

# Interim Annual Auditor's Report on Plymouth City Council

DRAFT

2022/23

February 2024


Consultation Draft



# Action plan for 2022/23 recommendations

Recommendation	Type of recommendation	Date raised	Progress to date
<b>2022/23 Key recommendations from Significant Weaknesses</b>			
<p><b>Financial sustainability</b></p> <p>Given the increased level of financial stress the Council is facing members need to ensure that there is a robust response to financial matters with a more detailed revision of the Council's Medium Term Financial Strategy, early in 2024/25, to address how it will mitigate the risks against the financial stress indicators. Progress in delivering savings and transformation plans should be tracked by Cabinet each month and periodically reviewed by the relevant Scrutiny Committee for the service.</p>	Key	February 2024	<p>The requirement for a revised MTFS is acknowledged with a revised strategy updated to include the 2024/25 Budget is scheduled for Cabinet and then Council approval in June 2024.</p> <p>The Council will continue to ensure, as is the current practice, that all Scrutiny Committees are informed of their directorates' progress against savings as well as the overall monitoring position.</p>
<p><b>Improving economy, efficiency and effectiveness</b></p> <p>In May 2023, the Department for Education issued the Council with a statutory Improvement Notice requiring all areas of improvement in Children's Services to be addressed by the Council and its partners. The Children's Improvement Plan needs to be costed with timeframes so the Council is clear of the investment required in Children's Services to meet the quality standards required by the Secretary of State to remove the Statutory Improvement Notice. The transformational issues need to be planned and resourced in detail and reflected in the Council's revised MTFS 2024/25 to 2028/29.</p>	Key	February 2024	<p>Agreed – the 2024/25 Budget includes additional investment in Children's Services. There is a monthly Children's Transition Board which reviews all data and measures outcomes .</p> <p>This will be clearly set out in the revised MTFS.</p>

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 <b>Financial Sustainability</b>				
1	We suggest that savings plans are RAG (Red, Amber, Green) rated, as part of the reporting on the progress of achievement of savings so that officers and members are aware in monthly financial reports to Cabinet, of the high-risk schemes that are less likely to be delivered; and what alternative savings plans are in place to address any financial in-year deficits.	Improvement	February 2024	The current Cabinet reports show full analysis of the savings, clearly showing those which are delivered and on-track for delivery. The S151 Officer will review current reporting formats and amend where required to ensure full visibility.
2	The Council approved the four-year Medium Term Financial Strategy (MTFS) 2023/24 to 2027/28 in September 2023. We suggest that future MTFSs are prepared at the same time as the annual budget and approved before the start of the next financial year and that the 2024/25 to 2028/29 MTFS is approved early in the 2024/25 financial year.	Improvement	February 2024	<p>This is an ambition of the Council, and as stated above a revised MTFS will be presented to Full Council in June 2024.</p> <p>There is an ambition to align the reporting timelines for budget and MTFS.</p>
3	As the Council is in the bottom quartile of “general fund and earmarked reserves as a percentage of net revenue expenditure” compared to other councils then it should aim for a higher working balance target than its current 5% to protect the long-term financial health and viability of the council.	Improvement	February 2024	This is a strategy set out in the September 2023 MTFS. We have to recognise that building reserves during the current financial situation is more challenging, but it remains an ambition. The revised MTFS will set out our plan.

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	<b>Governance</b>			
4	<b>Integration of performance management and risk management through the mapping of strategic risks to the achievement of corporate objectives and associated Key Performance Indicators (KPIs).</b>	Improvement	February 2024	Agreed – Work is underway to ensure that Directorate business plans align to the Corporate Plan agreed in Q2 of 2023/24. This work will include risk, health and safety and business continuity. The work will be completed across Q4 2023/24 and Q1 2024/25.
5	<b>The quarterly High Risk Update Report to Corporate Management Team and the Audit &amp; Governance Committee needs to record further management action to provide officers and members with assurance on how strategic risks scoring in excess of 20 are being managed, with specific SMART actions and timeframes to monitor the management of these risks. We suggest that this information is also recorded on the computerised risk management system.</b>	Improvement	February 2024	Agreed – The new risk management system was launched in January 2024. There will likely be significant movement in risk as risk awareness and a positive approach to risk management is embedded within "Team Plymouth" (3rd tier managers). The work will be completed across Q4 2023/24 and Q1 2024/25.
6	<b>The Audit Committee should carry out a self-assessment of its effectiveness each year and report on the outcome at the end of the financial year.</b>	Improvement	February 2024	Agreed – As a first step a self-assessment questionnaire will begin the process and will be circulated to members after the meeting on the 12 March 2024 if not before.
7	<b>The scope of the review on "Governance of the Council's Arms-length Companies" and the progress to date and timeframe for completion of the review is reported to the Audit and Governance Committee so that they may have the assurance that these companies are being effectively managed and the review reports in a timely manner.</b>			A full review is in progress and a report will be presented to Audit and Governance Committee early in the new financial year.
	<b>Improving economy, efficiency and effectiveness</b>			
	<b>The Council should develop a data quality strategy articulating how it will obtain assurance over the quality and integrity of the data used for the KPI's in its corporate performance framework, with a view to including an assessment of specific data sets within non-financial performance reports.</b>	Improvement	February 2024	The Council uses a wide range of data sources in support of the Corporate Plan which also form the basis of statutory reporting. Management will consider this recommendation as part of its 2024/25 work programme.