

Audit and Governance Committee



Date of meeting:	23 July 2024
Title of Report:	Management Response to GT 2024 Actions including a revised Management Review and Action Plan addressing the CIPFA Financial Management Code
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey (Service Director for Finance)
Author:	David Northey
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Your Reference:	DJN/Audit 2024
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

To update the Audit and Governance Committee with a formal response to the observations and recommendations from Grant Thornton, as set out in their reports to the March 2024 Audit and Governance Committee meeting. The two reports are The Audit Findings Report for Plymouth City Council (year ended March 2021) and Interim Annual Auditor's Report on Plymouth City Council (Draft) 2022/23. All management actions and status have been discussed and agreed with the external auditors.

The report includes an update to the Management Review of the CIPFA Financial management Code plus an action plan to address the areas requiring improvement.

Recommendations and Reasons

1. That the Committee note the responses to the recommendations, as set out in the report.
2. That the Committee note the management review of the CIPFA Financial Management Code and action plan

Reason

It is an opportunity to give the Committee assurance around the good governance of the Council's finances.

Alternative options considered and rejected

No alternative considered as not addressing the improvement recommendations would not have given the necessary assurances to either the Committee or the external auditors.

Relevance to the Corporate Plan and/or the Plymouth Plan

Nothing as a result of this report

Sign off:

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Originating Senior Leadership Team member: David Northey

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 02/07/2024

Cabinet Member approval: *Cllr Mark Lowry approved via email*

Date approved: 02/07/2024

The Audit Findings for Plymouth City Council Year ended 31 March 2021.

As the report itself states, although reporting on findings in the Draft 2020/21 Statement of Accounts, which were published in 2021, Grant Thornton's audit work was completed remotely during 2023 and 2024. Their report was published in March 2024 for the Audit and Governance meeting held that month.

The report sets out under the heading **Financial Statements – Internal Control** one red risk and six amber risks. Of these, the one red and three of the amber relate to issues with segregation of duties. Management have provided GT with written assurances on all these areas, and they are now classified as closed.

One recommendation, from their testing of related parties' declarations, stated management should ensure current checks undertaken are sufficiently robust and that any related party transactions are fully considered and appropriately disclosed. GT have been advised of our revised processes and that the March 2024 declarations were extended from the Senior Leadership Team to included third tier managers and have been made aware of the 100% return.

GT testing requested sight of the signed version of the PFI Schools contract, and recommended management should ensure that all signed documents are maintained and available for audit. The recommendation has been noted and, due to the remote audit and its size, this file was unable to be shared. GT are satisfied with the evidence now provided.

When testing payroll starters, leavers and changes, GT recommended where management are transferring data between systems, steps should be taken to ensure that historical data is retained and maintained in order to provide evidence of changes made in year. Management notes the recommendation but point out that the work was undertaken during the pandemic and the audit was delayed, both contributing to the issue. GT have been assured that steps are in place to avoid a recurrence particularly with a replacement HR platform being implemented.

Within an appendix to the report, B. Action Plan – Audit of Financial Statements lists nineteen assessments and recommendations, ranging from High (one) to Medium (six) to Low (twelve). The recommendations and updated management responses are set out below.

Within an appendix to the report, C. Follow up of prior year recommendations, there are six issues and risks previously communicated. Of these, GT has marked one as complete. The other five are set out below.

The Interim Annual Auditor's Report on Plymouth City Council 2022/23

This report sets out recommendations under an action plan for 2022/23, comprising two Key Recommendations and a further eight Improvement Recommendations.

These are supplemented by fourteen follow-up of prior year recommendations, of which three are Key. This report was also published in March 2024 for the Audit and Governance meeting held that month. The recommendations and management responses are set out below.

The Audit Findings for Plymouth City Council Year ended 31 March 2021.

B. Action Plan – Audit of Financial Statements

Green shading denotes complete / closed

Priority	Observation / background	Recommendation	Management response March 2024	Update / progress
High 1	An issue was identified in the 2020-21 audit in relation to a £75m interest rate swap transaction	Management should review the processes in place to ensure that all actions comply with statutory legislation.	GT undertook a review of governance in 2021 and in line with the recommendations contained within the report the Council developed the Executive Decision Governance Route to provide support to members when making decisions on key/unusual or innovative decisions.	Status - closed
Medium 1	Journals testing has identified a number of segregation issues.	Management should review the journal process to ensure that sufficient segregation of duty controls are in place and that monitoring processes are sufficient and robust to identify and address any issues identified.	The Lead Accountancy Managers will consider appropriate action to mitigate the risk.	Status – closed New controls are in place
Medium 2	The auditor had difficulty in obtaining a transaction level listing for the fees and charges income and other service expenditure, initially the listings provided were at a high level which were not suitable for sampling procedures.	Management should ensure appropriate quality control is in place to ensure that information provided for audit are suitable for testing and agree to balances disclosed in the statement of accounts	There was a different approach to the external audit for 2020-21 to those we have experienced previously and the auditors did not make it clear initially what they required and what they were testing for. We could provide better source information if we understood what the testing was trying to achieve.	Status – open will revisit this as part of the 23/24 audit and both PCC and GT will continue to improve dialogue to avoid any further issues.

Medium 3	For a number of OLB assets and Investment Property assets management were unable to provide floor plans to support the measurements used within the calculations. There is a risk that management and valuers will use inaccurate information which could result in a material misstatement within the statement of accounts	Management should ensure that all supporting information is maintained and is consistent with disclosures made in the statement of accounts	New valuation templates have been created for all assets so that there is now an appendix for plans and/or floor areas to be shown. This will ensure that there is a source for floor areas for each valuation as it will state where we obtained them from. However, it should be noted that measured floor plans are not necessary to support measurements. If the source of the floor area can be shown, this is sufficient as it will have been previously measured. A measured plan will not be available for each property as they will have been measured in previous years. This also is true where we have used areas from external valuation reports that have measured the assets in accordance with RICS guidance. The8 will not provide us with a measured floor plan, but we will use their measured floor area. As long as we can provide the source for this measurement, this should be sufficient rather than the actual measured floor plan.	Status – closed
Medium 4	Detailed testing on the obsolescence rates used on DRC assets has been performed. There are several assets in which we were unable to assess the obsolescence rate used based on the valuer's commentary and our use of comparison to the VOA s curve was not near the valuer's rate. We have made further inquiry on these, but we were unable to gather any more useful evidence for this.	Management should ensure appropriate obsolescence rates have been applied to all relevant assets.	Within the new DRC valuation template, we now have a box for depreciation where text has to be inserted to detail the physical, functional and economic obsolescence before stating the overall depreciation rate. Obsolescence is considered to be subjective and based on a valuer's professional judgement. However, this depreciation rate is considered after taking into account inspection notes, condition surveys, improvements and any ongoing maintenance. The rates used will be appropriate as they are determined by these factors that are individual to each asset.	Status – closed

Medium 5	Three individual errors identified in which valuations have been applied to the wrong asset. As a result, both assets are misstated in the Fixed Asset Register (FAR) by equal and opposite amounts.	Management should ensure that where the fixed asset register is updated that review is undertaken to ensure that all changes in values have been appropriately and accurately updated	This issue is noted and valuers are peer reviewing reports. Valuation report file names are now named by the property code, cross referenced on TechForge and finally, checked against the property code in the FAR issued to us by Finance. By cross-referencing the code three times, this prevents and confusion as to what value is assigned to an asset.	Status – closed
Medium 6	Our refcus work identified that all 4 key items selected were in fact adjustments in which the client have corrected prior period errors in the current period, relating to refcus spend incorrectly classified as PPE additions in prior years.	For larger capital projects such as Mill bay the client should perform a close review as to whether any work will be performed on land or assets the council do not own and account for it accordingly. Where the client perform large adjustments for items, they maintain clear working papers, and an audit trail which can be easily accessed, so that they can clearly explain the context, double entry, and evidence the totals involved and the methodology used in arriving at the adjustments.	We will review our procedures and working papers to see how this can be improved.	Status – closed Complete but will be tested with the audit work on the next set of accounts
Low 1	Where users have uploaded a manual Journal via the 'Journal Uploads' or 'Load Journals' function on Civica, it is not clear from the G/L listing who has posted the manual Journal.	Management should implement processes to review data passed to the valuer to ensure that it is accurate and in line with the figures included within the fixed asset register.	We will review the functionality to see if the audit trail can be improved. Currently these journals are done by uploads and are run in by the radius user (system).	Status – closed Complete but will be tested with the audit work on the next set of accounts

Low 2	It was found that PCC do not have a clear process of how they consider if a transaction is material to a related party. In addition, from cumulative audit knowledge and experience (CAKE) we understand that the prior years audit uncovered that senior officers do not always disclose their related parties, and that the disclosed amount in the note for transactions with Devon Audit Partnership was incorrect and that several in year transactions and outstanding balances for Plymouth Science Park had been omitted.	Management should ensure an appropriate process for identifying and disclosing related parties is in place to ensure all disclosures are included in the statement of accounts	We will review our procedures and working papers to make improvements.	<p>Status – closed</p> <p>Complete but will be tested with the audit work on the next set of accounts</p>
Low 3	From our review of the welfare benefit process, it was noted that recovery of debts from overpayments to claimants no longer receiving benefit has decreased. This is because the welfare benefit team were stretched with more benefits being paid out due to covid-19 reducing people's income, so the team did not have capacity to chase outstanding debts. This effects the bad debt provision.	Management should ensure that when calculating bad debt provisions that all debts are considered, and the provision accurately reflects the current position.	The Council has recently employed more staff within the debt management team to improve debt recovery.	<p>Status – closed</p> <p>Complete but will be tested with the audit work on the next set of accounts</p> <p>All bad debt provisions are reviewed as part of the closedown procedures to ensure adequacy</p>
Low 4	When undertaking the walkthrough of PPE and IP, we found that management had no formal process of reviewing the source data supplied to the internal valuer and NPS for completeness such as agreeing prior year records and additions and disposals in year.	Management should implement processes to review data passed to the valuer to ensure that it is accurate and in line with the figures included within the fixed asset register.	We will introduce additional reconciliation controls and checks prior to supplying information to the valuer. TechForge is kept up to date and is the central database, Therefore, reliance should be on TechForge. In addition to this, with every valuation, the valuer refers to TechForge to see if there are any updated files that could affect the valuation. This is now the formal process where the onus is on the valuer	<p>Status – closed</p> <p>Complete but will be tested with the audit work on the next set of accounts</p>

			to check TechForge for lease updates or changes to the asset. in terms of assets, the rolling programme is issued first, then we value the investment properties as these are done on an annual basis. In terms of any additions or disposals, this is dealt with last and this list of surplus, AHFS and ad-hoc is issued last. However, as with the rolling programme and investment, these assets are check against TechForge when valued to ensure correct assets are valued.	
Low 5	When testing the existence testing, we selected asset naming Street light bulb replacement with asset code TRAA0012A/001. Asset is related to amount incurred in 2014-15. Client is able to provide the breakdown of the asset but is not able to provide invoice copy or anything to support the existence. We have selected replacement sample against this sample in our testing.	Complete records should be maintained to support transactions recorded in the general ledger and to demonstrate the accuracy of disclosures.	We were not aware of this issue and are not sure if this was pursued with us. However, the original transaction <i>is now 10 years old</i> .	Status – open Recommendation noted and Finance management will follow up as part of the 2023/24 Audit.
Low 6	Review of instructions provided to the valuer by the Council identified the following issues: 1. no formal terms of engagement document was issues for either internal or external valuers which does not comply with legislation. 2. No formal overriding valuation report has been provided covering the formal valuation process.	Management should ensure that instructions provided to the valuer are in line with legislation requirements.	We will ensure that we receive formal terms of engagement in future as well as an overriding valuation report. Instructions were issues but it is noted that a formal Terms of Engagement was not agreed and saved on file. This will be done going forward and we will ensure we have an email agreeing the Terms of Engagement saved on file. An overriding valuation report was provided covering the formal valuation process. The new valuation templates provide sections where the approach should be explained. This will ensure there is a clear explanation for the method used.	Status – closed Recommendation noted

Low 7	In relation to the asset 'Regent Street MSCP', management has stated that the asset is unregistered. However, audit team have acquired the deed for this asset from the client to provide assurance over ownership of the asset.	The Council should ensure that all assets owned are appropriately registered to demonstrate ownership.	We will endeavour to ensure that all owned assets are appropriately registered.	Status – closed Recommendation noted
Low 8	In assessing the disclosures in the financial statements in relation to the revaluation of assets the following issues were identified A variance of £320k for one asset due to a variance between the value recorded in the valuer's report and that recorded in the client's records Difficulty in reconciling the overall value of the FAR to the Council's records which is mainly due to a large number of blank lines where no valuation has been applied to the asset.	Processes should be in place to ensure a robust reconciliation between sources of information to ensure all records are accurate and up to date	We will review our procedures and working papers to see how this can be improved.	Status – closed Complete but will be tested with the audit work on the next set of accounts
Low 9	We have identified that part of the reconciling difference between the PPE note and note 15.3 relates to depreciation, primarily on children 's centre assets but also on some other assets. The total amount of this is above trivial at £441k. As per paragraph 4.1.2.33 of the code, this states that all depreciation should be written out on assets that are revalued. As a result the auditor is confident that there should be no depreciation on these assets which have been revalued and that the amount in note 15.3 should reflect the revalued amount.	Management should ensure that depreciation and related records are updated in line with the requirements of the Code.	We will review our procedures and working papers to see how this can be improved	Status – closed Complete but will be tested with the audit work on the next set of accounts

Low 10	<p>The auditor has recalculated the accounting entries for all assets selected for testing. Overall, no significant issues have been identified. However, the auditor has had significant difficulty in performing the calculations due to the nature of the clients' working papers. Firstly, the FAR was not updated to include all the relevant adjustments such as the depreciation charges which were added manually following a prior year finding that revalued assets were not depreciated by the client. There was also no single working paper which could be used to trace the revaluation movements and shows the clients workings and processes.</p>	<p>We recommend that the client keep and prepare more robust workings which clearly show the revaluation accounting entries so that these can clearly be traced and audited.</p>	<p>The asset register is closed after each financial year to enable work to be undertaken on the following financial year. Due to the significant 3-year delay in getting the 20/21 accounts audited it was not possible to keep Tech Forge open in order to action audit amendments and it has been hard to work on a mostly manual process for amendments due to the delay in being audited and with so many financial years outstanding. It is hoped that once the backstop issue is resolved that we can go back to a more robust method of providing information.</p>	<p>Status – closed</p> <p>Recommendation noted</p>
Low 11	<p>We identified that the FAR contains a line for asset no C5390 which was not on the valuers report, the client explained that asset C5390 is included in the line for asset C5149 and therefore the line in the FAR for C5390 should be deleted.</p> <p>Additionally, we identified that lines in the FAR with the asset reference NPP5 represent old AUC which has since been transferred over to the relevant asset as an addition, these therefore also should be deleted from the FAR.</p>	<p>Management should review the Fixed Asset Register is accurate and reflects all relevant adjustments</p>	<p>We will be introducing additional checks and reconciliations as part of the 2023-24 year end process</p>	<p>Status – closed</p> <p>Complete but will be tested with the audit work on the next set of accounts</p>

Low 12	We have identified a significant value of VPE assets which have been fully depreciated and sit on the FAR with a nil NBV. The value for this is £30,342k which is well above material. We have challenged management as to whether they undertake a review of assets fully depreciated, for which they have confirmed that no review takes place. From a sample tested 2 assets were confirmed as being still in operational use. The client has confirmed that they will delete 3 of the assets as they are no longer in use.	Management should undertake a formal review of all fully depreciated assets to identify whether these continue to remain operational or not and derecognise those that are not.	We are currently reviewing the fully depreciated assets to identify whether the assets are still operational and will derecognize those that are not.	Status – closed Complete but will be tested with the audit work on the next set of accounts
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The Audit Findings for Plymouth City Council Year ended 31 March 2021.

C. Follow up of prior year recommendations

Observation / background	Recommendation	Management response March 2024	Update / progress
Testing identified that not all manual journals requiring authorization had been authorised	Authorisation of all manual journals is still not in place. We have raised a recommendation for this issue in 2020-21		<p>Status – closed</p> <p>Complete but will be tested with the audit work on the next set of accounts</p>
Our work identified that the Council had not made an in year depreciation charge to the comprehensive income and expenditure account and balance sheet. The impact of this omission remains under investigation and relates to other land and buildings and the Council's share of the Tamar Bridge	We have again identified that management have not accurately accounted for depreciation in relation to assets revalued in year. Although in year depreciation charges are appropriate, we consider this issue still exists and have raised a further recommendation in 2020-21	The depreciation issue related to the valuation date and the way that TechForge calculates depreciation. We have reviewed all of the five year rolling programme and now all assets have the same valuation date of the 31 March so this is no longer an issue.	<p>Status – closed</p>
We identified that your senior officers had not completed a related party form or had submitted form which did not include all their related parties.	We have not identified any issues with senior officers.	CMT and SLT and also Team Plymouth was reminded of the requirement ahead of the March 2024 Financial year End. The Service Director for Finance is monitoring responses and will chase any misdeclarations or non-returns ahead of the publication of the draft Statement of Accounts on 31 May 2024.	Draft Accounts published 31 May 2024 with 100% returns from senior officers

<p>Our testing identified 22 assets that did not appear to have been revalued within the five year rolling programme. All these assets had a nil value within the fixed asset register. Of these assets twenty related to assets that should have been deleted from the asset register and for the remaining two a nil value was appropriate.</p>	<p>We have identified that a large fully depreciated balance of assets still exists, and that management need to complete a formal review to identify which of these are still operational. We have raised a recommendation in 2020-21</p>		<p>Status – closed</p> <p>Complete but will be tested with the audit work on the next set of accounts</p>
<p>It was noted that no Terms of Engagement was issued by the Council's internal valuer. It is an industry requirement that such a document is produced by the valuer and agreed with the Council prior to commencing work</p>		<p>We will ensure that we receive formal terms of engagement in future as well as an overriding valuation report. Instructions were issues but it is noted that a formal Terms of Engagement was not agreed and saved on file. This will be done going forward and we will ensure we have an email agreeing the Terms of Engagement saved on file. An overriding valuation report was provided covering the formal valuation process. The new valuation templates provide sections where the approach should be explained. This will ensure there is a clear explanation for the method used.</p>	<p>Status – closed</p> <p>Recommendation noted</p>

Interim Annual Auditor's Report on Plymouth City Council

Action Plan for 2022/23 recommendations

	Recommendation	Management response March 2024	Update / progress
Key 1	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.	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. 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.	An updated MTFF will be presented to Cabinet in July 2024. The report will set out the current assumptions and resultant financial pressures. A revised MTFS will be presented to Full Council to approve in November and presented to Scrutiny in December 2024. Thereafter, the MTFS will be updated and presented with the annual Budget at the February meetings.
Key 2	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.	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. This will be clearly set out in the revised MTFS.	Progress will be addressed in the 2024 MTFS

Improvement 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.	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.	Revised reporting will be introduced from Month 2 (May) 2024 as part of the 2024/25 reporting cycle
Improvement 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.	This is an ambition of the Council, and as stated above a revised MTFS will be presented to Full Council in June 2024. There is an ambition to align the reporting timelines for budget and MTFS.	An updated MTFF will be presented to Cabinet in July 2024. The report will set out the current assumptions and resultant financial pressures. A revised MTFS will be presented to Full Council to approve November 2024. Thereafter, the MTFS will be updated and presented with the annual Budget at the February meetings.
Improvement 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.	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.	The revised MTFS will set out our plans. The S151 officer has introduced a formal 1/4ly review of all reserves and provisions as part of the monitoring cycle.
Improvement 4	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).	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.	The Corporate Management Team have completed a risk identification workshop in relation to the corporate plan priorities, cognisant of change of administrations in both Local and National government. Further workshops are planned in respects of operational risks and to confirm risk treatments.

			<p>Corporate Priorities have been linked to each of the risks on the Strategic Risk Register, which will change in light of the above workshops.</p> <p>Operational Risk Register will be linked to corporate priorities as and when risks are added / updated.</p>
Improvement 5	The quarterly High Risk Update Report to Corporate Management Team and the Audit & 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.	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.	<p>Further updates were made to the Risk Register as presented to the Audit Committee in March 2024.</p> <p>It provided a view of risks against our stated risk appetite. Movement in risk since the last quarter and detailed mitigation for all risks.</p> <p>Response to risk is also scrutinised in our scrutiny committees, allowing for granular consideration of the issues.</p>
Improvement 6	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.	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	The returns will be consolidated into an overarching response and included in the annual statement to Council.
Improvement 7	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	A full review is in progress and a report will be presented to Audit and Governance Committee early in the new financial year.	The Monitoring Officer will report to CMT June 2024, with a full report to Audit & Governance September 2024.

	companies are being effectively managed and the review reports in a timely manner.		
Improvement 8	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.	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.	A Data to Intelligence Programme Board has been set up and has met 3 times. An agreed action by the end of 2024/25 is to develop a Data strategy to include data quality, this will include the data used for corporate performance monitoring. To support this, assessment against the LGA tool Local Government Data Maturity Assessment Tool Rate your organisation's data management skills (esd.org.uk) is being used across the Council to determine our current data maturity and therefore areas for improvement.

Interim Annual Auditor's Report on Plymouth City Council

Follow-up of prior year recommendations

	Recommendation	Management response March 2024	Update / progress
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Key 1	Members should follow the advice of the Council's section 151 officer, and if recommended, allow for the increase of council tax within referendum limits for the 2023/24 financial year so that the Council may both reduce its funding gap	The Service Director Finance presented a budget report to Cabinet on 17 January 2023. This set out the latest financial position for 2023/24 and proposed the maximum Council Tax increase of 2.99% and ASC precept of 2%. At the Full Council meeting on 27 February 2023 the Council Tax increase - the maximum before a local referendum - was agreed. Within the Revenue and Capital Budget 2023/24 report, the S151 Officer's Budget Robustness Statement stated: The statement also included advice on the consequences of not maximising the increase. There is a clear commitment to increase the council's general fund balance as part of the MTFP refresh. It will need a longer-term strategy to move from the current £8.4m to hold a 5% balance against the 2023/24 resources of £218m being £10.9m.	<p>Status – closed but under constant review</p> <p>Full Council approved the recommendation of the Service Director for Finance as presented in the 2024/25 Budget to maximise both Council Tax and the Adult Social Care Precept. The date of the meeting was moved from the scheduled 26 February 2024 to the revised Friday 8 March to allow the S151 Officer additional time to consult with DLUHC around the Capitalisation Direction request.</p>
Key 2	The Council's Medium Term Financial Plan (MTFP) needs to be updated, as a priority, for the mid-year 2022 Cabinet and Council meetings so that it reflects the latest inflationary and energy price increases. The MTFP needs to be robustly triangulated with savings, capital, treasury, workforce and operational business planning for 23/24.	A further update was presented to Cabinet on 17 January, and this will be presented to Scrutiny for discussion and debate in January. A recommendation from Scrutiny is: a) that a three year Medium Term Financial Plan is prepared and considered at Full Council in September. This reflects similar recommendations made through the LGA corporate peer challenge and external auditors report. In response, the Section 151 Officer agreed to undertake a review of the MTFS and will submit for consideration to Council in September 2023. The budget for 2023/24 has taken account of the latest inflationary and energy price increases and includes additional budget allocations for key	<p>Status – closed</p> <p>A three-year Medium Term Financial Plan was considered at Full Council in September 2023. The budget for 2023/24 took into account the inflationary and energy price increases and included additional budget allocations for key areas such as social care [both adults and children) and the Place Directorate.</p> <p>Full Council has now approved the Capital and Revenue Budget 2024/25.</p>

		<p>areas such as social care [both adults and children) and the Place Directorate. The Budget Report includes Section 1 - Helping Plymouth Build Back Better which sets out the four key priorities. There is also a Directorate Summary section setting out the costs and services for the delivery of over 300 vital services. The S151 Officer is proposing the development of a 5 year MTFP.</p>	<p>The S151 Officer will present an updated Medium-Term Financial Forecast (MTFF) for approval by Cabinet in July 2024.</p> <p>A five-year MTFP will be presented to Full Council in 2024 and will form the basis of the 2025/26 and 2026/27 Budgets for approval in February 2025.</p>
Key 3	<p>The Council needs to employ an interim senior finance officer to start immediately, to support the newly promoted Section 151 Officer, so the Finance Department has adequate capacity and knowledge required to help manage the significant financial challenges and associated workload during 22/23.</p>	<p>The interim was appointed and has been supporting the Council's in year and future years budget planning.</p>	<p>Status – closed</p> <p>The interim left PCC in May 2023. In the period to May 2024, we have advertised for a permanent S151 Officer on more than one occasion, with little success. As of June 2024, we will be approaching the market via a different agency and looking to appoint an interim for at least until a permanent appointment is made or the end of March 2025. In the meantime, a senior member of the finance team is acting in the role of Head of Finance, supported by another Lead Accountancy Manager.</p>
4	<p>The Council needs to identify new recurrent savings each year to sustainably close its significant funding gap rather than rely on annual vacancy rates. Difficult service decisions will need to be made to identify sufficient significant potential savings for members to choose from.</p>	<p>The full list of savings proposals was published in the budget report for Cabinet on 17 January 2023 and approved by Full Council in February 2023. The size of the shortfall between anticipated resources and financial commitments for the coming year has been considerable, and a disciplined approach to</p>	<p>On-going</p> <p>The Council is working to identify new recurrent savings for 2025/26 and 2027.28 to sustainably close the funding gap and move away from its reliance on annual vacancy savings and one-off savings</p>

		<p>achieving a balanced budget whilst maintaining delivery against the Council's agreed priorities has been necessary. Setting the budget does not mean the work is over as financial pressures will continue to provide a challenge and we will need to deliver our savings plans that are being put in place. The Council will need to continue to transform how it operates to reduce costs. As part of the budget setting, it has been a major consideration to implement sustainable and recurring savings, reducing the reliance on one-off opportunities. There will always been a requirement to find one-off savings however the ratio of such savings as part of the £23m is at an acceptable level. A plan to further reduce reliance will form a key strand of the new MTFP.</p>	<p>This will include proposing difficult service decisions to identify sufficient significant potential savings for members to choose from.</p> <p>The S151 officer and Chief Executive are undertaking, during early June, a series of deep dives into each directorate budget to understand their savings and plans to mitigate any increased cost pressures.</p> <p>CMT will be commencing the MTFP and budget process discussions at the meeting 11 June 2024. Cabinet will also be involved in all decisions. There is a CMT / Cabinet facilitated awayday scheduled for July 2024 post the General Election.</p>
5	<p>The Council's annual financial budget needs to be clearly aligned to activity plans, to ensure there is consistency and triangulation between all elements of the organization. Service budgets and financial forecasts should be aligned with the Council's outcomes.</p>	<p>The approach to balance the budget has been informed by a clear focus on agreed priorities, the delivery of measures to increase efficiency, maximising income opportunities where appropriate and changing our systems, processes and structures to improve the way we deliver services.</p>	<p>Noted Status – closed</p> <p>This can be seen in the approach to Children's Services in the 2024/25 Budget and the directorate's three-year plan.</p>
6	<p>The Council's Strategic Risk Register needs to record significant financial risks at a more granular level, over the short and medium term. The mitigating actions to manage these risks need to be recorded in the Action</p>	<p>An updated risk register was submitted to the Audit and Governance Committee on 16 January 23. Risk Number one in table one relates to the Council's expenditure exceeds the resources available to meet that</p>	<p>Status – closed</p> <p>Further updates were made to the Risk Register as presented to the Audit Committee in March 2024.</p>

	Plan/ Future Mitigation column of the Risk Register which currently replicates the controls in place, so that officers and Members are clear how the council may put itself in a sustainable financial footing, reduce its financial pressures and achieve its strategic outcomes.	expenditure within the medium-term financial plan period, and Risk number two relates to possible failure to meet statutory duties due to growing volume and complexity of demand for children's social care services. The mitigations are set out in detail.	It provided a view of risks against our stated risk appetite. Movement in risk since the last quarter and detailed mitigation for all risks.
7	The Council's levels of reserves, at some £8 million, is insufficient to maintain financial sustainability as the Council continues to face increasing financial pressures, due to ever-increasing inflation, expected pay increases and escalating fuel and energy costs. The Council needs to revisit its Reserves Strategy and build up its reserves at a rate of greater than £350,000 a year from 23/24.	The S151 Officer has had a follow up discussion on this issue with the external auditors. The updated MTFP will be made available to Full Council in September 2023 and will include a clear strategy and ongoing commitment to increasing the Working Balance.	Noted Status – closed A strategy will be set out in the revised 2024 MTFP. We have to recognise that building reserves during the current financial situation is more challenging, but it remains a priority and our ambition.
8	We recommend that the Strategic Risk Register informs the annual overview & scrutiny work programmes so that risk management is properly embedded in members' decision making.	The recommendation is noted. As previously stated, we are undertaking a review of our scrutiny arrangements, and this will form part of the discussion.	Status – closed Response to risk is also scrutinised in our scrutiny committees, allowing for granular consideration of the issues.
9	Given the financial challenges faced by the Council we recommend that a more granular level of information by cost centre is included in the monthly finance monitoring reports so senior officers and members may see the level of variances at an activity level which will better inform their decision making around services.	The S151 Officer has been reviewing the financial monitoring reports of other unitary authorities. It is considered that the current level of transparency within the monthly finance monitoring report meets the requirements of Cabinet and Scrutiny, with the quarterly reports being noted at Full Council. The Management Scrutiny Board have requested changes to the report format, particularly given the unprecedented pressures of the financial Year 2022/23. The S151 Officer is open to discussions with the	Status – closed Revised monitoring reports are under development for Quarter 1 2024/25 but are unlikely to increase the level of granularity, for the reasons set out previously.

		Administration when known in May on any further improvements or additional information. It should be noted that the reporting process is more than just the public facing reports which are published.	
10	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.	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.	Status – closed The Committee have been asked to complete and the returns will be consolidated into an overarching response and included in the annual statement to Council in 2024.
11	The Council should develop a data quality strategy setting out the Council's approach to improving the quality of data required to support good decision making, including an independent assessment and assurance around data quality.	As part of the Finance restructure which went live t December 2022, a new post was created for a Service Accountant within the Corporate Accountancy team. This role will provide the link between finance and the systems team to ensure data accuracy and provide resource for system updates and changes. There is a CMT lead on data quality - following this recommendation the S151 Officer will ensure dialogue at CMT. For example the idea of strengthening the use of data and evidence in decision making is a part of the health determinant research collaboration, where PCC has been awarded grant funding to progress. We do have a strong governance in place around, for example, the level of detail within financial information provided to Cabinet, and therefore published to the public, as well as full transparency for all scrutiny committees and Full Council	Status – closed A Data to Intelligence Programme Board has been set up and has met 3 times. An agreed action by the end of 2024/25 is to develop a Data strategy to include data quality, this will include the data used for corporate performance monitoring. To support this, assessment against the LGA tool Local Government Data Maturity Assessment Tool Rate your organisation's data management skills (esd.org.uk) is being used across the Council to determine our current data
12	The Council should consider how it can use independent formal benchmarking in its reporting to the Cabinet to (1) explore any	As part of the annual budget setting process, senior officers work with finance to establish the cost base of the major areas of	Noted Status – closed

	<p>high unit costs, and potential savings, within its services and (2) provide assurance that it is delivering cost effective services in other areas.</p>	<p>expenditure - adult and children's social care, waste collection as examples. Work undertaken includes cost and volume analysis. Independent benchmarking will be considered as an input to the MTFP under revision.</p>	<p>The Council has reviewed its benchmarking tools and the S151 Officer will incorporate data into the 2025/26 Budget discussions.</p>
<p>13</p>	<p>The Council should define its significant partnerships and develop a register that identifies the contribution that the partnerships makes to the City's corporate objectives. Defining its significant partnerships and better understanding their contribution to the Council's objectives will enable the Council to evaluate and assess their level of contribution.</p>		<p>Status – closed</p> <p>The Policy Team jointly hold a list of both the strategic and operational Partnership Boards with the Plymouth Plan Delivery Team. These Partnerships work to direct and monitor the delivery of the Plymouth Plan, aligning to the policy direction set out within. There is a strong link between the strategic Partnership Boards and the policy elements of the Plan, and each Board is responsible for the development and implementation of the relevant strategic delivery plans and associated operational action plans. These delivery plans, alongside the Terms of Reference for the Boards, provide strong evidence for the contribution they make in delivering the city’s vision and corporate objectives. The list is updated annually and throughout 2024 each Board will be doing a stocktake to ensure the alignment between the Plymouth Plan and their delivery plan is being maintained.</p>

14	The Council should produce a procurement strategy, as part of a review of its procurement arrangements, to ensure that the Council's policies, procedures and practices up to date in terms of a better analysis of spend, budget and risk.	PCC do not have a procurement strategy, however Procurement will be refreshing the Council's Contract Standing Orders as part of the wider constitutional review being undertaken by the Monitoring Officer. This refresh will look to make improvements across all aspects of Procurement including rules, policies and procedures. Work is currently underway.	Status – closed A Procurement Strategy will be presented to Audit & Governance July 2024. A new version of Contract Standing Orders has been drafted; it will be discussed and agreed at Audit and Governance committee July. In addition to this CSO refresh a further refresh will take place later in the calendar year to incorporate the updates required in light of the new Procurement Act 2023. The new rules place significant importance on robust contracting which will require the Council to focus more on spend and risk analysis.
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Appendix 1

The CIPFA Financial Management Code

CIPFA's Financial Management Code – Self Assessment.

Good financial management is an essential element of good governance and longer-term service planning, which are critical in ensuring that local service provision is sustainable. In October 2019 CIPFA published its Financial Management Code (FM Code) which is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. It essentially sets the expected standards of financial management for local authorities. It is based on a series of principles which are supported by specific standards which are considered necessary to provide the strong foundation to:

- Financially manage the short, medium, and long-term finances of a local authority.
- Manage financial resilience to meet unforeseen demands on services.
- Manage unexpected shocks in their financial circumstances.
- 17 minimum standards (A-N) that came into effect from 1 April 2020 with the first full year of compliance being the 2021/22 financial year.
- Each financial year the Council plans to undertake a self-assessment against each of the 17 standards contained within the FM Code.
- An evidenced based officer self-assessment was undertaken in March 2023 by the Section 151 Officer. Our RAG rated approach of the 17 standards resulted in 10 components (Rated Green) assessed as fully compliant, and 7 components (Rated Amber) assessed as complying with minimum standards but requiring some improvement to demonstrate full compliance and 0 components (Rated Red) assessed as not compliant.

A summary report on this self-assessment was taken for consideration and approval to our Audit Committee on 20 March 2023.

The underlying principles of the Code:-

- Organisational **leadership** - demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture
- **Accountability** - based on medium term financial planning which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making
- Adherence to professional **Standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management and includes political scrutiny and the results of both external audit, internal audit and inspection.
- **The long term** of local services is at the heart of all financial management process and is evidenced by prudent use of public resources

Self-Assessment - Plymouth City Council undertaken May 2024

Total Score: 132 /170 (78%)

Risk Rating Scoring

Red 1-3	Amber 4-7	Green 8-10
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Leadership	Accountability	Transparency	Standards	Assurance	Sustainability
A – The leadership team demonstrates that the services provided by the authority provide value for money. SCORE: 7	D – The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016) SCORE 8	L: The authority has engaged with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget. SCORE: 7	H – The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities SCORE: 9	C – The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control. SCORE: 8	E – The Financial Management Style of the authority supports financial sustainability SCORE: 8
B – The authority complies with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government SCORE: 8	P – The Chief Financial Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the UK SCORE: 9	M: The authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions. SCORE: 6	J – The authority complies with its statutory obligations in respect of the budget setting process SCORE: 10	F – The authority has carried out a credible and transparent Financial Resilience Assessment SCORE: 7	G – The authority has a Long-Term Financial Strategy for financial sustainability SCORE: 7
O – The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability SCORE: 7	Q – The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions. SCORE: 8		K – The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves. SCORE: 9	N - The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability SCORE: 8	I – The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans SCORE: 6

Action Plan

The self-assessment score for the leadership team demonstrates that the services provided by the authority provide value for money (VFM) is currently 7. This is a difficult measure, and the authority's leadership team needs also to be able to demonstrate that value for money is being sought and delivered. The most straightforward way to demonstrate the authority's commitment to achieving value for money is to undertake:

- an overview of the authority's governance arrangements and examples of how decisions are scrutinised
- details of efficiency or service reviews undertaken, together with their findings and any subsequent improvement action taken
- details of economy and/or efficiency savings achieved, together with how they have been achieved and the impact on the relevant services
- the results of user surveys and/or engagement with service users or voluntary sector organisations.
- The authority could also draw on the judgements of others as to whether its activities represent value for money, such as its internal and external auditors.

The following actions are being implemented to address the areas of the self-assessment requiring improvement

CIPFA Financial Management Standards					
	Section I The Responsibilities of the Chief Finance Officer and Leadership Team	Score	Notes:	Target Score	Officer / when
A - Leadership	<p><i>The leadership team demonstrates that the services provided by the authority provide value for money.</i></p> <p>Key questions</p> <p>Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?</p> <p>Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?</p>	7	<p>All published reports to Committee have mandatory sections where the financial implications for all decisions must be set out. This includes a section on implications for the MTFP and a section on financial risks.</p> <p>Reports will be signed off by at least one CMT member and reports will be presented to CMT when considered appropriate to ensure VFM is achieved.</p> <p>CMT is the Corporate Management Team.</p>	8	S151 Officer (CMT) for December update

	<p>Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?</p>		<p>Updated (May 2024)</p> <ol style="list-style-type: none"> 1. The Productivity Plan required to be published on the PCC web pages and shared with DLUHC in July 2024 will provide an opportunity to set out the narrative. 2. Our external auditors GT are scheduled to provide the Audit & Governance Committee with a VFM commentary and conclusion in their September 2024 Audit Report. 3. The development of a revised 5-year Medium Term Financial Plan 2024/25 to 2028/29 for publication in September 2024 will address several areas including an understanding of financial risks; create a culture of openness; promote a collaborative, problem-solving approach and help maintain transparent and accountable arrangements for effective scrutiny and oversight. 4. Publish a Procurement Strategy June 2024 		
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	Section 3 Long to Medium Term Financial Management	Score	Notes:	Target Score	Officer / when
F – Assurance	<p><i>The authority has carried out a credible and transparent Financial Resilience Assessment</i></p> <p>Key questions</p> <p>Has the authority undertaken a financial resilience assessment?</p> <p>Has the assessment tested the resilience of the authority’s financial plans to a broad range of alternative scenarios?</p> <p>Has the authority taken appropriate action to address any risks identified as part of the assessment?</p>	7	<p>The risks of financial resilience is included as a key risk in the Strategic Risk Register and is continually monitored.</p> <p>The annual budget report sets out a statement by the CFO on the robustness of the estimates and reserves. Reserves are monitored and a Strategy of increasing the Working Balance will be presented to Council in September.</p> <p><u>Updated (May 2024)</u></p> <p>Budget principles underpin the council’s budget decisions and seek to limit impact of budget cuts on the most vulnerable.</p> <p>Continuing regular budget monitoring with budgets assigned to managers, and directors held accountable for reporting and actioning significant variances.</p> <p>Revised Capital and Revenue Budget monitoring reported to Cabinet.</p> <p>The council’s reserves are in the bottom quartile compared to other unitary authorities but there will be a strategy set out in the revised MTFP</p>	8	SI51 Officer (CMT) for September update

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| | | | <ul style="list-style-type: none">3. Finance is working with GT to address the accounting changes required to allow the 2019/20 to 2023/24 Statement of Accounts to be signed off with unqualified opinions.4. The Working Balance is under further review | | |
|--|--|--|---|--|--|

<p>I Sustainability</p>	<p><i>The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans.</i></p> <p>Key questions</p> <p>Does the authority have in place an agreed medium-term financial plan?</p> <p>Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?</p> <p>Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?</p> <p>Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?</p> <p>Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?</p>	6	<p>The Council has a rolling five-year MTFP and five-year capital plan. An updated MTFP was presented to Council in September 2023.</p> <p>Cost drivers and know future demands are reflected within the MTFP.</p> <p>There is an annual service planning process and Business Plans are produced in line with the budget.</p> <p>An Asset Management Plan was published in January 2019. The Strategic Asset Management Framework details the principles by which all of the Council's assets should be managed. It sets out the environment in which the Council is currently operating and provides details of how all of the Council's assets will be managed. This plan will provide the details for how assets within Land and Property will be managed. It is a 5 year plan.</p> <p>Extensive work was undertaken in 2022/23 to identify all estate properties, their condition and sets out a plan for future use or disposal.</p>	8	<p>SI51 Officer (CMT) for September update</p>
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Updated (May 2024)

1. Revised MTFP being developed for September 2024 Council.
2. Review of all estate's properties and an action plan to be developed July/August 2024.
3. Robust five-year MTFS being developed for approval at Full Council September 2024 to include financial risks, scenario planning, options and identification of efficiency savings to enable sustainable finances whilst assessing and incorporating service demand commitments into long term planning.
4. A revised Capital Governance to be implemented in July 2024, including a newly formed Capital Programme Officers Group and member engagement in the approval of capital schemes.
5. Mechanisms to ensure the medium-term financial plan has been tested for resilience against realistic potential variations in key drivers of cost and demand – a sensitivity analysis.

	Section 5 Stakeholder Engagement and Business Plans	Score	Notes:		
<p>L - Transparency</p>	<p>The authority has engaged with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.</p> <p>Key questions</p> <p>How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?</p> <p>How effective has this engagement been?</p> <p>What action does the authority plan to take to improve its engagement with key stakeholders?</p>	<p>6</p>	<p>The annual budget will continue to be open to extensive consultation with residents and staff. Residents need to be able to express their opinions via the council website and there will be more Q&A sessions for all council staff.</p> <p>The budget proposals will again be subjected to vigorous oversight by the Select Budget Overview Committee (planned for December 2024)</p>	<p>8</p>	<p>SI51 Officer (CMT) for 2025/26 and 2026/27 Budget approval at Full Council February 2025.</p>

<p>M – Transparency</p>	<p><i>The authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions.</i></p> <p>Key questions</p> <p>Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal?</p> <p>Does the authority offer guidance to officers as to when an option appraisal should be undertaken?</p> <p>Does the authority’s approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?</p> <p>Does the authority’s approach to option appraisal include suitable mechanisms to address risk and uncertainty?</p> <p>Does the authority report the results of option appraisals in a clear, robust, and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)?</p>	6	<p>All major decisions are supported by a business case and a financial appraisal.</p> <p>There is a business case template that must be completed for capital projects which have several mandatory sections. These business cases must be signed off by the CFO.</p> <p>A revised Capital Handbook to be completed by the end of June 2024, setting out the procedures and requirements for all capital investment.</p> <p>Continued Peer reviews</p> <p>Introduction of benchmarking for council services, to be incorporated into the budget discussions.</p> <p>Option appraisal through evaluation criteria and multi criteria analysis/risk assessment.</p> <p>External review of property Regeneration Fund to assess long term investments and returns.</p> <p>External review of long term financial investments e.g. CCLA</p> <p>Revised capital programme reporting and incorporation of RAG ratings to revenue risks and savings proposals.</p>	8	<p>SI51 Officer July 2024</p>
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	Section 6 Monitoring Financial Performance	Score	Notes:		
<p>0 – Leadership</p>	<p><i>The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.</i></p> <p>Key questions</p> <p>Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?</p> <p>Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet?</p> <p>Is the authority taking action to mitigate any risks identified?</p> <p>Does the authority report unplanned use of its reserves to the leadership team in a timely manner?</p> <p>Is the monitoring of balance sheet risks integrated into the authority’s management accounts reporting processes?</p>	7	<p>Key parts of the balance sheet that impact on the council’s operations. are reviewed regularly such as treasury management – which is included within the reports to CMT and Members.</p> <p>Treasury Management reports 6 monthly to the Audit & Governance Committee and there is a separate outturn report for Treasury which includes the Prudential Indicators.</p> <p>Reserves are reviewed on an annual basis and link to the budget and MTFP.</p> <p>Consideration needs to be given to a wider update on all aspects of the balance sheet. Greater challenge of the highest and best use of the council non-current assets. A further review will be required once the pension issue has been resolved.</p> <p>Improved transparency will be incorporated into the 1/4ly reporting cycle. S151 Officer has put in place internal finance reviews and updates, assigning key finance officers to each balance sheet line.</p>	8	S151 Officer Qtr 2 reports