for high and medium priority audits). The Head of Internal Audit confirmed a self-assessment review was undertaken for 2023/24, and the service complied with the standards.

In our AAR 2022/23 we made an improvement recommendation for the Council to ensure that Internal Audit recommendations are implemented on a timely basis. In 2023/24 Internal Audit followed up 57 recommendations (100%) of those due, of these 36 were fully implemented (63%). Five audits had recommendations outstanding and two had recommendations outstanding for more than two years. We will retain our prior year recommendation.

Internal audit leads on the Counter-Fraud, Corruption and Bribery Policy and the Head of Internal Audit manages the fraud inbox. In January 2024, the Audit and Accounts Committee approved the updated Policy. The Council does not have a counter-fraud function which we would expect to see in a Council of this size and no-one in the internal audit team is counter-fraud trained. The Council sees the responsibility to identify and respond to fraud risks as sitting with management. Internal Audit use fraud risk to plan the audit programme and periodically issues fraud briefings. The Council has a mandatory bribery and corruption e-module for new employees, and it undertook the National Fraud Initiative matching from January 2023 which the internal audit team coordinated. In 2023/24 four frauds were investigated: the frauds were low value, and the Council has taken steps to learn from these and put controls in place to reduce the likelihood of future occurrences therefore we make an improvement recommendation to strengthen the Council's counter-fraud arrangements. We make an improvement recommendation.

A

G

No significant weaknesses in arrangements identified or improvement recommendation made.

A

No significant weaknesses in arrangements identified, but improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendations made.

Governance (2 of 9)



We considered how the Audited Body:

Commentary on arrangements

Assessment

approaches and carries out its annual budget setting process

The Council has a robust budget setting process in place that starts in July when the Cabinet agrees the budget assumptions. There is a budget scrutiny process, effective service engagement and public consultation. The Council holds three budget panels throughout the process where service budgets are challenged. These Panels make recommendations to informal Cabinet. The Budget Scrutiny Task Group continues to be engaged in the output of each Panel allowing for scrutiny during the year.

G

Based upon the evidence examined we considered the arrangements in place did not present any areas of significant weakness.

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

Budget holders are not yet able to self-serve until the budget monitoring module is completed in 2025/26. In 2023/24 and up to September 2024 only high-risk services had monthly budget meetings with the finance team, but all budget holders received monthly budget monitoring reports in 2023/24.

The Council is replacing its core human resources and finance systems under the Fit for the Future Programme introducing a fully integrated Enterprise Resource Planning system on the Microsoft Platform called Dynamics 365. This is a major programme with significant complexities being implemented with the Council's system implementation partner EY. The finance system element completed in 2023/24 and is operational however, school's payroll was still a problem which means shared staff are not correct on the Council's ledger, but the value is very limited. The human resources element is forecast to complete in January 2025 and the budget monitoring tool has a go live of April 2025. The Council's planned payroll Integrated Supplier Vendor withdrew from the UK during negotiations in 2023. This has resulted in the Council's current payroll provider being awarded a new contract for their cloud-based product. There is a firm commitment from Microsoft to work with the payroll provider to achieve full integration. However, development and testing timeline is not aligned with the Council's planned go live date of 1 April 2024. The delays to the HR and Payroll aspects of the programme resulted in additional cost of £1m over the increased £6.2m capital budget agreed in October 2022 and the £0.8m development costs agreed in October 2021 with licencing costs of £0.4m annually. In October 2021, the capital cost was assumed as £4m. Savings from the project are delayed because the service is unable to restructure until the new system is operational. An additional sum of £1m is built in as a contingency.

G

G

No significant weaknesses in arrangements identified or improvement recommendation made.

A

No significant weaknesses in arrangements identified, but improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendations made.

Governance (3 of 9)



We considered how the Audited Body:

Commentary on arrangements

Assessment

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

The Council does not differentiate Cabinet items for decision-making and those which are for information or noting on the agendas and we raise an improvement recommendation.

Pre-decision Scrutiny is seen as custom and practice at the Council, where members of all parties have an opportunity to engage in policy formation.

The Constitution in May 2024 says in line with CIPFA recommendations, the Audit and Accounts Committee will include two co-opted independent members to provide appropriate technical expertise. We note there are no independent members in October 2024, and we make an improvement recommendation.

A

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

In our AAR 2022/23 we made an improvement recommendation to improve the visibility of waivers by using standardised processes and documents to allow for further scrutiny and consistent reporting across all three hubs. This should include sufficient documented justification and sign off for use of waivers, and a consolidated waiver register should be presented on a regular basis to Directorate Management Teams (DMTs) and Cabinet. We note the Cabinet did not see a consolidated waiver register in 2023/24 or up to October 2024 as there was no consolidated list. There was also no directorate list of waivers for People in 2023/24 or up to October 2024. We also made an improvement recommendation to introduce a standardised training report across all three procurement hubs to ensure training is recorded centrally and any gaps in training are identified. We note in October 2024, 45% of the procurement team have undertaken e-learning Procurement Act training and three of the Leads have undertaken the enhanced training. Both prior year recommendations are closed and replaced as part of our key recommendation on procurement.

In March 2023, the Head of Procurement left the Council and was not replaced. This caused a lack of capacity in the service leading to the Procurement Strategy not being updated and the Strategic Procurement Group (SPG) stopped meeting. In 2023/24 the Council lacked financial and procurement checks on contracts. There was no system in place to gain assurance that services were compliant with either the Council or national procurement rules. This has improved following the introduction of D365 from April 2024, the procurement hubs are uploading contracts into the system, and this is expected to be completed by January 2025.

There was a procurement fraud of £0.18m in June 2023 which the police are still investigating. The fraud resulted in the internal audit team undertaking an audit of mandates, making several recommendations and delivering staff training to reduce the risk. The Accounts team lead on procurement card spending and there is very limited visibility on spending via p-cards by procurement. The Audit Committee saw no procurement update in 2023/24 or up to October 2024, which we would expect to see.

We identify procurement as a significant weakness in the Council's arrangements for value for money and make a key recommendation. We close our prior year procurement recommendations as these are incorporated into our new recommendation.

(To be continued)

R

G

No significant weaknesses in arrangements identified or improvement recommendation made.

A

No significant weaknesses in arrangements identified, but improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendations made.

Governance (4 of 9)



We considered how the Audited Body:

Commentary on arrangements

Assessment

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

(continued)

The contract and financial regulations in the constitution were last updated in May 2024, these are limited but do reference the Procurement Act 2023. The Council is preparing to implement the Procurement Act 2023 changes. It has three workstreams in place: policy and procedures, people and systems each has a risk and issues log. The Council intends to update its contract rules to align with the Act prior to implementation. In addition to the procurement team training, further training is planned including for elected members. The e-tendering system has published changes in the test environment with a go live date of January 2025 with training planned for users.

We make an improvement recommendation to create a corporate register of member interests and gifts and hospitality and ensure this reviewed and kept up to date at least bi-annually.

We make an improvement recommendation to ensure the Council complies with the requirements of the Transparency Code 2015, to publish data on a quarterly basis, we note it was last updated in June 2024 at October 2024.

In November 2023, the LGA's Corporate Peer Challenge described the Council as well-run with strong, respectful and purposeful relationships between Chief Executive and all political group leaders. This is the result of a consistent leadership style and approach, modelled by the Chief Executive and reflected by senior officers and political leaders. The Council developed an action plan for the seven areas of focus which included developing the Council's evidence base, a clear approach to resident engagements, enhanced governance arrangements and improved internal communication.

R

Governance (5 of 9)

Significant weakness identified - Procurement



In our AAR 2022/23 we made an improvement recommendation for the Council to improve the visibility of waivers using standardised processes and documents to allow for further scrutiny and provision of consistent reporting across all three 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 the Cabinet to ensure effective oversight and scrutiny. We note the Cabinet did not see a consolidated waiver register in 2023/24 or up to October 2024. There was no consolidated list of waivers for 2023/24 or up to October 2024 and no directorate list of waivers for People in 2023/24 or up to October 2024. The Audit Committee saw no procurement update in 2023/24 or up to October 2024, which we would expect to see.

We also made an improvement recommendation to introduce a standardised training report that could be accessed across all three procurement hubs to ensure that training is recorded centrally and any gaps in training are identified.

In March 2023, the Head of Procurement left the Council and was not replaced. This caused a lack of capacity in the service leading to the Procurement Strategy not being updated. The last Strategy covered 2020 to 2023. The SPG also stopped in March 2023. A virtual SPG group does consider procurements of over £1m.

In 2023/24 the Council lacked financial and procurement checks on contracts. There was no system in place to gain assurance that services were compliant with either the Council's rules or with national procurement rules. This has improved following the introduction of D365 from April 2024. Most contracts are now held corporately on the contracts register embedded in this system, but Directorates are still working to get contracts onto the Council's ERP system Microsoft D365. Resources and Business Change is 80% complete, the other two Directorates are less developed, and January 2025 is the date set to complete this work.

There was a procurement fraud of £0.18m in June 2023 caused by a provider cyber incident leading to a bank mandate fraud. The provider now has cyber essentials in place which it did not previously. We note the police are still investigating. The internal audit team undertook an audit of mandates which resulted in recommendations being made. It also trained staff to identify future mandate fraud. We note no learning on cyber requirements for contract providers because of this procurement fraud. The Accounts Team lead on procurement card spending and there is very limited visibility on spending via p-cards by procurement.

The contract and financial regulations in the constitution were last updated in May 2024, these are limited but do reference the Procurement Act 2023. The Council is preparing to implement the Procurement Act changes. It has three workstreams in place: policy and procedures, people and system each has a risk and issues log. The Council intends to update its contract rules to align with the Act prior to implementation. Three procurement leads have done the full training in procurement and commissioning and 45% of the team have completed the e-learning courses. Further training including elected members is planned. The e-tendering system has published changes in the test environment with a go live date of January 2025 with training planned for users.

Key Recommendation 1:

The Council needs to significantly improve its procurement arrangements by ensuring it has sufficient capacity to ensure robust controls are in place to demonstrate financial and procurement decision-making compliance and achievement of value for money.

Governance (6 of 9)



Areas for improvement

Risk management

In November 2023, the Cabinet approved the Council's Risk Management Strategy which included risk appetite set by the Senior Leadership Team (SLT) and approved by the Cabinet. This considers arrangements for risk escalation and de-escalation and the Council also uses the Government's Orange Book risk model, which is also good practice.

The Council's Organisation Risk Register is presented to SLT quarterly and annually to the Cabinet. The Place, People and Resources Departmental Risk Registers are reviewed every two months by management and annually by the Cabinet. We have identified some further improvements to risk management and make an improvement recommendation.

Improvement recommendation 7:

The Council could enhance its risk management arrangements by: including opportunities with risk, improving the risk register template by including assurances, target risk score, and ensuring risk, performance and finance are integrated into quarterly Cabinet reporting.

Counter-Fraud

The Council's Counter-Fraud, Corruption and Bribery Policy was updated and approved by the Audit and Accounts Committee in January 2024. The Council does not have a counter-fraud function which we would expect to see in a Council of this size and no-one in the internal audit has counter-fraud training. Internal audit leads on the counter-fraud policy and the Head of Internal Audit manages the fraud inbox. The Council sees the responsibility to identify and respond to fraud risks as sitting with management. Internal Audit use fraud risk to plan their audit programme and will periodically issue fraud briefings. The Council has a mandatory bribery and corruption e-module for new employees, and it undertook the National Fraud Initiative matching from January 2023 which the internal audit team coordinated.

In 2023/24 four low value frauds were investigated. Following one fraud the internal audit team undertook three audits of mandates which resulted in a series of recommendations in May 2024 to check if the recent counter fraud procedures designed to prevent mandate fraud were embedded sufficiently. The Resources and Business Change audit identified a significant amount of non-compliance, and it received a fundamental weakness opinion. People and Place both received a 'requires improvement' opinions. We note no learning on cyber requirements for providers resulted from the procurement fraud. The Council is looking to use D365 to undertake further testing of payroll to reduce future frauds occurring following its full implementation in April 2025.

In March 2024, the Housing Allocation System Audit identified the need for significant improvements including the introduction of counter-fraud checks. These are undertaken by the registered provider partners and not by the Council on a systematic basis. The audit found the Home Choice Lettings Policy and procedures do not require applicants to provide a minimal level of evidence to support their applications e.g. financial information. There are no established measures in the team to ensure that staff check for fraudulent claims by applicants and the audit identified an absence of fraud reminders and actions to be taken if fraud is identified. This audit also identified no specific fraud awareness training for staff or records held to confirm training is completed. In October 2024, the Council has not yet implemented these audit recommendations fully but has provided some staff training.

Improvement recommendation 8:

The Council needs to improve its arrangements for counter-fraud including staff awareness and training, improved data matching, improved counter-fraud procedures and mandated cyber essentials providers checks.

Governance (9 of 9)



Areas for improvement

Cabinet papers

The Council does not differentiate Cabinet items for decision-making and those which are for information or noting on the agendas.

Improvement recommendation 9:

The Council may wish to differentiate Cabinet items for decision-making and those which are for information or noting on its agendas.

Audit Committee Governance

The Council's Constitution in May 2024 stated that in line with CIPFA recommendations, the Audit Committee will include two co-opted independent members to provide appropriate technical expertise. We note there are still no independent members by October 2024.

Improvement recommendation 10:

The Council needs to provide external support for its Audit Committee by appointing independent members to provide expertise in areas like transformation.

Member declarations and gifts

We note some elected members have declarations of interest and gifts declared on their individual web page, but these are not up-to-date and is missing for other elected members. The Council needs to create and publish a corporate register of member interests and gifts and hospitality and ensure this is reviewed and kept updated at least bi-annually.

Improvement recommendation 11:

The Council needs to create and publish a corporate register of member interests and gifts and hospitality and ensure this is reviewed and kept updated at least bi-annually.

Transparency Code

In October 2024, the Council's website had transparency data for June 2024. It needs to ensure it complies with the Local Government Transparency Code 2015, requirements by publishing required data on a quarterly basis.

Improvement recommendation 12:

The Council should comply with the requirements of the Transparency Code 2015; by ensuring it publishes required data on a quarterly basis.

Improving economy, efficiency and effectiveness (1 of 5)



We considered how the audited body:

Commentary on arrangements

Assessment

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

In 2023/24 the Council consulted on a new Corporate Plan over a seven-month period. The new Council Plan (2024-2028) was approved in May 2024 together with its key performance indicators (KPIs) with baselines and targets for each of the four years. However, we note some baselines are missing and some are for 2021/22. Some targets are also blank. Some of the KPIs are not performance measures but planned delivery of papers.

In 2023/24 and up to October 2024 the Cabinet only received a performance report in February 2024 covering the period April to September 2023. This did not align with finance and risk reporting. No performance reporting was received by the Scrutiny Commission. The Council has started using LG Inform, the Local Government Association (LGA) benchmarking tool, and the Office for Local Government (Oflog) benchmarking. We note the Council has no substantive corporate lead for performance management this area was covered by the policy and partnerships lead.

We make an improvement recommendation to develop the Council's performance management and ensure measures are outcome focused and measurable with current baselines and targets in place. The Cabinet and Scrutiny should receive performance reporting aligned with finance and risk on a quarterly basis.

In our AAR 2022/23 we raised an improvement recommendation for the Council to deliver the improvement work on the Mosaic System (Adult Social Care System) to the agreed deliverables. In 2022 the payments and billing project started to address the implementation issues relating to payment and transactions. The issues cut across four teams, transactions, financial assistance, quality assurance and commissioning. The Council has agreed to create a single team from April 2025 to improve the process subject to HR consultation. It has not carried out a full lessons learnt review and had experienced similar change management issues on the D365 system implementation.

We retain our prior year recommendation concerning Mosaic and make a new improvement recommendation to ensure the Council carries out a lessons learnt review of the Mosaic and D365 procurements, change management and implementation to improve future system implementations.

A

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

Improving economy, efficiency and effectiveness (2 of 5)



We considered how the audited body:

Commentary on arrangements

Assessment

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

In our AAR 2022/23 we made an improvement recommendation for the Children's 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.

In December 2023, the OFSTED improvement notice was lifted. The Council was rated Good in all five areas, but OFSTED made four recommendations. The Council has developed a comprehensive plan that covers these recommendation and brings together actions for children's services from the Council Plan and the Service Plan, learning from feedback and audits, transformation and equality plans and the Improvement Plan. This will enable comprehensive reporting. The Children's Outcomes Board has oversight for tracking progress with the first progress report due in November 2024. We are content to close the prior year improvement recommendation. We note the Council was invited by the DfE to participate in the national 'what works in SEND' programme and is an example of good practice for its SEND clusters.

In July 2024, Vinney Green Secure Unit was inspected under the common social care inspection framework and was found as requiring improvement to be good. We raise an improvement recommendation and will return to this in our VFM work for 2024/25.

A

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

In our AAR 2022/23 we made an improvement recommendation for the Council to continue working closely with the West of England Combined Authority (WECA) to support (within its remit) the implementation of the required improvements to WECA governance. Through the Transformation Programme, stronger collaboration arrangements are in place between WECA and the unitary council partners at officer level. A range of senior officer groups are in place, including fortnightly meetings of chief executives. Attendance and regularity of meetings will be monitored via independent progress reports. One to one discussions between the WECA Chief Executive and the Council Chief Executive take place regularly strengthening senior officer collaboration to ensure the views of Board members are fed into strategic direction at an earlier stage. However, we understand that significant governance issues remain within WECA. These issues are not because of behaviours and failings from the Council's perspective but do have an impact on the effectiveness of the partnership. Therefore, it is our view that this recommendation should remain.

The Council has allocated £1 million, to match funding by the Integrated Care Board to establish a Prevention Fund used by locality partners to shape how health and care services can be delivered.

A

Improving economy, efficiency and effectiveness (3 of 5)



We considered how the audited body:

Commentary on arrangements

Assessment

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

In our AAR 2022/23 we made an improvement recommendation to continue to ensure the Council develops an outline business case and deliver a seamless transition from the Private Finance Initiative (PFI) waste contract ending in June 2025 and ensure the new contract is effective and delivers value for money.

On 5 October 2023, the Cabinet approved the Outline Business Case for the new waste model. The new £120m eight-year contract for waste collection contract for South Gloucestershire will replace the current 25-year PFI when it expires, subject to final ratification in November 2024. Under the new contract, waste and recycling sorted by residents will continue to be collected from households using recycling containers. The Sort It recycling centres and waste transfer stations are not part of the new contract. When the current contract expires in July 2025, these will be managed directly by the Council.

We have closed our prior year recommendation.

The Council has introduced Contract Management Plans for contracts over £0.1m but we only received one of these to review. There is a need to undertake more robust corporate challenge for contract management. Contract performance management is variable across the Council, and this requires further development. We make an improvement recommendation.

A

Improving economy, efficiency and effectiveness (4 of 5)

Areas for improvement



Performance management

In 2023/24 the Council consulted on a new Corporate Plan over a seven-month. The new Council Plan (2024-2028) was approved in May 2024 together with its key performance indicators (KPIs) with baselines and targets for each of the four years. We note some baselines are missing and some are for 2021/22. Some targets are also blank. Some of the KPIs are not performance measures but planned delivery of papers.

In 2023/24 and up to October 2024 the Cabinet only received a performance report in February 2024 covering the period April to September 2023. This did not align with finance and risk reporting. No performance reporting was received by the Scrutiny Commission. The Council has started using LG Inform and Oflog benchmarking.

The Cabinet and Scrutiny should receive performance reporting aligned with finance and risk on a quarterly basis. We note the corporate performance lead left the Council in Summer 2024 and has not yet been replaced. We note in October 2024 there is no focus on data quality improvement to support decision-making. We make an improvement recommendation to develop the Council's performance management and ensure measures are outcome focused and measurable with current baselines and targets in place.

Improvement recommendation 13: The Council needs to improve its performance management and reporting by: ensuring it has a corporate lead for performance management, having integrated quarterly performance, finance and risk reporting to the Cabinet and the Scrutiny Commission. Ensuring its corporate KPIs are outcome focused, specific and measurable with clear baselines and targets. Ensuring service planning is developed and consistently applied by all services. Developing a performance framework linking the corporate plan to service and team planning. Improve data quality and data management to strengthen performance.

Mosaic

The Mosaic Adult Social Care system was purchased in 2019 on a five-year contract with a four-year extension option. Go-live for the new system did not happen until January 2022 and since then implementation issues have impacted finance. The original business case identified finance and commissioning functions as a risk, due to the functionality being complex and extensively used throughout the Council. It was recognised during its procurement that the standard configuration was unlikely to meet the Council's needs. The business case said this may require the Council to undertake additional change management. An internal audit in 2023/24 identified change management did not happen. System users identified minimal user training. Transitional arrangements resulted in duplicate payments made to providers. This occurred as payments were made outside of the Mosaic platform due to an inability to enter actuals into the system. Overpayments of £1.5m were corrected in 2022/23. The Finance Team undertook user acceptance testing of the Accounts Receivable Interface in January 2023 to implement from April 2023. There was no formal governance route for staff to raise concerns about the system and required changes to controls and processes. No senior finance staff were on the implementation team.

In September 2024, an updated internal audit report identified significant progress, and all recommendations are implemented or partially implemented. A project group was established to address the issues raised in the initial report. The partially implemented recommendations related to service user billing frequency and cultural and transformational changes to ways of working. Interfaces are now operating and the roll out of a provider portal has commenced. The project team intend to review team structures to ensure processes operate effectively. The expected implementation date for the change is 1 April 2025.

The Council did do 'Lessons Learned' exercise about Mosaic in March 2022, however, this only related to the system implementation and did not include a review of pre-procurement, change management, programme governance or the lack of initial engagement with senior finance colleagues. Given there are wider learning opportunities for system implementations we raise an improvement recommendation to ensure the Council implements a full lessons learnt review on this and on the D365 implementation to inform the Uniform and Capital One replacements.

Improvement recommendation 14: The Council needs to undertake a full lessons learned review of the business change programmes that implemented new core systems for Social Workers (Mosaic) and Finance and HR (D365, Zellis) to inform future programmes.

Improving economy, efficiency and effectiveness (5 of 5)



Areas for improvement

Vinney Green

Between 16 to 19 July 2024, the Vinney Green Secure Unit was inspected under the common social care inspection framework and was found as requiring improvement to be good for how well children and young people are helped and protected and for the effectiveness of leaders and managers.

Improvement recommendation 15: The Council needs to ensure it delivers the improvements required by Ofsted to the Vinney Green Secure Unit.

Contract management

The Council introduced Contract Management Plans for contracts over £0.1m in 2022/23 but these are not well used in 2023/24 and we only received one of these to review. We note that assurance checks of contracts are patchy across the Council but are developed in some key areas such as home care and waste management. The lack of corporate capacity for procurement and contract management means there is a lack of robust corporate challenge for compliance with the contract management arrangements previously introduced. Contract performance management is variable across the Council, and this requires further development.

Improvement recommendation 16: The Council needs to improve its compliance with contract management plans for contracts over £0.1m and ensure it has robust performance management arrangements in place with contract providers relative to the size of the contract.

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



Recommendations raised in 2023/24 (1 of 7)

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
KR1 The Council needs to significantly improve its procurement arrangements by ensuring it has sufficient capacity to ensure robust controls are in place to demonstrate financial and procurement decision-making compliance and achievement of value for money.	Key	Governance	Interviews with the procurement leads, Cabinet report reviews, Procurement Strategy, Departmental waivers.	None compliance with the Council's rules or with national procurement rules. Risk of procurement fraud.	<p>A review of the contract and financial regulations is underway, with a view to producing the necessary constitutional amendments for approval by members at the meeting of full Council in December 2024 (in readiness for the governments revised implementation date of February 2025) – noting that the Public Contract Regulations 2015 will remain the applicable legislation governing public contracts up and until the Procurement Act 2023 is full in force. We will ensure the implications of the Act that apply to the council are referenced in the regulations.</p> <p>The Council is proposing a review of major contracts and purchasing through a development of the budget savings programme, with the intention of reducing spend on these items by 2028/29. The review will also look at capacity and skills gaps across the authority.</p> <p>The Council includes requirements for Cyber essentials accreditation or similar in their standard forms of contract with providers and suppliers. National frameworks which we participate in also include requirements for protections against cyber security risks.</p>
IR1 The Council needs to ensure it continues to work with its partners to deliver the DSG recovery plan and works to reduce its deficit position.	Improvement	Financial sustainability	Review of the MTFS, DSG management reporting to DfE, October 2024 Cabinet report. Q1 2024/25 financial monitoring.	The DSG deficit is forecast to be £39m by the end of 2025/26. From 2026/27, the cumulative DSG deficit is due to return to the Council's Balance Sheet when statutory override ceases on 31 March 2026. This would have a material impact on the Council's financial position.	The Council accepts this and will continue to work to address it.

Recommendations raised in 2023/24 (2 of 7)

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR2 The Council needs to ensure it has sufficient budget savings to reduce its use on reserves while meeting its medium-term financial gap and a clear strategy for reserves replenishment.	Improvement	Financial sustainability	MFTS 2023/24 and 2024/25, 2023/24 out-turn, Q1 2024/25. Interview with Head of Efficiency and Transformation.	The lack of adequate saving plans and associated transformation programme to deliver recurring savings will impact the Council's ability to maintain financial sustainability.	The Council continues to use the resource allocation process as part of the budget setting process to allocate resources and identify savings over the 4-year period. For 2025/26 the Council is committed to a set of cross council transformational savings plans to develop a robust budget savings programme. Members are directly involved in the process with the Cabinet member for corporate resources and involved in the panel process.
IR3 The Council needs to consistently apply cost and performance benchmarking across services through the Panel process to benefit the Council's savings programme.	Improvement	Financial sustainability	Review of the Council's MTFP identified a lack of clear and approved arrangements to manage the funding gap during 2024/25	The lack of adequate saving plans and associated transformation programme to deliver recurring savings will impact the Council's ability to maintain financial sustainability.	The Council accepts this and will be using benchmarking data to inform the savings programme.
IR4 The Council needs to develop a costed workforce plan.	Improvement	Financial sustainability	Inflo workforce training list and no plan.	The Council needs to ensure it has the skills to meet future needs which are costed and aligned to the MTFs.	The Council expect to launch its People Strategy by the end of 2024
IR5 The Council needs to ensure it align its revenue and capital budgets to its corporate plan priorities.	Improvement	Financial sustainability	Review of MTFs and Corporate Plan	The Council may not use the financial resources to support strategic priorities.	The resource allocation process was introduced to align the Council's priorities with the available resources and has member representation on the panels. We will continue to improve this dimension of our planning process.

Recommendations raised in 2023/24 (3 of 7)

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR6 The Council needs to improve its capital programme governance including adherence with grant conditions.	Improvement	Financial sustainability	Internal audit report on capital governance	Improving capital governance will reduce the risk of claw back and ensure compliance with finding requirements.	Work is currently being undertaken to address the recommendations raised in the internal audit report. The views of officers and the Council's S151 Officer are being sought and will feed into future governance and associated processes.
IR7 The Council could enhance its risk management arrangements by: including opportunities with risk, improving the risk register template by including assurances, target risk score, and ensuring risk, performance and finance are integrated into quarterly Cabinet reporting.	Improvement	Governance	Risk management strategy, organisational risk register and departmental risk registers. Interview with Head of Internal Audit.	Effective risk management is an essential part of the Council's control environment. It enables councils to improve governance, stakeholder confidence and trust; set strategy and plans through informed decision making; evaluate options and deliver programmes, projects, and policy initiatives; prioritise and manage resources, manage performance, resources and assets; and achieve outcomes.	The Council is currently undertaking a review of our risk management arrangements to further build on and enhance the changes that were introduced approximately two years ago. This work is currently underway with good engagement from all Departments. We intend to update the risk descriptors to give more scope for opportunities and inherent target risk scores are already planned to be a change to the registers. Risk is presented to Cabinet twice per annum.
IR8 The Council needs to improve its arrangements for counter-fraud including staff awareness and training, improved data matching, improved counter-fraud procedures and mandated cyber essentials providers checks.	Improvement	Governance	Interview with Head of Internal Audit, Internal audit reports on bank mandates, Annual assurance report.	Counter-fraud is a key element of the Council's internal controls.	The Council accepts this and will continue to work to address it.

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Recommendations raised in 2023/24 (4 of 7)

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR9 The Council may wish to differentiate Cabinet items for decision-making and those which are for information or noting on its agendas.	Improvement	Governance	Review of Cabinet agendas.	The lack of differentiation on agendas may mean the Cabinet lacks time for key decision items.	We will consider, at the agenda planning stage, the order in which reports are considered at Cabinet so as to ensure that reports requesting decisions have sufficient time for consideration. It is important to note, however, that reports that the Cabinet is asked “to note” still require active consideration, debate and confirmation by Cabinet; further it is also important to note that the majority of these reports are brought forward following direction from Cabinet and or are required to discharge the council’s wider obligations.
IR10 The Council needs to provide external support for its Audit Committee by appointing independent members to provide expertise in areas like transformation.	Improvement	Governance	Council’s constitution, Interview with Head of Internal Audit.	Not having independent members on the Audit Committee could limit its effectiveness.	We have updated the constitution in May 2024 to allow for independent members, this was completed in readiness for work we have committed to and will do. We also included an action to take this forward in the annual report of the audit and accounts committee which went to full council early in 2024. We have not yet gone out to seek any independent members. While we recognise the importance of independent members, they are not currently mandatory for local authorities. Our audit committee has given consideration to the need for independent members and has made a commitment to consider this matter further.

Recommendations raised in 2023/24 (5 of 7)

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR11 The Council needs to create and publish a corporate register of member interests and gifts and hospitality and ensure this is reviewed and kept updated at least bi-annually.	Improvement	Governance	Review of member interests and gifts and hospitality	Not having up to date declaration of interest presents a risk to the Council	<p>The Localism Act 2011 places a legal duty on members to declare their interests, gifts and hospitality, in certain circumstances it is a criminal offence for Members to fail to make a declaration. Members' declarations are published on the Council's website and are available for public inspection. It is the legal responsibility of Members and not Officers to make and record their interests, gifts and hospitality.</p> <p>The Constitution and Code of Conduct for Members gives clear direction on how Members should deal with their disclosable pecuniary and other registrable interests at council meetings when these issues may be discussed. Members are asked to declare any interests at the start of any meeting that they are attending and legal officer advice is available for any Member who is unsure about their duty to make a declaration.</p> <p>Members are provided with training and guidance (following election and updating throughout the term of council) on their duties and advice on specifics interests is provided as required.</p> <p>To ensure that Members' registers are kept as up to date as possible the Monitoring Officer will take steps to remind all members of their obligations on a twice-yearly basis.</p>
IR12 The Council should comply with the requirements of the Transparency Code 2015; by ensuring it publishes required data on a quarterly basis.	Improvement	Governance	Review of online transparency data in October 2024.	The Transparency Code 2015 is a statutory requirement.	The Council will review how it publishes information to improve its compliance with quarterly and annual publication requirements of the Transparency Code 2015.

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Recommendations raised in 2023/24 (6 of 7)

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR13 The Council needs to improve its performance management and reporting by: ensuring it has a substantive corporate lead for performance management, having integrated quarterly performance, finance and risk reporting to the Cabinet and the Scrutiny Commission. Ensuring its corporate KPIs are outcome focused, specific and measurable with clear baselines and targets. Ensuring service planning is developed and consistently applied by all services. Developing a performance framework linking the corporate plan to service and team planning. Improve data quality and data management to strengthen performance.	Improvement	Efficiency, effectiveness and economy	Interview with Service Director and Strategy Lead, Cabinet reports, Corporate Plan and its appendices.	The lack of performance reporting during 2023/24 means the Council could not use performance to drive improvement or achieve VFM.	The Council accepts this and will continue to work to address it
IR14 The Council needs to undertake a full lessons learned review of the business change programmes that implemented new core systems for Social Workers (Mosaic) and Finance and HR (D365, Zellis) to inform future programmes.	Improvement	Efficiency, effectiveness and economy	Interview with Deputy S151 Officer, Internal audit reports	Failure to learn corporate lessons from key system implementations risk similar issues occurring.	The Council accepts this and will continue to work to address it

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Recommendations raised in 2023/24 (7 of 7)

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR15 The Council needs to ensure it delivers the improvements required by Ofsted to the Vinney Green Secure Unit.	Improvement	Efficiency, effectiveness and economy	Ofsted report	Poor quality outcomes for young people.	The Council accepts this and will continue to work to address it
IR16 The Council needs to improve its compliance with contract management plans for contracts over £0.1m and ensure it has robust performance management arrangements in place with contract providers relative to the size of the contract.	Improvement	Efficiency, effectiveness and economy	Contract management template, contract management plan, interview with procurement leads	A lack of value for money from the Council's contracts.	The Council accepts this and will continue to work to address it

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Appendices

Appendix A: Responsibilities of the Council

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

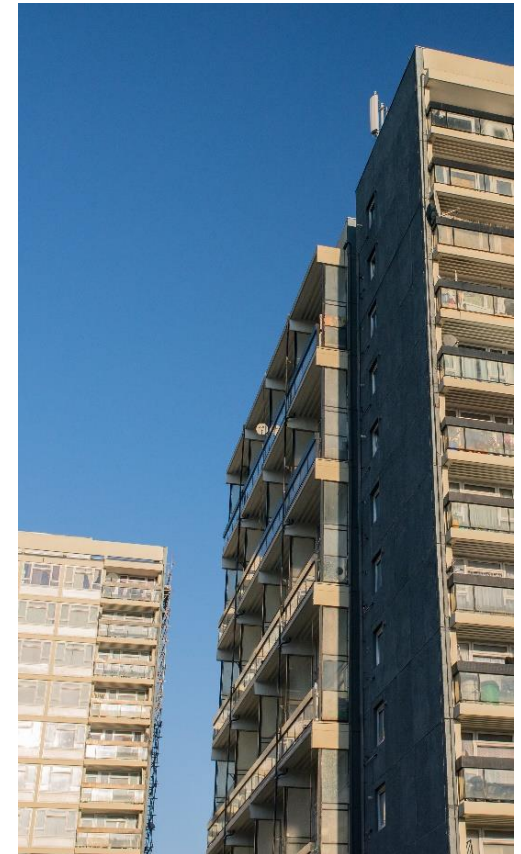
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records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

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

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

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

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



Appendix B: Value for Money Auditor responsibilities



Value for Money arrangements work

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

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

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

Financial Sustainability

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

Governance

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

Improving economy, efficiency and effectiveness

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

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

Phase 1 – Planning and initial risk assessment

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

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

Phase 2 – Additional risk-based procedures and evaluation

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

Phase 3 – Reporting our commentary and recommendations

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

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

Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
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	November 2023	Savings monitoring is presented to the Cabinet quarterly. In October 2024, the Cabinet were told the Council will need to find £9m of new savings for 2026/27 increasing to £16m by 2028/29 after the implementation and delivery of the savings programme and service level options.	No	We close this recommendation and make a new one to reduce the use of the reserves and develop more sustainable savings. See Improvement recommendation IR no. 2.
2 The Council should implement Internal Audit recommendations on a timely basis and in line with agreed timescales.	Improvement	November 2023	In 2023/24 Internal Audit followed up 57 recommendations (100%) of those due, of these 36 were fully implemented (63%). Two audits had recommendations outstanding for over two years.	Partly	We will retain our prior year 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	November 2023	Stronger collaboration arrangements are in place between WECA and the unitary council partners at officer level. A range of senior officer groups are in place, including fortnightly meetings of chief executives. Discussions between the WECA Chief Executive and the Council Chief Executive take place regularly strengthening senior officer collaboration. However, WECA still needs to significantly improve its governance arrangements.	Partly	We will retain our prior year recommendation.
4 The Council should continue to ensure 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	November 2023	On 5 October 2023, the Cabinet approved the Outline Business Case for the new waste model. The new £120m eight-year contract for waste collection contract for South Gloucestershire will replace the current 25-year PFI when it expires, subject to final ratification in November 2024.	Yes	No, we close the IR
5 The Children's 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	November 2023	In December 2023, the OFSTED improvement notice was lifted. The Council was rated Good in all five areas, but OFSTED made four recommendations. The Council developed a plan tracked by the Children's Outcomes Board with the first progress report due in November 2024.	Yes	No, we close the IR

Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
6 The Council should deliver the improvement work on the Mosaic System (Adult Social Care System) to the agreed deliverables.	Improvement	November 2023	In September 2024, an updated internal audit report identified significant progress, and all recommendations are implemented or partially implemented. A project group was established to address the issues raised in the initial report. The partially implemented recommendations related to service user billing frequency and cultural and transformational changes to ways of working. Interfaces are now operating and the roll out of a provider portal has commenced. The project team intend to review team structures to ensure processes operate effectively. The expected implementation date for the change is 1 April 2025.	Partly	We retain our prior year recommendation. We also make a new improvement recommendation to ensure the Council carries out a lessons learnt review of the Mosaic and D365 procurements, change management and implementations. See Improvement recommendation IR no. 18.
7 The Council should seek to improve the visibility of waivers using 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, and a consolidated waiver register which should be presented on a regular basis to DMT and Cabinet to ensure effective oversight and scrutiny.	Improvement	November 2023	The Cabinet did not see a consolidated waiver register in 2023/24 or up to October 2024 and this improvement recommendation is retained. There is still no consolidated waiver list	No	Yes, we have included this issue in a wider key recommendation on procurement. See KR no. 1
8 The Council would benefit to obtain assurance of the procurement/commissioning practice across Adults and Children's services, such as by conducting an Internal Audit Reviews across all areas where procurement activity is undertaken.	Improvement	November 2023	The Head of Internal Audit has conducted some internal audits with a commissioning/procurement element, and she is consulting on its second half year plan and plans to undertake audits of residential care contracts, commissioning placements for Looked After Children, and direct payments (Children) later in 2024/25.	Partly	Yes, we will retain our prior year recommendation until these audits are concluded.
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	November 2023	Three procurement leads have done the full Procurement Act training and 45% of the team have completed the e-learning courses. Further training including elected members is planned.	No	Yes, we have included this issue in a wider key recommendation on procurement. See KR no. 1



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