

Rotherham Metropolitan Borough Council

14 January 2025

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



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction



Purpose of the Auditor's Annual Report

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

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

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

Responsibilities of the appointed auditor

Opinion on the financial statements

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

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

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

Value for money

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

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

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

Auditor powers

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

These powers are set out on page 13 with a commentary on whether any of these powers have been used during this audit period.



Executive summary



Executive summary

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The NAO has consulted and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year (30 November) and for the audited body to publish the Report thereafter. This new requirements will be introduced from November 2025. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible and are bringing forward our 2024 reporting in advance of the Code change. Our summary findings are set out below. Our recommendations and management responses are summarised in the section starting on page 31.



Financial sustainability

On 1 March 2023 Full Council set the net revenue budget for 2023/24 of £302.24m. The Council delivered an overspend of £0.1m in 2023/24. Key cost pressures included inflation, and demand led pressures on children's placements and Home to School Transport. The Council set a balanced net revenue budget for 2024/25 at £325.6m.

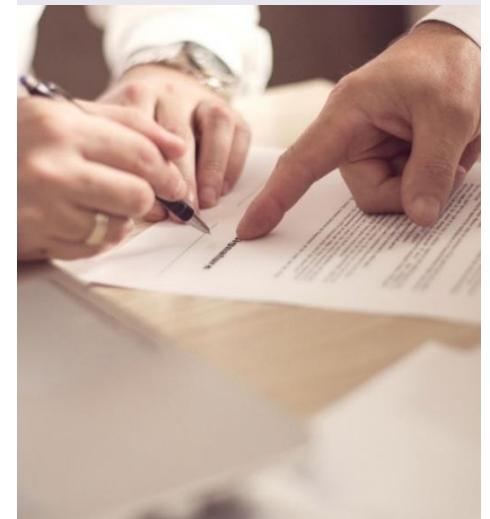
The 2024/25 - 2025/26 Medium Term Financial Strategy (MTFS) identified a funding gap of £6.6m in 2025/26 for which the Council has yet to develop savings plans to address. The MTFS includes savings planned for delivery in 2023/24 and 2024/25 agreed when setting the 2022/23 and 2023/24 budgets. Planned savings in children's placements will not be fully delivered by the end of 2024/25, however £3.4m social care contingency and a Corporate Budget Provision of £3.5m have been built into the 2024/25 budget to support anticipated pressures across Social Care and Home to School Transport, helping mitigate this. We note that in December 2024, the Cabinet were told there is a projected overspend of £5.3m but steps were being taken to mitigate this. The report also identified gaps in 2025/26 of £6.543m, £7.121m in 2026/27 and £11.652m in 2027/28. We note there are no new savings proposals yet formalised in respect of these, but that management anticipate addressing the position as part of the 2025-26 budget setting process and after communication of the Local Government Settlement. In addition, the Council does currently have a strong level of general fund and corporate reserves - £59.4m on 1 April 2024.

The Council's financial reporting demonstrates strong and coherent links between its corporate priorities and its budget and medium-term financial plans.

In conclusion and based on our areas of focus and evidence considered, we found no evidence of significant weaknesses in the Council's arrangements for ensuring financial sustainability, however we have raised one improvement recommendation on page 18.



We have substantively completed our audit of your financial statements and intend to issue an unqualified audit opinion on following the Audit Committee meeting on 14 January 2025. Our findings are set out in further detail on page 12.



Executive summary



Governance

The Council has a well-developed approach to risk management. On 23 January 2023, the Cabinet approved the Council's Risk Management Policy. The Policy requires the Strategic Risk Register (SRR) to be reviewed at regular intervals by the Strategic Leadership team (SLT) and for Directorate and Service level risk registers to be reviewed at least quarterly. Risks are escalated to the strategic level as necessary. We note the policy does not identify escalation arrangements between the tiers of risk or set out different risk types and the Council's accepted risk appetite for each of these.

On 25 June 2024, the Audit Committee received an adequate and effective framework of governance, risk management and control opinion from the Head of Internal Audit for 2023/24, this included 48 final audit reports and seven completed audit reviews with draft reports: 90% of audits resulted in a substantial or reasonable assurance opinion. There were also five partial assurance opinions. On 26 September 2024, the Audit Committee received the annual update of its Anti-Fraud and Corruption Policy and Strategy and self-assessment against the Chartered Institute of Public Finance and Accountancy (CIPFA) Fighting Fraud and Corruption Locally Checklist. The Council recognises it needs to improve its counter-fraud plan and enhance its counter-fraud controls by developing a counter-fraud risk register and by updating counter-fraud risks in departmental risk registers.

The Council consults on its budget including dialogue with strategic directors and elected members and used an external public consultation exercise to gather feedback prior to budget setting. The Cabinet receives regular financial monitoring reports which include the forecast outturn against the budget, variance analysis, and explanations for underspends and overspends by directorate. There was clear reporting on the forecast outturn and the potential consequences for reserves. We identified some areas where the Council could further improve its financial monitoring reporting.

The Council invites the public to ask questions at Cabinet and Cabinet decisions are recorded for each meeting. Cabinet decision-making is informed by pre-scrutiny discussion. The Council has two independent members on its Audit Committee in line with good practice.

The Council has a robust process for exemptions to contract rules. In 2023/24 the Council used 43 exemptions with a value of £7.049m compared with 44 exemptions with a value of £16.228 in 2022/23. We note the Council does not have a procurement strategy.

In conclusion and based on our areas of focus and evidence considered, we found no evidence of significant weaknesses in the Council's arrangements for governance. However, we have identified areas where the Council could improve arrangements and as such, have raised five improvement recommendations on pages 22-23.

Executive summary

Improving economy, efficiency and effectiveness

The Council Plan 2022-2025 is supported by annual Year Ahead Delivery Plans. These plans have five themes: Every neighbourhood thriving, People are safe, healthy, and live well, Every child able to fulfil their potential, Expanding economic opportunity and a cleaner, greener local environment.



Council's own Annual Governance Statement (AGS) identified housing compliance risks facing the Council. As part of our VfM work, we further expanded our work in this area based on AGS reporting. Our work indicated, In 2023/24 the Council's housing had a combination of weaknesses in Housing Revenue Account (HRA) health and safety compliance arrangements. These are reported in more detail at pages 9, 27 and 28 including actions taken to mitigate the risks. We recognise that during 2023/24, the Council identified these risks and put in place a Housing Regulatory Assurance Board chaired by the Chief Executive. This Board meets monthly and includes the Cabinet Portfolio Member, Monitoring Officer and Deputy Section 151 Officer and the Housing Management Team. The Cabinet has been kept up to date on the progress of this work. Since identification of these risks, the Council has developed plans to address these and is taking actions to mitigate these in a proactive manner which is a positive observation to report in this summary. However, there is a need to improve underlying data and to understand housing stock conditions before fully mitigating the compliance residual risk that remains. Again, measures have been taken to mitigate the risks whilst stock condition surveys are fully completed. Overall, taking all these into account (see pages 9,27 and 28) we consider there is a significant weakness in arrangements around HRA health and safety compliance during 2023-24 within the scope of our VfM work. As a result, we have made a key recommendation relating to this on pages 9 and 28. We will re-visit this area as part of our 2024/25 VfM work

During 2023/24 the Council had identified concerns over building compliance, asset data, reporting processes and the right capability and capacity in the teams. These are captured at page 29 of this report in more detail. As a result, the Council commissioned an improvement plan to review property, facilities management, asset management, catering and facilities services. Since May 2024, a new, experienced and qualified compliance team are in post, which includes a new Head of Facilities and Compliance. This role will include statutory and duty holder responsibilities for compliance which the Council did not previously have in place. The team are working to introduce a new compliance and asset data system and are currently reviewing systems and are in pre-procurement market testing. Whilst there are action plans, new resources, processes, procedures and policies in place now (during 2024/25), these were not fully operational during 2023/24. Overall, taking all these into account, we consider there is a significant weakness in Asset management and building compliance arrangements during 2023/24 within the scope of our VfM work. As a result, we have made a key recommendation relating to this on pages 10 and 29. We will re-visit this area as part of our 2024/25 VfM work

In our Auditor's Annual Report for 2022/23 we raised an improvement recommendation that following the Ofsted and Care Quality Commission (CQC) Special Education Needs and Disabilities (SEND) inspection, the Council should have a clear "Written Statement of Action (WSOA) in response to the joint report which identified significant areas of weaknesses in implementing SEND reforms and an action plan to implement this WSOA, working with stakeholders. The action plan should be subject to formal monitoring and challenge by the Improving Lives Select Commission. Ofsted and the CQC inspected SEND in September and early October 2024. The independent inspectors from Ofsted and CQC praised services for their 'genuine shared determination across the partnership (Rotherham Council, NHS South Yorkshire Integrated Care Board and Rotherham Parent Carers Forum) that all children and young people with SEND are happy, successful and thrive' The report also found 'most children's and young people's needs are identified and assessed quickly and accurately' and they 'enjoy attending a range of mainstream schools and specialist provisions'. The report identified that, out of 75 WSOA actions 73 are complete, and this was closed off on 4 October 2024 by Ofsted and CQC. This was a very positive outcome for the Council and clear demonstration of Council's good partnership working. As a result of these findings, we closed our prior year improvement recommendation.

The Council Leader chairs the Rotherham Together Partnership to deliver improvements for local people and communities. The Partnership works to deliver the Rotherham Plan 2025 which has five key themes which are highlighted above.

The Council has a contract management dashboard which includes key performance indicators (KPIs) description and narrative for key contracts. Some of these KPIs have scope for improvement in relation to performance measures. We have made an improvement recommendation related to this at page 30.

In conclusion we made two key recommendations and two improvement recommendations for improving economy, efficiency and effectiveness.

Executive summary



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

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

Criteria	2022/23 Auditor judgement on arrangements	2023/24 Risk assessment	2023/24 Auditor judgement on arrangements
Financial sustainability	No significant weaknesses in arrangements identified, but two improvement recommendation were made to support the Council to improve arrangements for financial sustainability.	In our risk planning we identified a possible risk of significant weakness for the Council's savings programme	No significant weaknesses in arrangements identified, but one improvement recommendation made (Page 18) regarding development of a standalone capital strategy.
Governance	No recommendations were made for Governance.	In our risk planning we identified a possible risk of significant weakness for Hellaby Stores.	No significant weaknesses in arrangements identified, but five improvement recommendations are made (Pages 22 and 23) to support the Council in improving arrangements for governance. These relate to risk management, internal audit progress reports, counter-fraud controls, financial monitoring and procurement strategy.
Improving economy, efficiency and effectiveness	No significant weaknesses in arrangements identified, but four improvement recommendation were made to support the Council to improve arrangements for improving economy, efficiency and effectiveness.	In our risk planning we identified a possible risk of significant weakness for housing compliance and operational building assets.	Significant weakness in arrangements around improving economy, efficiency, and effectiveness were identified and two key recommendations were made (pages 9,10, 27,29) relating to housing compliance and operational building assets. We also raise two improvement recommendations (page 30) for data quality and for contract management.

Executive summary

Significant weakness identified in Improving economy, efficiency and effectiveness arrangements

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Significant weakness in arrangements were identified and two key recommendations were made (see pages 9,10, 27, 28 and 29)

Housing Revenue Account (HRA) health and safety compliance

In 2023/24 the Council's HRA arrangements had certain key weaknesses (see further details at pages 27/28) which we have summarised below:

- Our reviews indicated, in 2023/24, 2,390 council homes did not meet the 'decent homes' standard (12% of the stock). We note that by 30 September 2024, the Council had improved housing standards. However, still, 1,230 homes still did not meet the 'decent homes' standard.
- Our reviews of Council's own reports also highlighted some compliance issues relating to lift and hoist servicing for vulnerable people along with inconsistent follow-ups on high and medium risks associated with Fire Risk Assessments (FRAs). The Council fully recognised these matters and self-referred to the Regulator for Social Housing due to lift and hoist compliance. As a result, the Council has considered the areas of health and safety, identifying further risks concerning inconsistent follow-ups of fire risk assessments, poor-quality compliance data and issues in contract management. All compliance policies are now in place including fire safety, apart from lifts and water safety which are being developed by the corporate asset management service. We also noted additional investment capacity is in the HRA Business Plan over the next five years, which is a positive step in the right direction.
- We also noted through our reviews that there was no HRA management strategy in place during 2023-24 but that the Council plans to commission a HRA asset management strategy in January 2025.
- The Council had not completed a stock condition survey for many years. We acknowledge that the Council has made arrangements for this survey to commence from January 2025 and is expected to take 2.5 years. Until the full survey is complete, the Council has no accurate record of category 1 hazards (damp and mould) or a full accurate assessment of decent home standards. However, actions have been taken in the short to medium term to reduce and mitigate key risks until the full completion of stock condition surveys.
- In 2023/24 the Council did not have all the required compliance policies and processes across the HRA including gas, electricity, and lifts. We note most of these were now in place as of November 2024.

As further reported in more detail at pages 27/28, we recognise, during 2023/24 and 2024-25, the Council identified these risks and implemented action plans proactively, including putting in place a Housing Regulatory Assurance Board ("the Board") chaired by the Chief Executive, Housing Safety and Quality Improvement Panel and Safety and Quality Action Plans. It has also taken steps to increase fire safety procedures of the HRA assets. The Board meets monthly and includes the Cabinet Portfolio Member, Monitoring Officer, Deputy Section 151 Officer and the Housing Management Team. The Cabinet has been kept up to date on the progress of this work. However, there is a need to improve underlying data and to understand housing stock conditions before fully mitigating the residual compliance risks that remain. Again, measures have been taken to mitigate the risks whilst stock conditioned surveys are fully completed. All these are positive actions undertaken by the Council.

However, taking all these weaknesses into account, we consider there is a significant weakness in HRA health and Safety compliance arrangements during 2023/24 within the scope of our VfM work. As a result, we have made a key recommendation relating to this (see below) and on page 28. We will re-visit this area as part of our 2024/25 VfM work

Key recommendation 1

The Council needs to:

- continue improving HRA compliance data robustness and validity.
- ensure contract management arrangements are put in place with housing contractors.
- improve compliance with decent homes standards
- work to improve its understanding concerning category 1 hazards in its housing stock.
- continue improving vulnerability policies for the HRA in line with emerging best practice from the regulators
- use the stock condition data to inform its asset management and capital investment plans.



Significant weakness identified in Improving economy, efficiency and effectiveness arrangements

Asset management and building compliance

In our risk planning work through various reviews of Council's own reports, we noted a risk of potential significant weakness for asset management related to building compliance, asbestos, fire, capability and capacity in the teams. This was also reported in Council's 2023/24 Annual Governance Statement. As a result of these findings by the Council, it commissioned an improvement plan to review property, facilities management, asset management, catering and facilities services

In addition, Internal Audit Team made some recommendations relating to building security (access, alarms, CCTV) which were followed up in October 2023. Overall, in 2023/24 the Council's asset management and facilities service had a range of weaknesses (also see page 29) which we have summarised below:

- In 2023/24 there was a significant gap in compliance across the operational estate. The Council did not carry out contractor compliance checks on a consistent basis, there was limited communication with sub-contractors and certain contractor follow-ups were missed.
- There was a lack of consistent fire risk assessments (FRAs) across the Council's operational estate. There is now a full plan of carrying out FRA's, with some being prioritised on a risk basis where high and medium FRAs are now completed as of November 2024 leaving a residual small number of low risk building assets FRAs to be completed. We note that the Council has a new policy in place on FRAs and has processes and management controls in place to ensure the buildings remain safe, specifically on fire safety aspects.
- In 2023/24 the Council did not have an accurate understanding of the number of operational building assets it was responsible for and since May 2024, the overall number of operational building assets has increased due to more robust checks on the portfolio.
- The Council has no recent Disability Discrimination Act data for its buildings. This work has now started and forms part of a new compliance regime.
- We also identified through our report reviews and management discussions that the Council did not always have management plans in place for properties leased to third parties and that landlord inspections or audits were not always carried out. The Council has identified this as a risk and work is underway to audit all leased out buildings that are mainly used for education or community-based activities.

Since May 2024, a new, experienced and qualified compliance team are in post, which includes a new Head of Facilities and Compliance. This role will include statutory and duty holder responsibilities for compliance which the Council did not previously have in place. The team are working to introduce a new compliance and asset data system and are currently reviewing systems and are in pre-procurement market testing.

We acknowledge the work the Council is undertaking and already completed in certain areas to date. However, overall, based on the work undertaken and evidence reviewed, taking all these above matters into account, we concluded, there is a significant weakness in asset management and building compliance arrangements during 2023-24 within the scope of our VfM work.

As a result, we have made a key recommendation relating to this (see below) and on page 29. We will re-visit this area as part of our 2024/25 VfM work

Key recommendation 2

The Council should:

- undertake stock condition surveys to develop an understanding of its assets, their state and their level of health and safety compliance.
- put in place management plans and landlord inspections where required and ensure it is getting value for money for its assets.
- ensure it has an assets management system for its properties and other assets and that data in the system is accurate, enabling management of health and safety compliance.
- ensure compliance contract management is put in place and regular performance monitoring of these contracts is put in place.

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



Opinion on the financial statements



Audit opinion on the financial statements

We expect to issue an unqualified opinion on the Council's financial statements following the meeting of the Audit Committee on 14 January 2025.

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

Grant Thornton provides an independent opinion on whether the Council's financial statements:

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

We conducted our audit in accordance with:

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

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

Findings from the audit of the financial statements

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

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

There were no significant findings to report in the Audit Findings Report (ISA260) and the small number of adjustments made to the draft financial statements did not impact on the reported financial performance of the Council or its useable reserves position.

Audit Findings Report

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

Use of auditor's powers

We bring the following matters to your attention:

	2023/24
<p>Statutory recommendations</p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.</p>	<p>We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p>
<p>Public Interest Report</p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.</p>	<p>We did not issue a public interest report.</p>
<p>Application to the Court</p> <p>Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.</p>	<p>We did not make an application to the Court.</p>
<p>Advisory notice</p> <p>Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:</p> <ul style="list-style-type: none"> • is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure, • is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or • is about to enter an item of account, the entry of which is unlawful. 	<p>We did not issue any advisory notices.</p>
<p>Judicial review</p> <p>Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.</p>	<p>We did not make an application for judicial review.</p>

Value for Money Commentary on arrangements



The current local government landscape

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



National context

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

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

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

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

Local context

The Council is a unitary council with a population of 268,400 in 2022.



The Council has had a Labour majority since 1974. It has 59 councillors, and its next election is in May 2028.

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

The Council Plan 2022-2025 is framed around five themes: Every neighbourhood thriving, People are safe, healthy, and live well, Every child able to fulfil their potential, Expanding economic opportunity and a cleaner, greener local environment. These five themes are underpinned by a cross-cutting strand - 'One Council' - which sets out how the Council operates to achieve the vision.

Financial sustainability



We considered how the audited body:

Commentary on arrangements

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

The Council delivered an overspend of £0.1m against a net revenue budget of £302.2m in 2023/24. Key cost pressures included inflation, and demand led pressures on children's placements and Home to School Transport. The Council has set a balanced net revenue budget for 2024/25 of £325.6m. The Council's MTFS aligns to the Corporate Plan and therefore for the 2024/25 budget only covers a two-year planning period to 2025/26. The MTFS 2024/25 - 2025/26 includes a funding gap of £6.6m for which the Council has yet to develop savings plans. The Council reverted to three-year medium-term planning for 2024/25.

In our 2022/23 Auditor's Annual Report (AAR), we raised an improvement recommendation regarding slippage in the capital programme and recommended the Council should complete its planned review of capital project governance and reporting. While the capital programme underspent by £11.7m in 2023/24, the Council took positive steps to address our recommendation, and the level of capital spend has increased. We have closed our prior year improvement recommendation and will assess progress in 2024/25.

The Council is part of the DSG safety valve programme. It performs well compared with the national picture but forecasting a deficit of £1.8m in 2024/25 and £0.9m in 2025/26 (final year of the Safety Valve programme). The forecast deficit in 2025/26 presents a financial risk to the Council, if the statutory override is not extended beyond 2025/26. Mitigating options are being explored to alleviate the demand and financial challenges in the SEND and high needs budget and reduce the deficit.

plans to bridge its funding gaps and identifies achievable savings

The Council had planned savings for 2022/23 to 2024/25 agreed as part of the budget setting process. These savings total £11.5m. Of these £4.4m were delivered in 2022/23 and the Council needed to deliver £7.4m by 2024/25. The Council delivered a further £1.894m in 2023/24. It also delivered £4.398m of the £4.344m of temporary and permanent savings identified at the start of 2023/24. The undelivered savings were mainly in children's services.

The Council built a £3.4m social care contingency and a Corporate Budget Provision of £3.5m to support anticipated pressures across Social Care and Home to School Transport into its 2024/25 budget which will help to mitigate this. The Council does not anticipate meeting its children's services savings target in 2024/25.

The Council's 2024/25 - 2025/26 MTFS approved in February 2024 identified a £6.6m funding gap for 2025/26, which will increase if any undelivered savings in 2024/25 are reprofiled into later years. The Council did not develop any additional savings plans to address this gap as part of setting the 2024/25 budget.

We note that in December 2024, it was reported to Cabinet that there is a projected overspend of £5.3m requiring the use of reserves to achieve a balanced financial outturn position for 2024/25. The Council also reports gaps of £6.543m in 2025/26, £7.121m in 2026/27 and £11.652m in 2027/28. We note there are no new savings proposals yet formalised in respect of these, but that management anticipate addressing the position as part of the 2025-26 budget setting process and after communication of the Local Government Settlement. In addition, the Council does currently have a strong level of general fund and corporate reserves - £59.4m on 1 April 2024.

Financial sustainability



We considered how the audited body:

Commentary on arrangements

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

The Council's financial reporting demonstrates strong and coherent links between its corporate priorities and its budget and medium-term financial plans. Budget papers include details of investments the Council is making to support delivery of its vision under the Plan. The Council's capital investment proposals are also grouped by corporate priority.

The Council considers statutory and discretionary spending when developing budget savings, including the use of check and challenge sessions within the service lines to determine whether discretionary elements can be reduced within each service line. The Council uses trend analysis and benchmarking to forecast demand and understand costs. For example, the Council used benchmarking to support its operational review of Home to School transport, which was a key cost pressure in 2023/24 which has resulted in an improved unit cost position.

ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system

The Council has arrangements in place to ensure financial plans are aligned with other plans such as workforce and treasury management. The Council does not have an overarching asset management plan but manages this via separate plans within the service lines which are linked to financial plans via the capital strategy and capital programme planning. However, we identified the Council does not have an asset management plan for HRA - we have considered this in more detail in the improving economy, efficiency and effectiveness section, where we have raised a key recommendation in relation to Housing on page 28. The Council does not have a separate capital strategy which we would expect to see, and we make an improvement recommendation on page 18.

The capital programme has continued to slip, although the level of capital expenditure increased from 2022/23 by 8%. We raised an improvement recommendation in our 2022/23 AAR and have reported on progress against this on page 41.

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

The Council produces regular financial monitoring reports which are presented to Cabinet throughout the year. These include escalation of significant issues so that the Cabinet is sighted on key risks. In 2023/24, the Council has demonstrated that it identified risks to its financial position and took mitigating actions to reduce these. This resulted in a lower overspend and reduced call on reserves compared with the forecast position in late 2023. The Council's 2024/25 budget highlights key risks and mitigations.

The Council use scenario planning/sensitivity analysis around key budget assumptions when developing the MTFS, however this is not included in the publicly available reports to Cabinet and Council.

Financial sustainability



Areas for improvement

Capital Strategy

The Council does not have a standalone Capital Strategy which we would expect to see. The Prudential Code for Capital Finance in Local Authorities (2021), published by the Chartered Institute of Public Finance and Accountancy (CIPFA), requires each Local Authority to produce a Capital Strategy on an annual basis. It should set out how capital investment will play its part in delivering the ambitious long term strategic objectives of the Council, how associated risk is managed and the implications for future financial sustainability.

Improvement recommendation 1: The Council needs to develop a Capital Strategy.

Governance



We considered how the Audited Body:

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

Commentary on arrangements

On 23 January 2023, the Cabinet approved the Council's Risk Management Policy. The Policy requires the Strategic Risk Register (SRR) to be reviewed at regular intervals by the Strategic Leadership team (SLT) and for Directorate and Service level risk registers to be reviewed at least quarterly. Risks are escalated to the strategic level, as necessary. We note the policy does not identify escalation arrangements between the tiers of risk or set out different risk types and the Council's accepted risk appetite for each of these and we make an improvement recommendation.

Risk management training is a fundamental element of the Council's approach to risk management which we identify as good practice. The Council has a policy improvement and risk manager and an established risk champions group which meets bi-monthly. On 30 July 2024, the Audit Committee received the annual update on risk, it also received quarterly updates in 2023/24. Cyber security is not on the Council's risk register, which we would expect, although it is on the Finance and Customer Services risk register. We include corporate assurance for cyber security in our risk management improvement recommendation on page 22.

In our AAR 2022/23 we made an improvement recommendation for the Council to set out the key actions and challenges in achieving Net Zero 2030 and update the Council's Corporate Strategic Risk Register (CSRR) accordingly on a timely basis. The Council needs to clearly articulate what actions are required to deliver on this key environmental objective. We note this is outstanding and this recommendation is retained (page 41).

On 12 March 2024, the Audit Committee received the Internal Audit Quality Assurance and Improvement Programme (QAIP) and review against Public Sector Internal Audit Standards (PSIAS). The latest annual self-assessment has now been completed, still showing general conformance with the standards. An internal self-assessment is plan against the new Global Internal Audit Standards. On 25 June 2024, the Audit Committee received an adequate and effective framework of governance, risk management and control opinion from the Head of Internal Audit for 2023/24, this included 48 audits final reports and seven completed audit reviews with draft reports: 90% of audits resulted in a substantial or reasonable assurance opinion. There were also five partial assurance opinions. Internal audit progress report details are limited in Part 1 papers for the Audit Committee, and we make an improvement recommendation on page 22.

On 26 September 2024, the Audit Committee received the annual update of its Anti-Fraud and Corruption Policy and Strategy and self-assessment against the Chartered Institute of Public Finance and Accountancy (CIPFA) Fighting Fraud and Corruption Locally Checklist. The Council recognises it needs to improve its counter-fraud plan and enhance its counter-fraud controls by developing a counter-fraud risk register and by updating counter-fraud risks in departmental risk registers. In 2023/24 there was one staff related fraud that led to the Council strengthening its annual PDR process to include assurance over conflicts of interest. We make an improvement recommendation to strengthen counter-fraud controls.

Governance



We considered how the Audited Body:

Commentary on arrangements

approaches and carries out its annual budget setting process

The Council has taken a consistent approach to budget setting in agreeing its 2024/25 budget. The budget process builds on the previous year's budget and factors in relevant changes. The Council consults on its budget including dialogue with strategic directors and elected members and used an external public consultation exercise to gather feedback prior to budget setting. The budget aligns with the updated MTFS which sets the context for the annual budget.

The Council's MTFS approved alongside the 2024/25 budget in February 2024 only covered a 2-year planning period in contrast with the Council's usual medium-term approach. In preparing the updated MTFS, the Council is moving back to a three-year plan.

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

The Cabinet receives regular financial monitoring reports which include the forecast outturn against the budget, variance analysis, and explanations for underspends and overspends by directorate. There was clear reporting on the forecast outturn and the potential consequences for reserves.

We identified some areas where the Council could further improve its financial monitoring reporting and have raised an improvement recommendation. These include a prior year improvement recommendation which is not yet addressed.

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

The Council invites the public to ask questions at Cabinet and Cabinet decisions are record for each meeting. Cabinet decision-making is informed by pre-scrutiny discussion. The Council has two independent members on its Audit Committee in line with good practice.

The Local Government Association (LGA) Corporate Peer Challenge (CPC) in June 2023 identified that people speak highly of the Leader and the Chief Executive, commending their dedication and determination in bringing about the required transformations in the Council. They are supported by a capable and effective top-team made up of Cabinet Members and the strategic leadership team.

Governance



We considered how the Audited Body:

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

Commentary on arrangements

In June 2023, the LGA found evidence of excellent and effective Member and officer relationships built on mutual trust and evidence of effective governance and a positive and healthy organisational culture.

In our AAR 2022/23 we made an improvement recommendation for the Council to develop an operational plan with clear roles and responsibilities to implement the key changes and developments arising from the new procurement legislation (the Procurement Act 2023). On 12 March 2024, the Audit Committee received an annual procurement update. This report provides an update to members on the Procurement Act changes including the requirement to publish pipelines of future procurement opportunities at the start of each financial year. The team was also developing a Contract Management dashboard for services to use for the top three key performance indicators initially for contracts over £5m. The Council had an up-to-date contracts register. We close our prior year recommendation.

The Council has a robust process for exemptions to contract rules. In 2022/23 the Council used 43 exemptions costing £7.049m compared with 44 exemptions costing £16.228 in 2022/23. In Quarter 1, 2024/25 the Council used 12 exceptions, costing £1.507m. We note the Council does not have a procurement strategy, and we make an improvement recommendation on page 23.

Governance



Areas for improvement

Risk management

On 23 January 2023, the Cabinet approved the Council's Risk Management Policy. The Policy requires the Strategic Risk Register (SRR) to be reviewed at regular intervals by the Strategic Leadership team (SLT) and for Directorate and Service level risk registers to be reviewed at least quarterly. Risks are escalated to the strategic level as necessary. We note the policy does not identify escalation arrangements between the tiers of risk or set out different risk types and the Council's accepted risk appetite for each of these and we make an improvement recommendation.

Improvement recommendation 2: The Council could strengthen its risk policy by including risk escalation and de-escalation arrangements between the tiers of risk registers and including risk types and applying risk appetite to each risk type.

Internal audit progress reports

Internal audit progress reports have limited details in Part 1 published papers for the Audit Committee. It would be helpful to provide an executive summary of each report completed in the period with reasons for partial or no assurance opinions and agreed actions.

Improvement recommendation 3: The Council should consider enhancing internal audit progress papers by giving more detail on completed audits including an executive summary of each report completed in the period in part 1 papers to the Audit Committee.

Counter-fraud

The Council has a limited counter-fraud plan in place which needs developing. It also has no corporate risk register for counter-fraud which we would expect to see, and counter-fraud risks have not been updated in departmental risk registers which we note the Internal Audit team started to address in November 2024.

Improvement recommendation 4: The Council should consider strengthening its counter-fraud controls by developing a corporate counter-fraud risk register and ensuring counter-fraud risks in departmental risk registers are updated. It also needs to enhance its counter-fraud plan.

Governance



Areas for improvement

Financial monitoring

In our 2022/23 AAR, we raised an improvement recommendations regarding the Council's financial monitoring report. When the approved Capital Budget Programme is updated during the year, we recommend the Council continues to report the initially approved Capital budget alongside the revised budget in the quarterly financial monitoring reports so stakeholders can track the changes from the original Programme. This recommendation was accepted by management in our 2022/23 AAR, however, management has advised these changes are not made as adding the extra information to the report leads to the report being too large which risks detracting from the key messages about the in-year position. It is important to strike an appropriate balance between sufficient information for key decisions to be made, without too much information and providing information for members to track changes from the original approved budgets. This is particularly important for the capital programme where the Council has worked to improve its delivery.

Our review of the 2023/24 financial monitoring reports also identified that reports do not include the year-to-date position.

We have therefore raised an improvement recommendation to support the Council to improve its financial monitoring reports in line with good practice.

Improvement recommendation 5: The Council could improve its financial monitoring reporting in line with good practice by considering:

- when the approved Capital Programme is updated during the year, continuing to report the initially approved Capital budget alongside the revised numbers in the quarterly monitoring reports to track changes from the original Programme approved by Members.

Procurement Strategy

We note the Council does not have a Procurement Strategy in November 2024 which we would expect to see published and reviewed annually.

Improvement recommendation 6: The Council should develop and publish a Procurement Strategy. This should set procurement strategic priorities that align with the Council's priorities such as net zero and capture changes to procurement following the Procurement Act (2023) and the national Procurement Policy Statement (2024). It should include measurable actions and indicators with clear accountabilities and an annual review process. The Strategy should be widely communicated to staff and members to raise awareness of their responsibilities.

Improving economy, efficiency and effectiveness



We considered how the audited body:

Commentary on arrangements

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

The Council Plan 2022-2025 is supported by the annual Year Ahead Delivery Plans. These plans have five themes: Every neighbourhood thriving, People are safe, healthy, and live well, Every child able to fulfil their potential, Expanding economic opportunity and a cleaner, greener local environment. These five themes are underpinned by a cross-cutting strand - 'One Council' - which sets out how the Council will operate to achieve the vision. In April 2023, the Cabinet agreed the 2023/24 Year Ahead Delivery Plan. During 2023/24 SLT received quarterly Plan updates and Cabinet received these bi-annually. The Council also has a range of directorate and service plans in place.

We did not receive a data quality policy and identified ongoing data quality weaknesses across HRA compliance and corporate operational building assets resulting in a lack of compliance. We make an improvement recommendation to develop a corporate data quality policy and ensure this is used to inform a data quality review.

The AGS identified that housing compliance risks facing the Council are high and we have identified weaknesses in housing compliance health and safety and building asset management. We have set out these weaknesses on page 28. Taken together these present a significant weakness in the Council's arrangements for its council homes. We recognise that during 2023/24 the Council identified these risks and put in place a Housing Regulatory Assurance Board chaired by the Chief Executive. This Board meets monthly and includes the Cabinet Portfolio Member, Monitoring Officer and Deputy Section 151 Officer and the Housing Management Team. Whilst the Council has plans in place to address identified risks, and is taking action to do so, there is a need to improve and understand underlying data including housing stock condition. We will return to this in our future work on VFM in 2024/25 and make a key recommendation on page 28.

During 2023/24 the Council had identified concerns over building compliance, asset data and reporting processes and the right capability and capacity in the teams. The AGS for 2023/24 identified that an improvement plan was commissioned to review property and facilities management, asset management and catering and facilities services. In 2023/24 the Council's asset management and facilities service had a range of weaknesses which we set out on page 29. Taken together these present a significant weakness in the Council's arrangements for asset management and building compliance. The new Assistant Director joined in May 2024 and a new compliance team has since been introduced. However, risks remain and the Council has yet to fully put in place robust systems across the property portfolio. We make a key recommendation on page 29 and will return to this area in our VFM for 2024/25.

Improving economy, efficiency and effectiveness



We considered how the audited body:

Commentary on arrangements

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

In our Auditor's Annual Report for 2022/23 we raised an improvement recommendation that following the Ofsted and Care Quality Commission (CQC) Special Education Needs and Disabilities (SEND) inspection, the Council should have a clear "Written Statement of Action (WSOA) in response to the joint report which identified significant areas of weaknesses in implementing SEND reforms and an action plan to implement this WSOA, working with stakeholders. The action plan should be subject to formal monitoring and challenge by the Improving Lives Select Commission. Ofsted and the CQC inspected SEND in September and early October 2024. The independent inspectors from Ofsted and CQC praised services for their *'genuine shared determination across the partnership [Rotherham Council, NHS South Yorkshire Integrated Care Board and Rotherham Parent Carers Forum] that all children and young people with SEND are happy, successful and thrive'* The report also found *'most children's and young people's needs are identified and assessed quickly and accurately and they enjoy attending a range of mainstream schools and specialist provisions'*. The report identified that, out of 75 WSOA actions 73 are complete, and this was closed off on 4 October by Ofsted and CQC.

This was a very positive outcome for the Council and a clear demonstration of good partnership working. As a result of these findings, we closed our prior year improvement recommendation

The LGA CPC took place between 5 to 8 June 2023 and the findings were received in August 2023. The report made seven recommendations, and the Council produced a high-level action plan approved by the Cabinet in September 2023. The LGA held a progress review in December 2023 and found good progress. The findings were received in February 2024. As part of this action plan, by March 2025 the Council committed to developing an outcome-focussed Council Plan for 2025-29 and refreshed performance management framework informed by good practice. Performance reporting arrangements will also be reviewed to focus on evidencing outcomes and impacts. We will return to this in our VFM work for 2024/25.

The Council improves the quality of service offered to residents by learning from its complaints. Complaints' information is included in service-level performance reports and is used alongside other key performance indicators to help services improve.

ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives

The Council Leader chairs the Rotherham Together Partnership to deliver improvements for local people and communities. The Partnership works to deliver the Rotherham Plan 2025 which has five key themes partners are working together to deliver.

In 2023, the Rotherham Place Plan 2023-25 was refreshed taking account of the changed landscape following the Health and Care Act 2022 and the establishment of the statutory Integrated Care System from 1 July 2022. The Place Plan aligns with the Rotherham Health and Wellbeing Strategy and considers the regional health agenda. The Rotherham Place Board, which also includes the integrated care board business, is held publicly monthly. The Chief Executive represents the Council.

The Council also works with regional partners, including the South Yorkshire Mayoral Combined Authority focused on transport improvement and with the South Yorkshire, Derbyshire and Nottinghamshire Joint Health Overview and Scrutiny Committee.

Improving economy, efficiency and effectiveness



We considered how the audited body:

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

Commentary on arrangements

The Council has a procurement business case that includes a section on contract management, contract ownership and KPIs and management information. However, there is no corporate oversight for contract management compliance this sits with the individual services.

The Council has a contract management dashboard which includes KPIs description and narrative for key contracts. In areas there are contract weaknesses, HRA and building compliance, these KPIs are underdeveloped, and more work is needed to improve performance measures. In some service areas we identified a lack of contract management and make an improvement recommendation on page 30.

Improving economy, efficiency and effectiveness

Significant weakness identified – HRA health and safety compliance

In our risk planning we identified a potential significant weakness related to HRA building, compliance concerning asbestos, fire and a lack of capability and capacity in these areas. Council's own AGS for 2023/24 also reported on these housing compliance risks facing the Council.



In 2023/24 the Council's HRA arrangements had a certain weaknesses which we have set out below. Taken together these present a significant weakness in the Council's arrangements for its council homes.

We recognise that during 2023/24 the Council identified these risks and has put in place a Housing Regulatory Assurance Board chaired by the Chief Executive. This Board meets monthly and includes the Cabinet Portfolio Member, Monitoring Officer and deputy Section 151 Officer and the Housing Management Team. The Board receives regular updates in progress against Housing Safety and Quality Improvement Plan which includes cross-cutting actions such as creation of a dedicated Compliance Team, improvements in the performance and assurance framework and the investment in IT systems. As noted, the Council has plans in place to address risks identified and is working to fully understand the issues and gather underlying data to support this, including a stock condition survey. We will return to this as part of our 2023/25 VFM work.

- In 2023/24, 2,390 council homes did not meet the 'decent homes' standard (12% of the stock). We note by 30 September 2024, the Council had improved housing decency, but 1,230 homes still did not meet the 'decent homes' standard. We note additional investment capacity is earmarked in the HRA Business Plan over the next five years to address this.
- During 2023/24 the Council self-referred to the Regulator for Social Housing regarding the issues references in our AAR. This followed reviews of health and safety compliance, including an external review conducted by Campbell Tickell, which identified some historically poor-quality compliance data and the need for improvement in contract management in some areas. The actions from these reviews fed into the Housing Safety and Quality Improvement Plan.
- In 2023/24 there was no HRA asset management plan. The Council plans to commission HRA asset management strategy in January 2025.
- In 2023/24 the Council had not completed a stock condition survey for many years. In January 2025, the stock condition survey contract is expected to commence and Council aims to fully complete with in 2.5 years. Until the survey is fully complete the Council has no accurate record of category 1 hazards (damp and mould) or an accurate assessment of decent homes standards
- In line with the national picture on Council Dwellings, damp and mould reporting increased significantly over the last three years from 1236 reports in 2022 to 2976 in 2023 and 3423 by end October 2024. During the year, the Council implemented a new process to triage damp and mould calls. Each call gets visited by a technical officer and issues are risk rated for response by different teams. In October 2024 98% of referrals are inspected in 10 working days with an average of a further 9 working days to complete the work. More work is needed to focus on vulnerable people and repeat callers, which the Council has identified as the next phase of improvement later in 2024/25. All these actions are positive to reduce the risks and improve arrangements in this area.
- In 2023/24 the Council did not have consistent compliance policies and processes across the HRA assets including gas, electricity, and lifts. All compliance policies are now in place apart from lifts and water safety which are being developed by the corporate asset management service. These are work in progress.
- In 2023/24 there was inconsistent follow-up on high and medium risks associated with Fire Risk Assessments (FRAs). During 2024/25 regular improvement updates were provided to the Regulator for Social Housing. In August 2024, the Council told the Regulator for Social Housing that FRA actions were incorrectly recorded which missed the volume of outstanding actions. We note the Council corrected this error by October 2024 and that performance monitoring has now improved, including evidence-based closure of actions and audit of all actions by the compliance officer. In addition, a full audit of all actions forms part of the fire risk review which is scheduled at the one-year anniversary of FRA. These are notable improvements conducted proactively by the Council.

In 2024/25, the Council created a Housing Safety and Quality Improvement Panel chaired by the Head of Housing Property Services which meets monthly to scrutinise and monitor the safety and Quality Action Plan and to deep dive areas of compliance for further assurance.

In October 2023, the Council developed a Safety and Quality Action Plan following a deep dive on housing property compliance. Recruitment to the compliance team was slower than anticipated, which delayed the progress of some actions. Recruitment is now complete apart from the Compliance Manager and Service Manager, the post is covered on an interim basis from July 2024.

Improving economy, efficiency and effectiveness



Significant weakness identified – HRA health and safety compliance (continued)

The Council has made positive progress in improving governance, assurance and performance mechanisms as part of the Safety and Quality Action Plan and we note that the Council has internally recognised the issues that it is taking action to address. As an ongoing process, there remain risks and matters to tackle as part of the ongoing improvements being made.

- In November 2024, a new action was added to the Housing Compliance action plan to ensure a Safety Case Report, Mandatory Occurrence procedure and resident engagement strategy are in place in line with legislation for high rise building. The Safety Case report is partially created, and we understand that will be complete by January 2025.
- In November 2024, the Asbestos Contractor is not under contract. This is due for completion by 31 January 2025, and client quality assurance processes are not being undertaken for asbestos inspections and do not give sufficient assurance. However, we note inspections were carried out.

Overall, based on the work undertaken and evidence reviewed, taking all these above matters into account, we concluded, there is a significant weakness in HRA health and safety compliance arrangements during 2023-24 within the scope of our VfM work.

As a result, we have made a key recommendation relating to this (see below). We will re-visit this area as part of our 2024/25 VfM work

Key Recommendation 1:

The Council needs to:

- continue improving HRA compliance data robustness and validity.
- ensure contract management arrangements are put in place with housing contractors.
- improve compliance with decent homes standards.
- work to improve its understanding of category 1 hazards in its housing stock.
- Continue improving vulnerability policies for the HRA in line with emerging best practice from the regulators
- use the stock condition data to inform its asset management and capital investment plans.

Improving economy, efficiency and effectiveness

Significant weakness identified – Asset management and building compliance

In 2023/24 the Council identified concerns over building compliance, asset data, reporting processes and the right capability and capacity in the teams. In addition, Internal Audit Team made recommendations relating to building security (access, alarms, CCTV), which they followed up in October 2023. The initial report identified actions were required by October 2022 and these were outstanding in October 2023 which led to a partial assurance opinion from Internal Audit. The actions outstanding in October 2023 were, the failure to record inspections onto the CIPFA Asset Manager system in accordance with the inspection policy, a failure to monitor the frequency of inspections and the implementation of the new Asset Management structure, including a dedicated compliance team.

The Asset Management service was moved under the temporary responsibility of Finance and Customer Services from August 2023 and a new Assistant Director joined in May 2024. Since then, the Council has introduced a new compliance team. Compliance is shared across this new team and the housing team. The corporate team continued to lead on lift, hoist compliance and fire safety.

As reported at page 10, during 2023/24 the Council's asset management and facilities service had a range of weaknesses which we set out below. Taken together these present a significant weakness in the Council's arrangements for asset management and building compliance.

- In 2023/24 there was a significant gap in compliance across the operational estate. The Council did not carry out contractor compliance checks on a consistent basis, there was limited communication with sub-contractors and some contractor follow-ups were missed.
- There was a lack of consistent fire risk assessments (FRAs) across the Council's operational estate. There is now a full plan of carrying out FRA's, with some being prioritised on a risk basis where high and medium FRAs are not completed as of November 2024 leaving a residual small number of low-risk building assets. We note that the Council has a new policy in place on FRAs and has processes and management controls in place to ensure the buildings remain safe, specifically fire safety aspects.
- In 2023/24 the Council did not have an accurate understanding of the number of operational building assets it was responsible for and since May 2024, the overall number of operational building assets has increased due to more robust checks on the portfolio.
- The Council has no recent Disability Discrimination Act data for its buildings. This work has now started and forms part of a new compliance regime.
- We also identified through our report reviews and management discussions, that the Council did not always have management plans in place for properties leased to third parties and that landlord inspections or audits were not always carried out. The Council has identified this as a risk and work is underway to audit all leased out buildings that are mainly used for education or community-based activities.

Since May 2024, a new, experienced and qualified compliance team are in post, which includes a new Head of Facilities and Compliance. This role will include statutory and duty holder responsibilities for compliance which the Council did not previously have in place. The team are working to introduce a new compliance and asset data system and are currently reviewing systems and are in pre-procurement market testing.

We acknowledge the work the Council is undertaking and already done in certain areas to date. However, overall, based on the work undertaken and evidence reviewed, taking all these above matters into account, we concluded, there is a significant weakness in this area during 2023-24 within the scope of our VfM work.

As a result, we have made a key recommendation relating to this (see below). We will re-visit this area as part of our 2024/25 VfM work

Key Recommendation 2:

The Council should:

- undertake stock condition surveys to develop an understanding of its assets, their state and their level of health and safety compliance.
- put in place management plans and landlord inspections where required and ensure it is getting value for money for its assets.
- ensure it has an assets management system for its properties and other assets and that data in the system is accurate, enabling management of manage health and safety compliance.
- ensure compliance contract management is put in place and regular performance monitoring of these contracts is put in place.

Improving economy, efficiency and effectiveness



Areas for improvement

Data quality

The Council does not have data quality policy, and we identified ongoing data quality weaknesses across HRA compliance and corporate operational building assets resulted in a lack of compliance. Poor or unknown quality data weakens evidence, undermines trust, and ultimately leads to poor outcomes.

Improvement recommendation 7: The Council should develop a corporate data quality policy and ensure this is used to inform a data quality review. It could look to the national data quality framework to guide this work.

Contract management

The Council has a contract management dashboard which includes KPIs description and narrative for key contracts. In areas where we have identified contract weaknesses, HRA and building compliance, these KPIs are underdeveloped, and more work is needed to improve performance measures.

In assets and facilities, the system recorded jobs as completed when it raised orders with the contractor to start a job and there was no checking jobs were completed. Compliance fell between the assets team and housing and the assets team did not do any performance checking on its contractors.

Prior to May 2024 the assets team has lost touch with its contractors. There was very little communication with sub-contractors and missing contractor follow-ups. The new AD property and facilities and his new compliance team has put in place regular contractor meetings, but this will take time to embed.

Highways lacked processes and procedures relating to planings and the Council was using hauliers waste transfer notes. We note two new contracts were in place for road surfacing in Q4 2023/24, but these did not cover planings. The asphalt tender will include a directive regarding the removal of planings to a designated site, and the plant hire tender will instruct the hauliers where the planings need to be taken to for disposal. In November 2024, the Head of Internal Audit confirmed the asphalt and the plant hire contracts are still being developed and had not yet been awarded.

Improvement recommendation 8: The Council should put in place a corporate process to improve contract management and ensure contractor performance is effectively managed, and data is verified across the Council's contracts and ensure contracts are in place in highways.

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



Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Actions agreed by Management (KR1)
<p>The Council needs to:</p> <ul style="list-style-type: none"> continue improving its HRA compliance data robustness and validity. ensure contract management arrangements are put in place with its HRA contractors. improve compliance with decent homes standards. work to improve its understanding of category 1 hazards in its housing stock. continue improving vulnerability policies for the HRA in line with emerging best practice from the regulators use the stock condition data to inform its asset management and capital investment plans. 	Key	Improving economy, efficiency and effectiveness	<p>The Council welcomes this report and its acknowledgement of the significant improvements that have been made since the reporting period (2023/24). The health and safety of council homes is taken very into and considerable resources have been deployed in the last eighteen months to strengthen our systems, processes and assurance mechanisms in response to issues we identified through our own reviews and the external review referenced in the report. The Council is also in dialogue with the Regulator of Social Housing about the findings of this work.</p> <p>In 2024/25, which falls outside of the reporting period of this report, the Council has recruited to and embedded a dedicated compliance team within Housing Services, which has consolidated and expanded existing functions and has enabled the bulk of the improvement actions identified in the Safety and Quality Action Plan to be completed. New compliance software has been procured and is in the process of being implemented: once fully in place, the software will enable swifter reporting and quality assurance of certificates, and free up officer time to focus on other compliance areas. Several new or refreshed policies have been agreed and the quality and timeliness of performance reporting has improved markedly. This includes the information published and shared with our tenants. The mid-year Tenant Satisfaction Measures (TSMs) for 2024/25 show an improvement in tenant satisfaction with the safety of their homes compared with 2023/24.</p> <p>The Council earmarked funding to carry out a 100% stock condition survey, which will now commence in early 2025. In addition, the HRA Business Plan for 2025/26 allocates significant additional investment to support decency, thermal efficiency and other aspects of safety and quality in our council housing stock. The Council is also proactively preparing for consumer regulations and the introduction of Awaab's Law, including the emphasis on tenant vulnerabilities and managing health and safety hazards. New call scripts will be introduced into the Contact Centre in early 2025 and a framework for collecting and utilising information about tenant vulnerabilities is currently being developed. This will compliment existing processes that ensure reasonable adjustments are made in service delivery to accommodate the diverse needs of our tenants.</p> <p>We are also pleased to inform that these recommendations are captured into our improvement plans.</p>

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

Recommendations raised in 2023/24

Recommendation	Type of recommendation	Criteria impacted	Actions agreed by Management (KR2)
<p>The Council should:</p> <ul style="list-style-type: none"> undertake stock condition surveys to develop its understanding of its assets, their state and their level of health and safety compliance. put in place management plans and landlord inspections where required and ensure it is getting value for money for its assets. <p>KR 2</p> <ul style="list-style-type: none"> ensure it has an assets management system for its properties and other assets and that data in the system is accurate, enabling management of health and safety compliance. ensure compliance contract management is put in place and regular performance monitoring of these contracts is put in place. 	Key	Improving economy, efficiency and effectiveness	<p>The Council welcomes the report and recommendations made and notes the references to the significant progress that the Council has made in identifying the gaps in its provision and the work that is underway to improve the Councils approach to managing its assets and portfolio. The report and recommendations are fully aligned with the Councils Property and Facilities Service Improvement Plan and its own findings.</p> <p>Whilst Building Compliance is noted within the report as a weakness, the Council is committed to ensuring the management of Health and Safety and Compliance of its buildings is a priority, ensuring that Council Officers, our customers, and stakeholders are safe and that our buildings continue to be sustainable in supporting the delivery of a diverse range of services to our residents and businesses. Where any gaps have been identified in the Councils provision, management controls have been implemented and in areas of high risk, these have been addressed immediately, such as Fire Risk Assessment being undertaken professionally, but at pace, and remedial actions being commissioned and undertaken. The Council is confident that the management of compliance remains effective and at manageable risk level but agrees there is room for current and continuous improvement.</p> <p>Driven by the findings of our own review, significant progress is already underway in improving the overall approach to managing Council Buildings. The development and adoption of a range of new Policies is underway, with the approval of Fire, Water (Legionella) and Asbestos Policies at Cabinet on 16th December 2024, which will assist the Council to manage, monitor and control compliance requirements across the Portfolio. The Policies are linked with the refreshed Corporate Health and Safety Policy, which together place requirements in reporting and escalation of compliance performance through the Councils Health, Safety and Wellbeing Board. This will bring greater scrutiny and challenge to our approach as well support the ability to update our policies through continuous improvement and wider national Approved Code of Practice (ACoP) and legislative changes.</p> <p>As noted in the report a new position of Assistant Director Property and Facilities Services has been established and with this has come the initial review of service as well as the establishment of a more robust and fit for purpose Property and Facilities Services Structure. As the Auditors are aware and have cited, the original functions contained within the Property, Facilities and Asset areas of the service operated as separate functions within the same directorate and aligning the services into a modern and more effective Total Facilities Management (TFM) service, which has commenced at pace, but organised and planned. The Council has reviewed and updated its risk registers which supports the "Service Improvement Plan", identifying key areas of best practice and operational effectiveness. The plan includes any previous reviews, such as the CIPFA review, as well as items from recent Audits, ensuring one plan that can be monitored and reported on. The plan has been presented to Senior Officers and Political Leadership and has clear accountable persons identified responsible for the delivery of each element. This review will soon be amalgamated into that plan, for consistency and monitoring.</p>

Recommendations raised in 2023/24

Recommendation	Type of recommendation	Criteria impacted	Actions agreed by Management continued (KR2)
<p>The Council should:</p> <ul style="list-style-type: none"> undertake stock condition surveys to develop its understanding of its assets, their state and their level of health and safety compliance. put in place management plans and landlord inspections where required and ensure it is getting value for money for its assets. ensure it has an assets management system for its properties and other assets and that data in the system is accurate, enabling management of health and safety compliance. ensure compliance contract management is put in place and regular performance monitoring of these contracts is put in place. 	Key	Improving economy, efficiency and effectiveness	<p>Work is underway to update the Asset System and has started the process of identifying and then procuring a more robust system that supports a modern and effective approach to Asset and Facilities Management. This will be in the form of a Computerised Asset and Facilities Management System or CAFM. The system will look to be linked with the Councils and third-party systems, such as our Display Energy Certificate (DEC) reporting tools, controls own systems and the Councils Financial reporting and monitoring systems. Condition surveys across the estate are being planned and prioritised, again ensuring good quality data is gathered, input, and then managed in a system that is fit for purpose – this will ensure that the Council has a full and clear understanding of its assets.</p> <p>The control and management of Asset Data, has been removed from under the umbrella of Climate Change (within Property and Facilities Services) and placed into Property Services, ensuring greater control, management, and monitoring of data, aligning with a Corporate Landlord or Corporatised approach to the asset collection is taken, utilising good quality data and information to manage the Portfolio more effectively, but also to inform decision making around investment and divestment.</p> <p>Recruitment has now taken place in the mid part of Q3, with two fully experienced and qualified Compliance Managers now in post. These posts not only cover statutory compliance and the management of, but also focus on greater and more consistent management and control of Contractors and contracts. Wider recruitment has also been undertaken, bringing capacity and capability to the Compliance, Property and Facilities Management areas of delivery, this brings more focus to the day to day management and control of the Councils teams, visiting, checking and planning around the day to day management of those buildings as well as a specific post to manage strategic and planned maintenance; bringing standardisation and best practice to the monitoring and control of contractor, lifecycle and statutory and mandatory planned maintenance (Via SFG20). This additional resource has intensified our approach to visual and technical inspection and monitoring of Council buildings, as well as practical on-site management of contractors.</p> <p>The Head of Facilities and Compliance is now in post and this role will also act as the Councils Designated Duty Holder (November 2024) acting as the competent and responsible person for the Council, monitoring and managing our strategic and operational approach to Compliance and Health and Safety within our buildings and assets. The post is one of specific knowledge and experience as well as the academic health and safety qualifications (CMIOSH) in order to manage, lead and advise on a range of compliance matters across the estate.</p> <p>Our control of contractors is now more robust, with a review of current contractual arrangements having been undertaken, including weekly meetings with contractors where performance is discussed at length. Again, there is room for further improvement and the review of the CAFM system is likely to provide greater monitoring and control as well as potential access for Contractors, in order to provide live and more accurate reporting and data on activities and performance.</p> <p>The list of activities and action mentioned above is not exhaustive but shows the Councils ongoing commitment to continuous and immediate improvements, which have also been cited within the report.</p> <p>The Council is committed to improving the overall approach to Property and Facilities Management, ensuring the portfolio is compliant, sustainable, and effective in continuing to support the delivery of services provided to our citizens.</p> <p>We are also pleased to inform that these recommendations are captured into our improvement plans.</p>

Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Actions agreed by Management
IR1 The Council needs to develop a Capital Strategy.	Improvement	Financial sustainability	<p>Actions: The Council has a capital strategy that is included within the Council's Budget and Council Tax Report annually. There is no clear requirement to have a entirely separate Capital Strategy though the Council will review and consider if there are elements within the Capital Strategy that the Council could enhance.</p> <p>Responsible Officer: Rob Mahon</p> <p>Executive Lead: Judith Badger</p> <p>Due Date: March 2026</p>
IR2 The Council could strengthen its risk policy by including risk escalation and de-escalation arrangements between the tiers of risk registers and including risk types and applying risk appetite to each risk type.	Improvement	Governance	<p>Actions: The Council will look to strengthen further its risk policy by including risk escalation and de-escalation arrangements between the tiers of risk registers that the Council operates. It will also consider the application of risk appetite.</p> <p>Responsible Officer: Fiona Boden</p> <p>Executive Lead: Fiona Boden</p> <p>Due Date: March 2026</p>
IR3 The Council should consider enhancing internal audit progress papers by giving more detail on completed audits including an executive summary of each report completed in the period in part 1 papers to the Audit Committee.	Improvement	Governance	<p>Actions: The summary of key findings will be enhanced to include more detail, in particular for those audits receiving a partial or no assurance opinion.</p> <p>Responsible Officer: Louise Ivens</p> <p>Executive Lead: Judith Badger</p> <p>Due Date: 11 March 2025</p>

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

Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Actions agreed by Management
<p>IR4</p> <p>The Council should consider strengthening its counter-fraud controls by developing a corporate counter-fraud risk register and ensuring counter-fraud risks in departmental risk registers are updated. It also needs to enhance its counter-fraud plan.</p>	Improvement	Governance	<p>Actions: We will update the directorate and corporate fraud risks and liaise with Fraud Risk Champions on these. The Counter Fraud Plan was enhanced as part of the 2024-25 audit planning process and where relevant further improvements will be made.</p> <p>Responsible Officer: Louise Ivens</p> <p>Executive Lead: Judith Badger</p> <p>Due Date: 31 March 2025</p>
<p>IR5</p> <p>The Council could improve its financial monitoring reporting in line with good practice by:</p> <ul style="list-style-type: none"> when the approved Capital Programme is updated during the year, continuing to report the initially approved Capital budget alongside the revised numbers in the quarterly monitoring reports to track changes from the original Programme approved by Members. 	Improvement	Governance	<p>Actions: The Council will embed this into financial reporting to Cabinet on the Capital Programme.</p> <p>Responsible Officer: Rob Mahon</p> <p>Executive Lead: Judith Badger</p> <p>Due Date: March 2026</p>
<p>IR6</p> <p>The Council should develop and publish a Procurement Strategy. This should set procurement strategic priorities that align with the Council's priorities such as net zero and capture changes to procurement following the Procurement Act (2023) and the national Procurement Policy Statement (2024). It should include measurable actions and indicators with clear accountabilities and an annual review process. The Strategy should be widely communicated to staff and members to raise awareness of their responsibilities.</p>	Improvement	Governance	<p>Actions: The Council will develop a Procurement Strategy however officers believe that any Procurement Strategy for the Council will be a light touch document referring to existing documents the Council already has, publishes and updates annually that address procurement processes and procedures. For example, the procurement approach, rules and procedures are set out in the Council's Financial and Procurement Procedure Rules (FPPR's), the Council's approach to Social Value and Ethical Procurement are set out in its Social Value Policy and Ethical Procurement Policy. As such there are already key policy and strategy documents in existence that address what would be expected in a Procurement Strategy.</p> <p>Responsible Officer: Karen Middlebrook</p> <p>Executive Lead: Judith Badger</p> <p>Due Date: March 2026</p>

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

Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Actions agreed by Management
IR7 The Council should develop a corporate data quality policy and ensure this is used to inform a data quality review. It could look to the national data quality framework to guide this work.	Improvement	Improving economy, efficiency and effectiveness	<p>Actions: The Council will look to create a Corporate Data Quality Policy.</p> <p>Responsible Officer: Fiona Boden</p> <p>Executive Lead: Fiona Boden</p> <p>Due Date: March 2026.</p>
IR8 The Council should put in place a corporate process to improve contract management and ensure contractor performance is effectively managed, and data is verified across the Council's contracts and that contracts are in place in highways.	Improvement	Improving economy, efficiency and effectiveness	<p>Actions: The Council has already commenced development of an improved contract management approach in readiness for the new Procurement Legislation. The Council has established a contract management dashboard that addresses performance across the KPI's on all major contracts (£5m in value including VAT), this is updated quarterly and reported through to Senior Leadership Team (SLT). The Council also commissioned an internal audit review linked to contract management that identified a number of areas of improvement around understanding of roles and responsibilities of contract managers, the outcome of the recommendations was that each Directorate has had to develop recommendations to improve contract management and contract managers understanding of roles and responsibilities in their Directorate and take greater ownership.</p> <p>In addition the Council plans to introduce corporate guidance around contract management, training and advice.</p> <p>Responsible Officer: Rob Mahon</p> <p>Executive Lead: Judith Badger</p> <p>Due Date: March 2026</p>

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

Appendices

Appendix A: Responsibilities of the Council

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

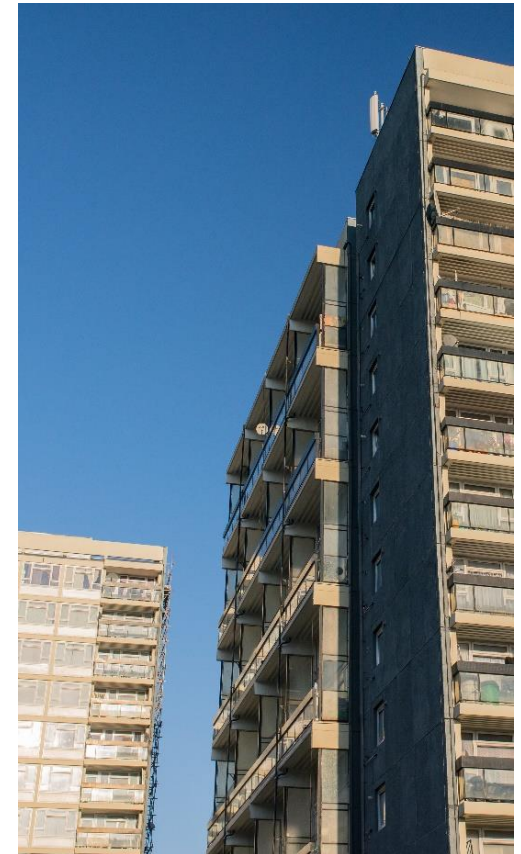
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records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

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

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

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

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



Appendix B: Value for Money Auditor responsibilities



Value for Money arrangements work

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

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

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

Financial Sustainability

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

Governance

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

Improving economy, efficiency and effectiveness

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

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

Phase 1 – Planning and initial risk assessment

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

Information which informs our risk assessment

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

Phase 2 – Additional risk-based procedures and evaluation

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

Phase 3 – Reporting our commentary and recommendations

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

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

Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
1 When the approved Capital Budget Programme is updated during the year, we recommend the Council continues to report the initially approved Capital Budget Programme amount alongside the revised numbers in the quarterly Financial Monitoring Reports [FMR] - in order that stakeholders can track the changes from the original Programme approved by Members.	Improvement	March 2024	This has not yet been actioned	No	We have raised a new recommendation to ensure the Council is focused on delivering improvements. See Improvement recommendation IR no. 7
2 When transfer and virements of budgets between Council's directorates occur during the course of the financial year, the Financial Monitoring Reports [FMR] should include the initially approved budget for relevant directorates, and the reason for the transfer, alongside the revised position.	Improvement	March 2024	This has not yet been actioned	No	We have raised a new recommendation to ensure the Council is focused on delivering improvements. See Improvement recommendation IR no. 7
3 We recommend the Council develops an operational plan with clear roles and responsibilities to implement the key changes and developments arising from the new procurement legislation (the Procurement Act 2023).	Improvement	March 2024	On 12 March 2024, the Audit Committee received an annual procurement update. This report provides an update to members on the Procurement Act changes including the requirement to publish pipelines of future procurement opportunities at the start of each financial year. The team was also developing a Contract Management dashboard for services to use for the top three key performance indicators initially for contracts over £5m. The Council had an up-to-date contracts register.	Yes	No

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

Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
4 We recommend the Council sets out the key actions and challenges in achieving Net Zero 2030 and updates the Council's Corporate Strategic Risk Register (CSRR) accordingly on a timely basis. The Council needs to clearly articulate what actions are required in order to still deliver on this key environmental objective.	Improvement	March 2024	The climate change team finalised its assessment of the route to net zero for council operations in 2024/25 which included a financial assessment. A presentation was provided to the climate change project board in September 2024. Several risks are identified which may need escalating to the CSRR. Service risks were updated in May 2024 which included funding and resourcing, the primary risk is the decarbonisation of the corporate estate which will require additional funding of £21m. There is still work ongoing to confirm costs. Following the presentation at the climate change project board, it was agreed that the Strategic Director for Regeneration and Environment would take this updated information to SLT for discussion and agreement of next steps. A date is not yet confirmed. The annual climate change report is on the forward plan for Cabinet in February 2025.	Partly	This recommendation is retained.
5 Complete the review of capital project governance and reporting. To be followed up further during our 2023-24 VFM work. (ongoing recommendation from 2021/22 AAR)	Improvement	March 2024	The Council has made steps to improve the approach to Capital Budget setting to create more realistic delivery profiles and now provides for new schemes a risk adjusted project spend profile to help to deal with the natural issues around optimism bias. The Council is also currently undertaking its own internal audit review of governance to identify issues around understanding of the governance principles, sign off process and documentation. The Council's Capital Programme Management and Delivery Board is now well embedded and helping to improve project delivery and pace, as indicated by the increasing level of capital spend year on year.	Yes	No

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

Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
6 Following the Ofsted and COC SEND inspection, the Council should: • have a clear "Written Statement of Action (WSOA) in response to Ofsted and CQC report on joint area SEND inspection, which identified significant areas of weaknesses in implementing SEND reforms as set out in the Children and Families Act 2014 • a clear action plan to implement this WSOA, working with all stakeholders including parents, carers, the CCG officers, Ofsted and the COC • The action plan should be subject to formal monitoring and challenge by the Improving Lives Select Commission.	Improvement	March 2024	The WSOA is lifted following an Ofsted and CQC inspection of SEND in early October. Of the 75 actions on WSOA 73 are complete and this was closed off on 4 October.	Yes	No

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



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