

REPORT TO:	GENERAL PURPOSES & AUDIT COMMITTEE 27TH JANUARY 2021
SUBJECT:	Croydon Finance Review - Phase 1 Report - Update on Implementation
LEAD OFFICER:	Lisa Taylor – Director of Finance, Risk and Investment
CABINET MEMBER:	Councillor Stuart King, Deputy Leader (Statutory) and Cabinet Member for Croydon Renewal
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT: <i>Implementation of the recommendations of the Croydon Finance Review forms part of the Croydon Renewal Plan</i>	
FINANCIAL IMPACT The consultancy cost of Phase 1 of the Croydon Finance Review was £48,000, with all other associated costs absorbed within existing budgets as part of business as usual. The recommendations of the review will be considered for additional funding where necessary through the council’s normal governance arrangements.	

1. RECOMMENDATIONS

- 1.1 To note and comment upon the progress in implementing the recommendations of Phase 1 of the Croydon Finance Review

2. EXECUTIVE SUMMARY

- 2.1 The council commissioned a full root and branch review of its financial management in May 2020 from a suitably qualified independent finance consultant.
- 2.2 Phase 1 of the review, which focuses on three key areas: long to medium term financial management, the annual budget, and monitoring financial performance, was considered by GPAC on 20th October 2020. This report updates the committee on progress with implementing the 75 Phase 1 recommendations.
- 2.3 An action plan to implement the 75 recommendations has been created and is attached as Appendix A. Progress is noted against each recommendation. Some significant progress is reported in relation to the MTFs, budget setting, and budget monitoring.

3. BACKGROUND

- 3.1 In response to the impact of the Covid19 pandemic on the council's financial position, its capacity to deliver its budget priorities moving forward, and integration with health partners, the council commissioned a full root and branch review of its financial governance, strategy and planning, leadership, decision making, management and group company structures in May 2020.
- 3.2 The review is being carried out by a suitably qualified and experienced financial consultant, Ian O'Donnell; the former executive director of resources at Ealing Council. Due to its urgency and complexity, the review of group company structures has been commissioned separately, from PWC, and is subject to different reporting arrangements.
- 3.3 The review is being delivered in phases, in line with the activity plan reported to the Croydon Finance Review Panel. Phase 1 focuses on three key areas: long to medium term financial management; the annual budget; and monitoring financial performance. These areas were prioritised because of the urgent need to address the council's financial position and their immediate importance in that regard. Phase 2, which considers financial leadership and financial governance, has been commenced but has been delayed by the need to deploy resources on preparing the capitalisation submission to MHCLG, and is now expected to be concluded at the end of February 2021.
- 3.4 The Phase 1 report was considered by GPAC on 20th October 2020. The report set out 75 recommendations for change. The most significant recommendations arising from the report can be summarised as follows:
- The council's financial governance is currently inadequate in relation to some areas of financial planning, budget setting and budget monitoring. Specific recommendations are set out in the report.
 - The council must give specific attention to its financial resilience, introducing resilience assessment processes, improving risk management and strengthening contingency and reserves.
 - The council should improve its long term financial planning, consolidating its long term plans into a long term financial strategy looking 20-30 years ahead.
 - The council's capital spending plans must be reconsidered in the context of overall affordability.
 - The council's medium term financial strategy (MTFS) should be revised annually and focus on the next 3-5 years.
 - The council's budget setting process should be changed to ensure that it brings together well-evidenced proposals for savings and growth for the following three years that are based on a detailed understanding of costs and business practices and have clear delivery plans.
 - The council should move to monthly budget monitoring and improve its budget monitoring systems, processes and data, ensuring prompt action is taken to address overspending.
- 3.5 The standards used as a benchmark for the review are the various statutory and professional standards that apply to financial management in local

authorities, as presented in CIPFA's Financial Management Code and in other professional advisory publications.

3.6 It was agreed at the GPAC meeting of 20th October that the committee would receive regular updates on the implementation of the recommendations. This is the first of those updates.

4. PROGRESS UPDATE

4.1 An action plan to implement the 75 recommendations has been created and is attached as Appendix A.

4.2 Some recommendations relating to key improvements have already been implemented. These include:

- Financial governance: new arrangements are in place for budget setting involving all cabinet and ELT members in the budget development process through budget development meetings.
- The council's medium term financial strategy (MTFS) has been reviewed and is being updated, and will be reported in detail to Cabinet in February 2021 as part of the budget report.
- The MTFS will set out a plan to build up reserves over three years to provide the council with adequate resilience.
- The MTFS will include an increased contingency budget
- EY has been commissioned to conduct a scenario based financial resilience assessment to support the Medium Term Financial Strategy.
- Previously unreported financial risks have been identified and included in forecasts.
- Work is being commissioned to develop a new 30 year plan for the HRA and a new Asset Management Plan.
- A review of the capital programme has been completed.
- Budget savings proposals put forward for 2021/22 have received additional validation by PWC.
- Budget monitoring is carried out monthly and reported to ELT and cabinet members, with reports to Cabinet quarterly but moving to monthly in the new financial year.
- A savings tracker has been developed and implemented to ensure budget reductions effected promptly and reported.

4.3 Meetings have been held with the officers who hold priority 1 and priority 2 actions, in order to assign the actions to them, set timescales and accountabilities, and assess progress. Meetings concerning priority 3 and above recommendations are in progress.

4.4 Additional short term capacity has been recruited to the finance teams in order to support the implementation of the Croydon Finance Review.

4.5 It has been agreed with Internal Audit (Simon Maddocks) that the action plan will be reviewed as part of the annual audit plan, to ensure that the actions agreed are completed fully.

4.6 Progress on the implementation of these recommendations will be reported

regularly to the Renewing Croydon Steering Group and Improvement Board, as well as GPAC.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 The delivery of the proposals set out in the improvement plan do require investment (both of a one-off nature and on an ongoing capacity). Provision for such investment is contained within the budget options being put forward as part of the Budget Setting and MTFs building for consideration by Cabinet and then Full Council in March. Investment includes that for not only the Council's finance team and systems, but also recognises the need to upskill budget managers in delivering their contribution to managing the Council's budgets.
- 5.2 Particular risk exists in not investing in these improvements with regard to the Council being able to accurately forecast and manage its finances over the short and medium term. Failure to make such investment and deliver on the improvement plan would be likely to lead to additional pressures in excess of the investment being required as well as risk MHCLG's assessment of Croydon Council's ability to re-balance its budget position without the need for commissioners to be appointed.

Approved by: Matt Davis, Interim Deputy s151 Officer

6. LEGAL CONSIDERATIONS

- 6.1 The Head of Litigation and Corporate Law comments on behalf of the Council Solicitor and Monitoring Officer that standards being used for the review are set out in the Chartered Institute of Public Finance and Accountancy's Financial Management Code (the CIPFA FM Code) and other professional advisory publications which embed the various statutory and professional requirements which apply to financial management within the Council. The Council is required to apply the requirements of the FM Code with effect from 1 April 2020.
- 6.2 The CIPFA FM Code is also supported by the statutory requirement to have in place sound financial management set out in Section 151 of the Local Government Act 1972 which requires that every local authority in England and Wales should "... make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs".
- 6.3 Those responsibilities are further reinforced by Section 114 of the Local Government Finance Act 1988 which requires the Chief Finance Officer to report to all Members if there is or is likely to be unlawful expenditure or if expenditure in the year (including forecasted expenditure) is likely to exceed resources (including borrowings). Members will be aware of the two section 114(3) reports which have to date been issued by the Chief Finance Officer to all Members under these provisions.
- 6.4 CIPFA's judgment is that compliance with the CIPFA FM Code is necessary for local authorities to demonstrate that they are meeting those legislative

requirements and evidence how the Chief Finance Officer is meeting their statutory responsibility for sound financial administration.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of Jacqueline Harris-Baker, Council Solicitor and Monitoring Officer.

7. HUMAN RESOURCES IMPACT

- 7.1 There is a proposal in development to increase the number of staff in Finance in response to the recommendations of the report. This will be brought forward through the council's usual decision-making processes in 2020/21 financial year subject to funding being approved as part of the budget setting process.

8. EQUALITIES IMPACT

- 8.1 There are no specific equalities implications.

9. ENVIRONMENTAL IMPACT

- 9.1 There are no specific environmental implications

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no specific crime and disorder reduction implications.

11. DATA PROTECTION IMPLICATIONS

11.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

There are no data protection considerations as no personal data is included in or processed in relation to this report.

CONTACT OFFICER: Lisa Taylor, Director of Finance, Risk & Investment

APPENDICES TO THIS REPORT

[appendices to be attached to this report must be listed in number order below]

Appendix A – Finance Review Phase 1 Action Plan

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No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
3	Risks identified in relation to strategic partners (and captured on the corporate risk register) should be explicitly considered when taking decisions in connection with those strategic partnerships. [BP 3]	1	Lisa Taylor	Written instruction	(i) Instruction to Finance Business Partners re cabinet reports – immediate.	Completed
8	The authority should consider the affordability of its borrowing plans in the context of its overall budget risk and in particular the ongoing impact on the general fund of social care pressures. [BP 10]	1	Felicia Wright	Project - reviewing affordability	Immediate review of capital programme. Reductions agreed by Cabinet.	Partially Completed – work in relation to Brick By Brick and other external investments still in progress
8	The authority should consider the affordability of its borrowing plans in the context of its overall budget risk and in particular the ongoing impact on the general fund of social care pressures. [BP 10]	1	Lisa Taylor	Cabinet report	Cabinet report for cabinet meeting 21/9/20	Completed
17	Assessment of affordability should take into account the council's revenue position and the full range of risks associated with the proposed capital programme. [BP 18]	1	Felicia Wright	(See 8) Financial analysis of affordability of programme (10 years) taking into account risks – including sensitivity analysis	The council's assessment of the affordability of the capital programme takes into consideration the risks associated with the proposed capital programme in the context of the council's	Partially Completed – work in relation to Brick By Brick and other external investments still in progress

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
					immediate overall financial position as well as short, medium and long term financial prospects.	
24	The MTFS should be rolled forward annually in July and updated in February as part of the budget setting process. [BP 26]	1	Matt Davies	Financial modelling	MTFS is refreshed immediately.	In progress - reports to Cabinet in September and October 2020 and on track for February budget setting Cabinet report.
25	The MTFS should forecast 3-5 years ahead. [BP 27]	1	Matt Davies	(See 24) Financial modelling	MTFS is refreshed immediately with time horizon of at least 3 financial years.	In progress - reports to Cabinet in September and October 2020 and on track for February budget setting Cabinet report.
26	The council's budget setting process should bring together well-evidenced proposals for savings and growth that are based on a detailed understanding of costs and business practices and have clear delivery plans. [BP 28]	1	Matt Davies	Project - Design new budget setting process	New budget setting process is adopted and implemented effectively.	Budget setting process was approved by Cabinet in July 2020.
26	The council's budget setting process should bring together well-evidenced proposals for savings and growth that are based on a detailed understanding of costs	1	Matt Davies	BAU – implement budget process	Budget development meetings are held successfully.	Budget development meetings held delivering c£80m of savings proposals

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
	and business practices and have clear delivery plans. [BP 28]					over 3 years. Further work needs to be done to ensure better challenge to proposals.
30	The authority should track progress in delivering planned savings through a savings tracker that should be reported with the monthly budget monitoring statement. [BP 32]	1	Nish Popat	Design savings tracker and incorporate in monthly budget monitoring	Savings tracker put in place immediately.	Design completed by PMO and Finance. Interim solution in place. Will be fully implemented for 2021/22
32	The council should review group and company structures to ensure they are necessary and fit for purpose at regular intervals or when there is a significant change in the regulatory or funding framework. [BP 34]	1	Chris Buss	Project including external commissions	Review of group and company structures is commenced immediately	Initial report completed. Further reports planned including report to February Cabinet.
33	Agreements with arm's length bodies should contain provision for the authority and its external auditors to have access to the records of the funded body. [BP 38]	1	Sean Murphy	Shareholder letter	Write to arm's length companies requesting amendments, granting access.	Completed. Company articles of association amended.
41	As part of the budget development process departments should collaborate across departmental boundaries to develop robust and deliverable cross-cutting savings proposals. [BP 43]	1	Lisa Taylor	ELT agenda items booked	Cross cutting ideas are discussed at ELT during early budget development phase May to July 2021	Brought forward: in progress, will be reported to February Cabinet
43	Meetings between officers and members to explore budget options (Budget	1	Lisa Taylor	Project – new budget setting process	Budget development meetings follow	Budget development meetings followed

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
	Development Meetings) should focus on prioritisation of proposals. Proposals should not be screened out politically before being presented at Budget Development Meetings. [BP 43]				agreed protocol	protocol in this respect.
43	Meetings between officers and members to explore budget options (Budget Development Meetings) should focus on prioritisation of proposals. Proposals should not be screened out politically before being presented at Budget Development Meetings. [BP 43]	1	Lisa Taylor	Instruction	Clear instructions are issued	Completed: Instructions concerning budget development were issued concerning this point in July/August 2020
44	The budget report should contain only savings proposals for which there is a clear and achievable path to benefits realisation. [BP 43]	1	Matt Davis/ Nish Popat	Instruction	Clear instructions are issued	Completed: Instructions concerning budget proposals were issued concerning this point in July/August 2020
45	The budget proposals brought forward by departments should be prioritised by members. Friendly and constructive challenge has an important role to play in the development of proposals, to ensure that they are aligned with corporate priorities, are developed to their full potential, and are sufficiently robust and deliverable. For these reasons budget	1	Lisa Taylor	Project – new budget setting process	Budget development meetings follow agreed protocol	Completed. The Budget Development Meetings followed the agreed protocol.

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
	<p>development meetings should be held in September / October involving both members and officers. To ensure collective ownership of the financial position and decisions, all cabinet and ELT members should be invited to each meeting. The meetings will follow an agreed format and focus upon a particular set of proposals, grouped by theme (e.g. Capital) or by department. [BV 44]</p>					
45	<p>The budget proposals brought forward by departments should be prioritised by members. Friendly and constructive challenge has an important role to play in the development of proposals, to ensure that they are aligned with corporate priorities, are developed to their full potential, and are sufficiently robust and deliverable. For these reasons budget development meetings should be held in September / October involving both members and officers. To ensure collective ownership of the financial position and decisions, all cabinet and ELT members should be invited to each meeting. The meetings will follow an agreed format and</p>	1	Lisa Taylor	Instruction	Clear instructions are issued	Completed: Instructions concerning the budget process were issued in July/August 2020

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
	focus upon a particular set of proposals, grouped by theme (e.g. Capital) or by department. [BP 44]					
46	The budget development process should engage CLT members (i.e. directors), not only in their role as originators of budget savings and growth proposals, but collectively through regular briefings. [BP 44]	1	Lisa Taylor	Internal Comms Plan	Internal comms plan is developed concerning budget issues	There have been internal communications concerning the budget but we are unable to evidence a communications plan specifically for the budget
46	The budget development process should engage CLT members (i.e. directors), not only in their role as originators of budget savings and growth proposals, but collectively through regular briefings. [BP 44]	1	Lisa Taylor	Briefings	CLT members are briefed on the budget development process at appropriate intervals	There have been regular communications to CLT throughout the budget setting process through DMTs and directly from CEO.
50	The target level of reserves should be set by the s151 officer based on their professional judgement about the risks the council is facing, and the budget plan must prioritise maintaining the reserves at the target level above any operational considerations. The minimum level of reserves cannot be set on the basis of affordability in comparison with other	1	Nish Popat	Analysis	MTFS contains a section on risk-based justification of target level of reserves.	In progress – MTFS will be reported to Cabinet in February. Details of the Reserve policy will be included within the 21/22 Budget Setting report and it will indicate the minimum/prudent level of GF

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
	priorities, but must be set on the basis of risk assessment as a fundamental requirement that underpins the stability of the organisation. [BP 46]					reserves the Council should hold.
51	A full budget monitor should be produced monthly and reported to departmental management teams and to ELT. Cabinet should receive its first report on budget monitoring as early as possible in the cycle, which is likely to be the July Cabinet meeting. [BP 47]	1	Nish Popat	Project – move to monthly budget monitoring	Decision to move to monthly budget monitoring reported to Cabinet.	Completed. Decision to move to monthly budget monitoring reported to Cabinet in July.
54	Where overspending is forecast, executive directors should set out options for bringing spending back within the agreed bounds and these should be considered and approved without delay through the appropriate governance arrangements. [BP 47]	1	Executive Directors	See 52.	Options for bringing spending back within budget are brought promptly to ELT for approval and taken through appropriate governance process.	In year savings proposals have been reported to Cabinet. However, forecast overspend remains high as at M8.
56	The finance team should be increased in size to enable monthly budget monitoring. [BP 47]	1	Lisa Taylor	Project – recruit short term capacity	Additional short term capacity recruited to finance teams	Completed in the Short Term. Also appointed PWC to provide additional wider finance capacity.
66	High risk budgets should be scrutinised by ELT and Cabinet members monthly as a minimum. [BP 53] see also BP 52	1	Matt Davis	Analysis	The monthly budget monitor contains a section on high risk budgets	In progress: The monthly monitor highlights high risk budgets but further

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
						development of the report is required to meet the standard.
66	High risk budgets should be scrutinised by ELT and Cabinet members monthly as a minimum. [BP 53] see also BP 53	1	Matt Davis	ELT agenda	Additional (weekly or fortnightly) reporting is considered by ELT for high risk budgets.	Not started
67	ELT should receive a monthly budget monitoring report, which should also be shared with cabinet members. Formal quarterly reporting to Cabinet should continue. [BP 53]	1	Nish Popat	ELT agenda	The monthly budget monitoring report receives significant attention at ELT	Completed. A monthly Budget Monitoring report is produced and sent to ELT where it is discussed in detail.
67	ELT should receive a monthly budget monitoring report, which should also be shared with cabinet members. Formal quarterly reporting to Cabinet should continue. [BP 53]	1	Nish Popat	Report Distribution	The monthly budget monitoring is shared with and discussed with Cabinet members.	Completed: The monthly Budget Monitoring report is shared with and discussed with Cabinet Members.
67	ELT should receive a monthly budget monitoring report, which should also be shared with cabinet members. Formal quarterly reporting to Cabinet should continue. [BP 53]	1	Lisa Taylor	Cabinet agenda	Cabinet receives quarterly budget monitoring reports	Completed. Cabinet receives quarterly budget monitoring reports.
5	Transformation activity should be supported by the council's strengthened programme management function to provide assurance that risks are managed and projects are	2	Gavin Handford	Service planning and prioritisation	Refocus PMO activity on delivery of transformation and budget savings	In progress: New programme management approach and Croydon Renewal Steer Group established

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
	delivered on time. [BP 6]					
7	The authority should manage its capital programme and associated funding arrangements within the forecast prudential indicators. [BP 10]	2	Nigel Cook, Head of Pensions & Treasury and Felicia Wright, Head of Finance	Review	Review process for monitoring treasury indicators and taking treasury decisions.	Not started
47	Scrutiny should have a formal role in the process, with pre-scrutiny of proposals for significant change being feasible because of longer development timescales. Scrutiny of budget proposals should take place in the period November to February as the proposals are brought forward for Cabinet approval. [BP 44]	2	Lisa Taylor	Project - Agree approach with Scrutiny Chair	Scrutiny meetings are held to consider budget options as they are brought forward to Cabinet.	In progress: A scrutiny meeting has been scheduled for budget proposals but better use of scrutiny to support the budget setting process will be scheduled in 2021/22
51	A full budget monitor should be produced monthly and reported to departmental management teams and to ELT. Cabinet should receive its first report on budget monitoring as early as possible in the cycle, which is likely to be the July Cabinet meeting. [BP 47]	2	Matt Davis		Additional Finance staff recruited.	Complete in the short term.
51	A full budget monitor should be produced monthly and reported to departmental management teams and to ELT. Cabinet	2	Nish Popat		Full budget monitor produced monthly	Completed

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
	should receive its first report on budget monitoring as early as possible in the cycle, which is likely to be the July Cabinet meeting. [BP 47]					
52	The budget monitoring report should not only set out the financial forecast and associated risks but should also set out any corrective action required and the associated implementation plan. [BP 47]	2	Matt Davis	Project - Budget monitoring process updated	Budget monitoring report sets out any corrective action required and tracks implementation	In Progress – the budget monitoring report includes a savings tracker and progress on in-year savings.
59	The authority should review and correct base budgets to ensure that they represent a credible spending plan for the year, particularly where there is an ongoing pattern of significant over/underspending . [BP 49]	2	Matt Davis/ Nish Popat	Project – review high risk budgets and align with activity	A review of high risk base budgets is undertaken aligning budget with planned activity cost.	In Progress. The revised MTFs will correct budgets where there were considerable pressures and the overall financial gap presented to Cabinet takes into account correction of overspending areas.
1	The authority should conduct a scenario based financial resilience assessment to support the Medium Term Financial Strategy [BP 1].	3	Matt Davis	External Commission	Undertake scenario based financial resilience assessment for incorporation into budget report Feb 2021	Commissioned from EY Aug 2020

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2	The authority should make greater use of independently verified comparative data in assessing its financial resilience and ongoing financial sustainability. [BP 2]	3	Matt Davis	External Commission	Identify and access data and incorporate in financial resilience assessment for budget report Feb 2021	Commissioned from EY Aug 2020
7	The authority should manage its capital programme and associated funding arrangements within the forecast prudential indicators. [BP 10]	3	Nigel Cook, Head of Pensions & Treasury and Felicia Wright, Head of Finance	BAU	Monitor performance on regular ongoing basis. Take action to avoid breaching prudential limits.	Status to be confirmed.
24	The MTFS should be rolled forward annually in July and updated in February as part of the budget setting process. [BP 26]	3	Matt Davies	Cabinet report	MTFS is updated alongside 2021/22 budget report	In progress: the revised MTFS will be reported to Cabinet in February as part of the budget setting report.
26	The council's budget setting process should bring together well-evidenced proposals for savings and growth that are based on a detailed understanding of costs and business practices and have clear delivery plans. [BP 28]	3	Matt Davis	Plans approved	Savings approved have clear implementation plans.	In progress. The implementation of savings against agreed plans is being tracked by the PMO.
27	The budget report should update the MTFS, reconciling the previous MTFS forecast budget gap to the proposed budget. [BP 29]	3	Matt Davis	Financial Modelling	MTFS is updated alongside 2021/22 budget report.	In progress: the revised MTFS will be reported to Cabinet in February as part of the

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
						budget setting report.
31	The MTFS should contain analysis of the use of reserves against plan in the recent past, and the planned use of reserves over the MTFS period. The analysis should be underpinned by an analysis of financial risk. [BP 33]	3	Matt Davis/ Nish Popat	Analysis	Reserves and risk analysis are added to the next iteration of the MTFS and remain an ongoing component.	Work in progress
36	The budget report should update the MTFS each year, reconciling the budget proposals to the previous MTFS forecast, to ensure that the proposed budget and the medium term financial plan are in step and based on the latest information. The MTFS should be revised in full in July each year. [BP 42]	3	Matt Davis	(See 27) Financial modelling	Budget report contains a section updating the MTFS and revising key assumptions based on new information.	In progress: the revised MTFS will be reported to Cabinet in February as part of the budget setting report.
44	The budget report should contain only savings proposals for which there is a clear and achievable path to benefits realisation. [BP 43]	3	Lisa Taylor	Project – new budget setting process	Savings proposals are supported by robust delivery plans	In progress. The implementation of savings against agreed plans is being tracked by the PMO.
48	The budget report should update the MTFS with any new assumptions arising from current financial performance as well as external factors. This should include any significant over/under-spending and an update on the delivery of planned	3	Matt Davis	Analysis	Budget report includes section on current financial performance including delivery of planned savings and growth, and	In progress

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
	savings and growth proposals in the current year. [BP 45]				implications for MTFS	
49	The budget report should include analysis of the use of reserves and balances compared to plan. [BP 45]	3	Matt Davis/ Nish Popat	Analysis	Budget report includes section on user of reserves and balances compared to plan	In progress
50	The target level of reserves should be set by the s151 officer based on their professional judgement about the risks the council is facing, and the budget plan must prioritise maintaining the reserves at the target level above any operational considerations. The minimum level of reserves cannot be set on the basis of affordability in comparison with other priorities, but must be set on the basis of risk assessment as a fundamental requirement that underpins the stability of the organisation. [BP 46]	3	Matt Davis	Analysis	Budget report contains a section on the level of reserves and any contributions needed to meet the target level	In progress
53	The budget monitor should incorporate a savings tracker, monitoring the realisation of savings proposals introduced through the budget setting process. [BP 47]	3	Nish Popat	Project - Savings tracker developed	Savings tracker is reported as part of monthly budget monitoring	The budget monitor contains a savings tracker. The tracker is being further developed by the PMO to incorporate project as

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
						well as financial information and this will be implemented in 2021/22.
53	The budget monitor should incorporate a savings tracker, monitoring the realisation of savings proposals introduced through the budget setting process. [BP 47]	3		Savings tracker incorporated in monthly budget monitoring report		The budget monitor contains a savings tracker. The tracker is being further developed by the PMO to incorporate project as well as financial information and this will be implemented in 2021/22.
69	The authority should review the level of contingency and also the level of the general fund balance to ensure these are at an appropriate level to manage the risks the authority is facing. On the basis of current overspending both are too low. [BP 54]	3	Matt Davis	Analysis	The budget report includes a risk based justification for the level of contingency	In progress for February Cabinet report.
69	The authority should review the level of contingency and also the level of the general fund balance to ensure these are at an appropriate level to manage the risks the authority is facing. On the basis of current	3	Matt Davis	Analysis	The budget report includes a risk based justification for the level of the general fund balance	In progress for February Cabinet report

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	overspending both are too low. [BP 54]					
74	Appropriate governance arrangements should be in place to oversee the delivery of the capital programme at a detailed level – this may be the Growth Board or a new arrangement. [BP 57]	3	Shifa Mustafa	Project – review of capital governance	A review of capital governance is conducted to establish the appropriate arrangements, and these are implemented.	Work is in progress
6	The authority should review its MRP policy to ensure that it adequately provides for debt repayment and matches its appetite and capacity for managing risk, particularly in relation to arm's length entities and commercial investments. [BP 10].	4	Matt Davis	External Commission	Revised MRP policy approved to take effect in current year, in time for annual accounts.	In progress: Link Asset Management commissioned in July 2020, due to report December 2020.
20	The authority should ensure that its governance arrangements concerning capital are fit for purpose and clearly set out in the Capital Strategy and the council's Financial Regulations. [BP 23]	4		Project	(i) A review is conducted to determine the appropriate governance arrangements for capital decisions and bring them in line with best practice.	Not assigned or started
28	Service plans should be kept up to date and linked to the MTFs, in particular with regard to significant savings, growth, demand management and cost control matters. [BP 30]	4	Gavin Handford	Project – design and implement service planning process	Process for aligning service/delivery plans to budgets is published to organisation.	In progress
40	The budget process should enable budget proposals to be built	4	Lisa Taylor	Instruction	Reminder to departments about new	Planned

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	from the bottom up, so that they are underpinned by the expertise of practitioners. [BP 43]				budget setting process requirements in April 2021.	
40	The budget process should enable budget proposals to be built from the bottom up, so that they are underpinned by the expertise of practitioners. [BP 43]	4		Compliance	New budget setting process is followed by departments	Not started
55	Budget managers should be held to account if they do not remain within their agreed budget plan / promptly take corrective action when overspending is forecast. Failure to take appropriate action is a serious issue and potentially a disciplinary matter. [BP 47]	4		See 52.	The budget setting process verifies that that budgets are appropriate for the planned level of activity and budget holders sign off budget to this effect.	In progress
55	Budget managers should be held to account if they do not remain within their agreed budget plan / promptly take corrective action when overspending is forecast. Failure to take appropriate action is a serious issue and potentially a disciplinary matter. [BP 47]	4		Training	Budget holders receive the appropriate training and this is refreshed on a regular basis.	Training is being planned
57	The data that budget holders rely upon to make their budget forecasts such as the staffing establishment should be corrected and kept up to date. [BP 48]	4		Project – establishment and staffing budget alignment	A project is undertaken to set in place systems so that staffing data is aligned with staffing budgets on	Not started

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
					an ongoing basis	
59	The authority should review and correct base budgets to ensure that they represent a credible spending plan for the year, particularly where there is an ongoing pattern of significant over/underspending. [BP 49]	4		Project – review fees and charges budgets to align with activity	A review of fees and a charges is undertaken aligning budget with planned income.	In progress
60	Employee budgets should be reconciled to and kept in step with the staffing establishment data. [BP 49]	4		See 57	(See 57) A project is undertaken to set in place systems so that staffing data is aligned with staffing budgets on an ongoing basis	Not started
64	The MyFinance system should produce the summarised information needed by heads of finance when reporting the financial position without the need for further intervention. [BP 52]	4	Nish Popat	See 62	MyFinance system outputs are reviewed to ensure they are fit for purpose.	In Progress. Most reports are available and Finance team need to be trained on how to download and use.
64	The MyFinance system should produce the summarised information needed by heads of finance when reporting the financial position without the need for further intervention. [BP 52]	4	Nish Popat	See 62	Issues with accuracy of underlying data are resolved (see 57, 59, 60)	In progress
68	The authority should standardise the presentation of	4	Nish Popat	Project – standardise financial	A template for financial performance information	Completed

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	financial performance information. [BP 53]			performance format	is agreed and is used by all departments	
71	The authority should profile capital budgets accurately, aligning spend with the project delivery plan. [BP 57]	4		Project – improve capital budget monitoring (inc. training)	Capital budgets are profiled accurately.	Not Started
73	Capital underspends should be returned for reallocation to other priorities and not retained by departments. [BP 57]	4		Analysis	A review of the capital programme is conducted annually to identify and capture underspends for reallocation.	Not Started
73	Capital underspends should be returned for reallocation to other priorities and not retained by departments. [BP 57]	4		Update Financial Regulations	Financial Regulations are updated to include this principle concerning capital underspends .	Not Started
74	Appropriate governance arrangements should be in place to oversee the delivery of the capital programme at a detailed level – this may be the Growth Board or a new arrangement. [BP 57]	4		Update Financial Regulations	The arrangements are incorporated in the council's Financial Regulations	Not Started
75	The authority should monitor balance sheet risks such as the collection of sundry debtors, and use of provisions and reserves against plan, as part of the monthly budget monitoring arrangements. [BP 58]	4	Nish Popat	Analysis	The monthly budget monitor is redesigned and contains a section on balance sheet items such as debtors, provisions and reserves	Not Started
3	Risks identified in relation to strategic partners (and	5	Lisa Taylor		(ii) Review in 12 months	Not Started

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
	captured on the corporate risk register) should be explicitly considered when taking decisions in connection with those strategic partnerships. [BP 3]					
4	The authority should bring together the elements of its long term financial plans – i.e. the Capital Strategy, the Asset Management Plan, the Asset Investment Strategy, the 40 year business plan for the HRA, and the Treasury Management Strategy together with any other relevant long term financial planning information – in a Long Term Financial Strategy document [BP 5].	5	Matt Davis	Project	Long Term Financial Strategy to Cabinet by July 2021	Not Started
9	The Capital Strategy should have a time horizon of 20 to 30 years [BP 11].	5		Project – write new capital strategy	New capital strategy approved by Cabinet looks ahead 20-30 years – i.e. 20-30 year financial model	Not Started
10	The Capital Strategy should explore external influences in more depth and consider how these affect the requirement and scope for capital investment over the long term (20-30 years). [BP 12]	5		(See 9) Financial modelling	New capital strategy approved by Cabinet includes modelling of external influences on requirement for capital investment.	Not Started
11	The Capital Strategy should consider and model the long term (20-30 year) impact of internal influences	5		(See 9) Financial modelling	New capital strategy approved by Cabinet includes	Not Started

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
	such as the Asset Management Plan, the Education Estates Strategy, the Asset Investment Strategy, Digital Strategy, and other strategic documents and plans that concern the acquisition, disposal or use of assets. [BP 13]				modelling of internal influences on requirement for capital investment.	
12	The Capital Strategy should include consideration of all of the council's capital-related strategies and plans including the HRA. [BP 13]	5	Sarah Attwood	(See 9) Financial modelling – HRA 40 year plan)	HRA requirements (40 year plan) included in new capital strategy approved by Cabinet	In progress
13	The Capital Strategy should include consideration of risks and mitigations in relation to the council's asset investment strategy. [BP14]	5		(See 9) Review of risks in relation to commercial investment plans	New capital strategy considers risks in relation to investments	Completed: Decision taken not to make further commercial investments .
14	The Capital Strategy should consider the long term financial implications of capital investment decisions (i.e. modelled over a 20-30 year period). [BP 15]	5		(See 9) Financial modelling	New capital strategy models worst case scenario as well as expected return over lifetime	Not Started
15	The Capital Strategy should include consideration of the organisation's capacity to secure the forecast funding (e.g. capital receipts) and the associated risks, with particular regard to arm's length bodies. [BP 17]	5		(See 9) Financial modelling	New capital strategy models and considers risks in relation to planned capital receipts.	Not Started
16	The Capital Strategy should consider the organisation's capacity to deliver the planned	5		(See 9) Analysis of capacity and	The new capital strategy includes an	Not Started

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	capital programme and evaluate the associated risks (e.g. impact and likelihood of slippage) [BP 17]			associated risks	honest appraisal of the organisation's capacity to deliver based on past performance and models the impact.	
18	The authority should produce a 10-year capital investment plan (i.e. capital programme) – with actions, timescales, outputs and outcomes [BP 21]	5		Project - review capital budget setting process, documentation etc.	(i) The new capital programme has a 10 year time horizon.	Not Started
18	The authority should produce a 10-year capital investment plan (i.e. capital programme) – with actions, timescales, outputs and outcomes [BP 21]	5		Move to BAU - Capital budget setting as part of wider budget setting process	(ii) The new capital programme specifies the actions, timescales, outputs and outcomes in relation to each project.	Not Started
19	The Capital Strategy should capture the significant risks and mitigations in relation to the capital programme. [BP 22]	5		(See 9 and 17) Analysis of risks in relation to capital programme	The new capital strategy sets out the risks and mitigations in relation to the capital programme.	Not Started
20	The authority should ensure that its governance arrangements concerning capital are fit for purpose and clearly set out in the Capital Strategy and the council's Financial Regulations. [BP 23]	5		Council decision	(ii) The review recommendations are adopted by the council and incorporated in Financial Regulations.	Not Started
21	The authority should ensure that capital decisions are made in compliance with the	5	(i)	Project – review capital elements of scheme of delegation	(i) Review scheme of delegation to align with capital	Not Started

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
	agreed governance arrangements. [BP 23]				governance arrangements.	
21	The authority should ensure that capital decisions are made in compliance with the agreed governance arrangements. [BP 23]	5	(ii) Simon Maddocks	Audit is added to audit plan	(ii) Audit of capital decision making and capital programme is carried out at appropriate intervals.	Not Started
22	The authority should maintain an up to date asset management plan for operational property [BP 8, BP 24]	5	Ozay Ali	Project – new Asset Management Plan culminating in approval by Cabinet	New asset management plan for operational property is approved by Cabinet	In progress
23	The authority's asset management plan for operational property should meet best practice standards. [BP25]	5	Ozay Ali	Project – review plan and practice against standards	The asset management plan complies with best practice guidance: CIPFA Strategic Property Asset Management Framework (August 2018) ; Government Functional Standard GovS 004: Property; RICS Public Sector Property Asset Management Guidelines, 2nd Edition	In progress
24	The MTFS should be rolled forward annually in July and updated in February as part of the budget	5	Matt Davies	Cabinet report	New full MTFS to Cabinet in July 2021	Not Started

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	setting process. [BP 26]					
28	Service plans should be kept up to date and linked to the MTFs, in particular with regard to significant savings, growth, demand management and cost control matters. [BP 30]	5		Publication	Service/Delivery Plans aligned with budget are published by July 2021	In progress
29	The authority should introduce systematic benchmarking of service performance with other organisations and with its own performance over time as part of its performance regime. [BP 31]	5	Head of Performance	Project – benchmark council services	Service benchmarking incorporated in regular performance management information	Not Started
34	The authority should ensure its representatives on boards are adequately supported to drive the authority's strategic objectives through the activities of the arm's length body. [BP 39]	5		External commission – review	Review of group and company structures should include review of council representatives' skills and experience.	In progress.
34	The authority should ensure its representatives on boards are adequately supported to drive the authority's strategic objectives through the activities of the arm's length body. [BP 39]	5		Project - Design and implement training	Council representatives onboard receive training	In progress
35	The authority should ensure that in relation to its representation on the boards of arm's length companies, any conflicts of interests are identified and avoided or escalated and resolved. [BP 39]	5		External commission - review	Review of group and company structures should include review of council representatives and any potential	In progress

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
					conflicts of interest.	
37	The authority should bring together the elements of its long term financial plans in a Long Term Financial Strategy document (see BP 5 above). The budget report should evidence consistency with the long term financial strategy. [BP 42]	5	Matt Davis	(See 5) Project	Long Term Financial Strategy to Cabinet by July 2021	Not Started
38	Departments should have clear financial targets to work to in developing budget options. [BP 43]	5	Matt Davis	Financial modelling and report	Targets set based on corporate plan priorities and MTFS	Implemented for 2020/21 budget
39	In order to allow sufficient time for departments to develop robust proposals for growth and savings to feed into the budget decision-making process, departments should start work as early as possible in the cycle. This means not waiting until the MTFS has been revised but working to provisional targets beginning as early as May. [BP 43]	5	Matt Davis	(See 38) Financial modelling and report	Targets set in May 2021	Will follow approval of MTFS in February
42	Budget proposals should be evidenced by performance data and modelling to demonstrate robustness and deliverability, with performance and value for money benchmarked over time and against other organisations. [BP 43]	5	Exec Directors and Head of Performance	Project - Research	Departments and performance team conduct research.	Not Started
42	Budget proposals should be evidenced by performance data	5	Exec Directors	Analysis	Budget proposals incorporate	Not Started

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	and modelling to demonstrate robustness and deliverability, with performance and value for money benchmarked over time and against other organisations. [BP 43]		and Head of Performance		appropriate performance information.	
43	Meetings between officers and members to explore budget options (Budget Development Meetings) should focus on prioritisation of proposals. Proposals should not be screened out politically before being presented at Budget Development Meetings. [BP 43]	5		Training	Officers and members receive training	Not Started
44	The budget report should contain only savings proposals for which there is a clear and achievable path to benefits realisation. [BP 43]	5		Training	Officers receive training	Not Started
45	The budget proposals brought forward by departments should be prioritised by members. Friendly and constructive challenge has an important role to play in the development of proposals, to ensure that they are aligned with corporate priorities, are developed to their full potential, and are sufficiently robust and deliverable. For these reasons budget development meetings should be held in September / October involving both	5		Training	Officers receive training	Not Started

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	members and officers. To ensure collective ownership of the financial position and decisions, all cabinet and ELT members should be invited to each meeting. The meetings will follow an agreed format and focus upon a particular set of proposals, grouped by theme (e.g. Capital) or by department. [BP 44]					
52	The budget monitoring report should not only set out the financial forecast and associated risks but should also set out any corrective action required and the associated implementation plan. [BP 47]	5		Budget holders trained	Budget holders understand and are able to perform requirements	In progress
52	The budget monitoring report should not only set out the financial forecast and associated risks but should also set out any corrective action required and the associated implementation plan. [BP 47]	5		Section added to standard budget monitoring report		Not Started
55	Budget managers should be held to account if they do not remain within their agreed budget plan / promptly take corrective action when overspending is forecast. Failure to take appropriate action is a serious issue and potentially a	5		Compliance	If budget holders fail to take appropriate action, they are held to account through the performance management arrangements.	Following right-sizing of budgets and training will take effect in 2021/22 financial year

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
	disciplinary matter. [BP 47]					
56	The finance team should be increased in size to enable monthly budget monitoring. [BP 47]	5		Project – restructure finance team	Restructure Finance team to meet demands of monthly budget monitoring	In progress
58	The authority should consider ways of improving the MyFinance system to make it more intuitive and user friendly, or consider moving to another system that more closely meets budget holder requirements. [BP 48]	5		Project – improve MyFinance user interface to make more user friendly and fit for purpose.	A project is undertaken to improve user interface of budget monitoring system	Not Started
59	The authority should review and correct base budgets to ensure that they represent a credible spending plan for the year, particularly where there is an ongoing pattern of significant over/underspending. [BP 49]	5		Project – review other base budgets to align with activity.	A review of other base budgets is undertaken aligning budget with planned activity cost.	Right-sizing of budgets has been incorporated in growth for 2021/22
61	Operational performance data should be reported alongside financial performance data to enable a full understanding of the cost/income drivers. [BP 49]	5		Project – combine budget monitoring report with performance report	The budget monitor is redesigned to contain the relevant monthly performance information to support understanding of the position.	Not Started
62	The council's budgetary control systems should support the use of profiling by budget holders. The guidance for MyFinance should	5		Project – improvements to MyFinance	Budget holders have access to a range of budget profiles in MyFinance.	Not Started

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
	support the use of budget profiles. [BP 50]					
62	The council's budgetary control systems should support the use of profiling by budget holders. The guidance for MyFinance should support the use of budget profiles. [BP 50]	5		Training	Budget holders receive training in using profiles in MyFinance	Not Started
62	The council's budgetary control systems should support the use of profiling by budget holders. The guidance for MyFinance should support the use of budget profiles. [BP 50]	5		Project - update guidance	The guidance on MyFinance is updated	Not Started
63	Information should be presented in a more user friendly format that supports budget holders to understand the implications and take action. Operational performance information should be presented alongside the financial information. [BP 51]	5		See 62	The MyFinance system presents information in a user friendly format.	Not Started
70	The authority should consider identifying and monitoring specific budget risks in relation to partnerships and collaborative ventures as part of its routine budget monitoring. [BP 56]	5		Analysis	The budget monitor contains a section on budgets relating to partnerships and collaborative ventures	Not Started
72	A standard programme/project methodology should be applied to all capital projects. [BP 57]	5		See 71	A standardised approach is agreed.	Not Started

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
72	A standard programme/project methodology should be applied to all capital projects. [BP 57]	5		Analysis	Budget monitoring on the capital programme includes a report on the progress with the project alongside the financial spend.	Not Started
47	Scrutiny should have a formal role in the process, with pre-scrutiny of proposals for significant change being feasible because of longer development timescales. Scrutiny of budget proposals should take place in the period November to February as the proposals are brought forward for Cabinet approval. [BP 44]	6		Meetings diarised	Pre-scrutiny of proposals takes place over summer months	Not Started
63	Information should be presented in a more user friendly format that supports budget holders to understand the implications and take action. Operational performance information should be presented alongside the financial information. [BP 51]	6		See 62	The system presents performance data alongside financial data.	Not Started
65	Operational performance information should be presented alongside the financial information. [BP 52]	6		See 61	(See 61) The budget monitor is redesigned to contain the relevant monthly performance information to support understandin	Not Started

No.	Recommendation	Priority	Lead Officer	Type of Activity	Action Required	Progress to date
					g of the position.	