

Folkestone & Hythe District Council

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

February 2025



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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 Folkestone & Hythe (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;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority accounting in the United Kingdom 2023-24; and
- 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:

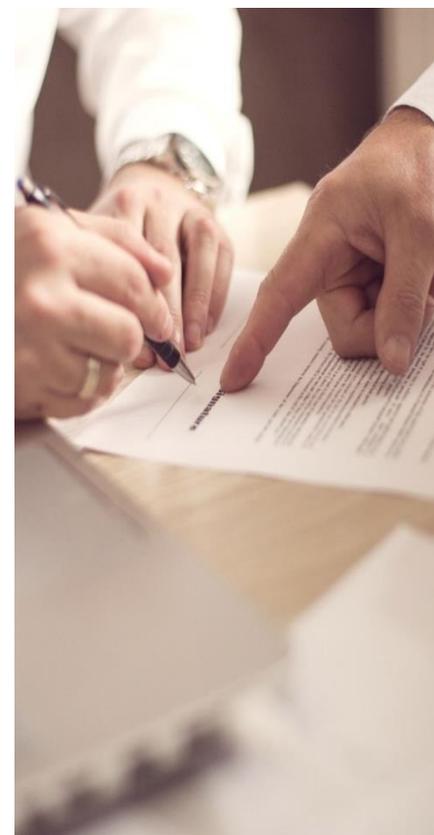
- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

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 10 with a commentary on whether any of these powers have been used during this audit period.



Executive summary



Executive summary (1)

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 consulted on 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. These 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. Our summary findings are set out below. Our recommendations and management responses are summarised below.



Financial sustainability

The Council has effective arrangements in place for managing its financial sustainability. For the financial year 2023-24 the Council delivered a revenue underspend of £1.724m, primarily due to a lower than expected spend on interest as a result of slippage in the capital programme. The need for more accurate forecasting on the capital programme was raised as an improvement area in the prior year, and this recommendation remains open for 2023-24. The Housing Revenue Account (HRA) was also underspent by £1.8m, again predominantly due to slippage in the capital programme, which was underspent by a net £1.9m. The Council has a 30-year business plan in place governing the HRA.

During 2023-24, the Council implemented a Transformation Programme and priority-based budget exercise which allocated budgets on the basis of highest priorities, with savings targeted to those areas considered to be of lowest priority in a bid to eliminate unnecessary spend. The programme identified some £2m of staff savings, achieved through releasing vacancies, early retirement, voluntary redundancies and finally compulsory redundancies. These savings were across a wide range of services, not concentrated in any particular area.

For 2024-25, the February 2024 budget set a balanced budget with a forecast deficit of £2.784m over the life of the Medium-Term Financial Strategy up to 2027-28. We note that the Council does not yet have a savings plan in place to close the deficit over the next three years and instead has addressed the savings required in each individual year as the need arises. The deficit is challenging but should be manageable in the time available to address it, and there are sufficient financial risk reserves in place to cover slippage. The most recent forecast outturn report, Q2 for 2024-25, shows a marginal overspend of £61k indicating that the Council is controlling its costs and delivering savings in line with its plan. However, we continue to recommend that that Council should develop a list of saving options to close the funding gap over the medium-term period and should seek to avoid the further depletion of reserves.

Reserve are held in order to mitigate risks within the budget. During 2023-24, general fund reserves reduced by £62k from £5.625m to £5.563m. This is a smaller reduction than originally budgeted for due to the in-year underspend. In 2023-24, £2.809m of net earmarked reserves were utilised, with the closing balance of earmarked reserves standing at £12.062m at 31 March 2024. The most recent update to Cabinet highlighted that as at Q2 of 2024-25, the level of earmarked reserves projected for discretionary/committed use by the Council at 31 March 2025 is £9.05m.

In conclusion and based on our areas of focus and evidence considered, we have not identified any significant weaknesses in arrangements to ensure the Council manages risk to its financial sustainability. However, two improvement recommendations from the prior year remain open.



The audit of your 2023-24 financial statements is substantially complete and we plan to issue an unqualified audit opinion following the Audit & Governance Committee meeting in February 2025. Our findings are set out in further detail on pages 9 to 10.



Executive summary (2)



Governance

The Council has adequate arrangements in place for risk management, decision-making and transparency. The annual budget-setting process is structured in such a way to align with strategic priorities and standardised templates and guidelines are in place to ensure consistency, alongside STAR Chamber exercises to ensure agreement. However, throughout 2023-24 and 2024-25 there has been an over-reliance on some members of staff for key financial processes and reporting which has impacted the financial audit process and quality of the financial statements. We have therefore raised an improvement recommendation in relation to strengthening of the finance team.

We also note that as part of the transformation process the Council went through significant management restructure during 2023-24 which continues to be implemented in 2024-25. As part of this there are changes to the responsibilities of the key directors, the recruitment of a new Chief Finance Officer at director level, and the transfer of Monitoring Officer responsibilities to the new Director of Strategy and Resources role. Our discussions with management have not indicated any adverse impact on the effectiveness of arrangements, however it will be important that the new senior team successfully embed, and we will continue to monitor this process in 2024-25.

The Council commissioned Local Partnerships to conduct a Governance Review of Otterpool Park LLP to identify improvements in governance. There were a number of recommendations raised and the East Kent Audit Partnership has provided substantial assurance that the resulting action plan is progressing in line with agreed timelines.

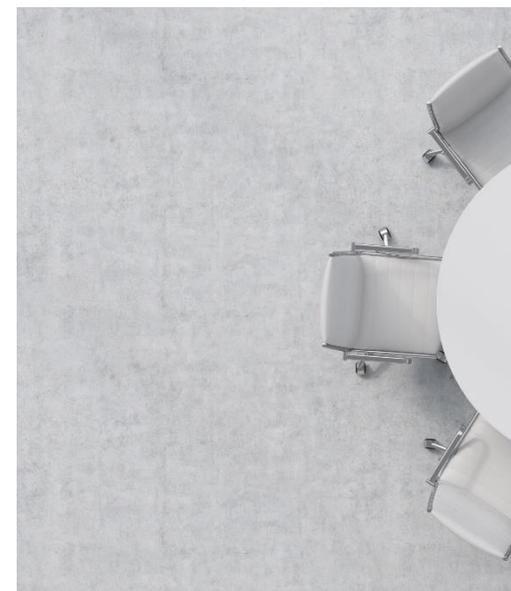
In conclusion, and based on our areas of focus and evidence considered, we found no evidence of significant weaknesses in the Council's arrangements for ensuring that it makes informed decisions and properly manages its risks. However, we have identified raised improvement recommendations which have been accepted by management.



Improving economy, efficiency and effectiveness

The Council has an established performance reporting mechanism with quarterly reviews to Cabinet and bi-annual updates to the Finance and Performance Scrutiny Sub-Committee. Performance is monitored against key service ambitions, with historical comparisons to gauge progress. However, budget and non-financial performance reporting could be further integrated. In relation to complaints, improvements could be made to provide satisfactory remedies before the Ombudsman is contacted. There is evidence that the Council works with significant partners such as the Community Safety Partnership and makes use of a partnership register to review performance of partnership arrangements. A Task & Finish group was set up to review future potential proposals and a Transition Plan was agreed to support Otterpool Park LLP over the following 12-18 months, this work is ongoing but showcases that the Council is willing to keep partnership arrangements under review in order to ensure they continue to support the Council in relation to achievement of their objectives.

In conclusion and based on our areas of focus and evidence considered, we have not identified any significant weaknesses in arrangements to ensure the Council manages improving economy, efficiency and effectiveness. However, we have raised improvement recommendations which are accepted by management.



Executive summary (3)



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

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

Criteria	2022-23 Auditor judgement on arrangements	2023-24 Risk assessment	2023-24 Auditor judgement on arrangements	Direction of travel
Financial sustainability	A No significant weaknesses in arrangements identified, but three improvement recommendations made.	No risks of significant weakness identified at the planning stage.	A No significant weaknesses in arrangements identified. No new improvement recommendations made, but two prior year improvement recommendations remain open.	↔
Governance	A No significant weaknesses in arrangements identified, but one improvement recommendation made.	No risks of significant weakness identified at the planning stage.	A No significant weaknesses in arrangements identified, but two improvement recommendations made.	↔
Improving economy, efficiency and effectiveness	A No significant weaknesses in arrangements identified, but three improvement recommendations made.	No risks of significant weakness identified at the planning stage.	A No significant weaknesses in arrangements identified, but three improvement recommendations made.	↔

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

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



Opinion on the financial statements



Audit opinion on the financial statements

We plan to issue an unqualified opinion on the Council's financial statements following the February 2025 meeting of the Audit & Governance Committee.

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

Grant Thornton provides an independent opinion on whether the 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;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24; and
- 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 October 2024, after the national deadline of 31 May 2024, but in line with audit agreement due to delays with the 2022-23 accounts audit.

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

Audit Findings Report

We will 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 & Governance Committee in February 2025. Requests for this Audit Findings Report should be directed to the Council.

Use of auditor's powers



We bring the following matters to your attention:

2023/24

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.

Value for Money Commentary on arrangements



The current local government landscape

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



National context

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

For Housing Revenue Accounts, inflation in recent years led to cost increases often outstripping rent rises. In the coming years, new legal duties on landlords are expected to increase costs further, without there necessarily being any additional funding to cover the new costs. At the same time, high construction prices are making it harder for councils to invest in the new accommodation which might have helped make savings in the revenue account, for example on temporary accommodation and homelessness. Housing Revenue Accounts are under further pressure due to regulatory challenges in housing quality in the light of national issues in respect of cladding and damp/mould issues.

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

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

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



Local context

Folkestone & Hythe Council (the Council) is a district council with a population of around 110,000 residents. Folkestone & Hythe covers a mix of urban, suburban, and rural communities, with the coastal town of Folkestone and the nearby Hythe being the major population centres. 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 the Overview and Scrutiny Committee and the Finance and Performance Scrutiny Sub-Committee, alongside working groups.

The Council has 30 councillors, and the Council is elected every four years. The most recent elections were in May 2023, followed by a May 2024 by-election. The Council has been in no overall control since 2019, with a minority administration of the Green Party and Liberal Democrats. The Folkestone & Hythe corporate plan, 'Creating Tomorrow Together (2021-2030) sets out the Council's vision over a nine-year period under the guiding principles of sustainable recovery; locally distinctive; greener; transparent, stable, accountable and accessible; working effectively with partners and continuous improvement. An updated version of the corporate plan is currently in draft. This sets out five key priorities for the coming years:

- A well-run, transparent and listening council that works closely with its partners.
- Improving people's health, wellbeing and sense of community.
- Building new homes and improving the quality of existing homes.
- Growing the economy in a sustainable way and creating opportunities for all.
- Addressing climate change and enhancing the natural environment and local character.

Financial sustainability (1)



We considered how the audited body:	Commentary on arrangements	Assessment
Ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>The Council underspent its revenue budget by £1.724m (6.4% of total revenue). This was due to a combination of management action to reduce expenditure, additional government grants and an underspend on interest. The previously agreed transfer from the general fund was all but wiped out by the underspend. As a result, the general fund is £5.623m at 31 March 2024. During the year, £2.809m of earmarked reserves were utilised, resulting in a final balance of £12.062m.</p> <p>The revenue underspend was mainly achieved because of the in-year capital underspend. £1.078m of the revenue underspend is from a lower funding of capital schemes from revenue, and at least some of the £1.9m favourable variance on interest payable is due to the same issue. The Housing Revenue Account (HRA) was also underspent by £1.8m, again predominantly due to slippage in the capital programme, which was underspent by a net £1.9m. The Council has a 30-year business plan in place governing the HRA.</p>	<p>Green</p> <p>No significant weaknesses in arrangements identified or improvement recommendation made</p>
Plans to bridge its funding gaps and identifies achievable savings	<p>The updated Medium-Term Financial Strategy (MTFS) that accompanied the 2024-25 budget paper agreed in February 2024 shows a balanced budget in 2024-25, a forecast deficit of £85k in 2025-26, £717k in 2026-27 and £1.982m in 2027-28. The Council has a history of not depending on large scale savings plans. Savings identified each year are incorporated into budgets and performance against budgets is monitored alongside normal budget monitoring. The programme identified some £2m of staff savings, achieved through releasing vacancies, early retirement, and redundancies. This meant that the focus was on ensuring priorities and outcomes were being delivered. Whilst a formal savings programme is not in place for 2025-26, the most recent forecast outturn (Q2 2024-25) shows a marginal overspend of £61k and the Council has also underspent against budget in recent years.</p>	<p>Green</p> <p>No significant weaknesses in arrangements identified or improvement recommendation made</p>
Plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>Although the Council has not embarked on the redesign of services, it has implemented a Transformation Programme and priority-based budgeting exercise, which required service managers to consider how services are delivered and the resourcing needed. The programme identified some £2m of staff savings, achieved through releasing vacancies, early retirement, voluntary redundancies and finally compulsory redundancies. These savings were across a wide range of services, not concentrated in any particular area. Savings are incorporated directly into budgets and therefore are monitored through the normal budgetary control process. The budget strategy for 2024-25 was presented to Cabinet in December 2023. Having implemented a Priority Based Budget setting approach it stated that at that stage a further £638k of savings needed to be identified for 2024-25 and £4.6m for the term of the MTFS (to 2027-28). Therefore, our prior year improvement recommendation in relation to managing the MTFS funding gap and reducing the reliance on reserves remains open, see page 28.</p>	<p>Amber</p> <p>No significant weaknesses in arrangements identified, but improvement recommendation from prior year remains open</p>

Financial sustainability (2)



We considered how the audited body:	Commentary on arrangements	Assessment
<p>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</p>	<p>The MTFS refers to several key corporate document including the Corporate Plan, the Capital & Investment Strategy and the HRA Business Plan. There were no significant inconsistencies between other planning documents and the MTFS, however the Council is in the process of drafting an updated Corporate Plan.</p> <p>The Council's 2023-24 capital outturn report noted that the expenditure of £15.878m was a £8.408m underspend against budget due to slippage of property related initiatives where external factors such as negotiations over price, conveyancing and planning impacted on the timing and final cost of schemes. In the prior year we recommended that the Council should closely monitor delivery of the capital programme to highlight slippage throughout the year and showcase how the overall programme supports the delivery of strategic priorities. The Corporate Plan is currently under review and the Council has identified financial and project reporting as an area of weakness. Therefore, this improvement recommendation remains open for 2023-24 whilst work is ongoing in this area – see page 28 for further detail.</p>	<p>Amber</p> <p>No significant weaknesses in arrangements identified, but improvement recommendation from prior year remains open</p>
<p>Identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans</p>	<p>Consideration of risks facing the Council is made as part of the budget setting process, including funding uncertainty and changes to economic conditions. Some organisational risks are outlined such as the delivery schedule for Otterpool Park. The potential financial risks posed by Otterpool Park LLP are referenced throughout the MTFS with a link provided to a recent Cabinet paper with further details.</p> <p>The MTFS outlines key development areas to address financial challenges including re-focusing priorities through a service review and improved ways of working; undertaking strategic investment; and completing a financial review of previous years' outturn and base budgets to ensure maximum value and financial discipline. In setting the 2024-25 budget the Council utilised a Priority Based Budgeting approach which allocated budget on the basis of highest priorities with savings targeted to those areas considered to be of lower priority, in a bid to eliminate unnecessary spending and challenge commitments and controllable costs. This was completed through budget meetings and Star Chambers.</p> <p>Reserve are held in order to mitigate risks within the budget. During 2023-24, general fund reserves reduced by £62k from £5.625m to £5.563m. This is a smaller reduction than originally budgeted for due to the in-year underspend. During 2023-24, £2.809m of net earmarked reserves were utilised, with the closing balance of earmarked reserves standing at £12.062m at 31 March 2024. The most recent update to Cabinet highlighted that as at Q2 2024-25, the level of earmarked reserves projected for discretionary/committed use by the Council at 31 March 2025 is £9.05m.</p>	<p>Green</p> <p>No significant weaknesses in arrangements identified or improvement recommendation made</p>

Governance (1)



We considered how the Audited Body: [Commentary on arrangements](#) Assessment

<p>Monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud</p>	<p>The Council has established arrangements for monitoring and assessing risk, alongside systems for gaining assurance over internal controls. Strategic risk management is robust, evidenced by substantial assurance ratings for the Corporate Risk Register and a comprehensive risk management framework, which includes an RAG-rated risk register overseen by the Audit & Governance Committee. Further work is needed on operational risk registers at service area level as processes around recording and escalating risks remain inconsistent and escalation routes to increase a risk from operational to strategic level remain unclear. However our discussions with the Council highlight that this is recognised and will be a priority in future months. We make an improvement recommendation on this point (see page 18).</p> <p>Improvement recommendation: The Council needs to embed directorate, and project risk management throughout the organisation. A clear process should be in place to properly identify, monitor and escalate risks at the operational level.</p> <p>The internal audit function, led by the East Kent Audit Partnership (EKAP) formed by the Council, Dover District Council, Canterbury City Council and Thanet District Council. EKAP prepares a risk-based work plan, supported by specific audit software, ahead of each financial year. The plan is based on an assessment of the Council’s risk register, Corporate Plan, wider consultation with senior officers and consideration of sector risks which represents good practice.</p> <p>The proposed Internal Audit plan is reviewed by the Audit & Governance Committee, who also receive regular updates on Internal Audit activity, and an annual report and opinion at year-end. For 2023-24, the Head of Audit is satisfied the Council largely complies with Corporate Governance guidance. EKAP completed 91.26% of the audit plan during the year, with 17 reviews completed by year-end. 71% of reviews concluded with substantial or reasonable assurance. In the prior year we highlighted that the Council should action the recommendations made as part of the internal audit review into Housing Planned Maintenance which provided ‘No Assurance’. The follow up took place in December 2023 and highlighted this has now moved to a Reasonable Assurance finding. EKAP recently underwent an external review which found that the service is delivering to a standard that “generally conforms” with the Public Sector Internal Audit Standards, comparing favourably with the sector. The partnership has provided substantial assurance over the Council’s corporate governance and internal controls.</p>	<p>Amber</p> <p>No significant weaknesses in arrangements identified, but improvement recommendation made</p>
<p>Approaches and carries out its annual budget setting process</p>	<p>The Council has an established and effective budget setting process involving Members, officers and stakeholders. The annual budget-setting process is also structured to ensure thorough alignment with strategic priorities. Directors and service managers collaborate using standardised templates and guidelines for consistency. Senior managers review and sign off on budgets before they reach Cabinet. The process includes scenario planning and links the annual budget to the MTFS, promoting financial resilience and continuity in long-term planning.</p>	<p>Green</p> <p>No significant weaknesses in arrangements identified or improvement recommendation made</p>

Governance (2)



We considered how the Audited Body: **Commentary on arrangements**

Assessment

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 Council can evidence that it monitors the financial position throughout the financial year, with quarterly reports presented formally to Cabinet on both Cabinet, Revenue, and Housing Revenue Account performance. Throughout 2023-24, the financial monitoring reports provided updates to Members on the economic outlook, the forecast outturn for the Council and the work being completed to review the Council's budget as part of the Priority Based Budgeting exercise. Any significant variances and impact on reserve balances were clearly outlined, which is good practice.

The finance team has undergone changes during the 2023-24 and 2024-25 years. This has led to an over-reliance on some members of staff for key processes and reporting, impacting the financial audit process and quality of the financial statements. This has had some impact on the financial audit process and the finalisation of financial statements for 2023-24. We make a recommendation for the Council to continue to support the development of the finance team to ensure that the appropriate skills and capacity are in place (see page 18). In the prior year we recommended that the Council improve financial reporting and ensure greater alignment between the capital programme and the corporate plan, this has been re-raised under financial sustainability in the current year, as it will help to ensure timely management information is made available and corrective action can be taken when needed.

Improvement recommendation: The Council should focus on strengthening its finance team in order to ensure key finance staff do not become single points of failure.

The Council commissioned Local Partnerships to conduct a Governance Review of Otterpool Park LLP to identify improvements in governance. The review found that the vision is well understood by Otterpool Park LLP, Council officers and politicians, but this needs to be backed up by a shared and detailed understanding of delivery needs and clarity on responsibilities. There were a number of recommendations raised to improve governance and mitigate risk, and the East Kent Audit Partnership has provided substantial assurance that the resulting action plan is progressing in line with agreed timelines.

Amber

No significant weaknesses in arrangements identified, but improvement recommendation made

Governance (3)



We considered how the Audited Body: **Commentary on arrangements**

Assessment

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

The Council has effective arrangements to support informed decision-making, fostering transparency and allowing for constructive challenge. The Overview and Scrutiny Committee effectively fulfils its delegated roles, collaborating closely with officers and aligning its forward plans with those of the cabinet, ensuring well-informed oversight. Furthermore, there is no evidence of an inappropriate “tone at the top”; Cabinet meetings and interactions with the wider Council indicate that decisions are reached with clear justifications, promoting a culture of accountability and transparency. These mechanisms enable effective challenge from governance bodies, such as the Audit & Governance Committee, supporting sound decision-making processes.

It must be noted that in June 2023, Members agreed to change from a Leader and Cabinet decision process to a committee system. Residents and businesses were invited to provide their views in both a public meeting and online survey in early 2024 and a Constitution Working Group was set up to discuss key areas of focus such as number of committees and areas of responsibility. The change to the governance system was due to be made in May 2024, however in January 2024, at a Full Council meeting, the decision was made to postpone the introduction of the change to May 2025, to provide more time to understand the changes involved.

As part of the transformation process the Council initiated a significant management restructure during 2023-24 and there has been continued implementation in 2024-25. As part of this we note changes to the responsibilities of the key directors, the recruitment of a new Chief Finance Officer at director level, and the transfer of Monitoring Officer responsibilities to the new Director of Strategy and Resources role. Our discussions with management have not indicated any adverse impact on the effectiveness of arrangements, however it will be important that the new senior team successfully embed and we will continue to monitor this process in 2024-25.

In 2023-24 the Council introduced a Corporate Governance Board into the governance structure to support and provide recommendations to the Corporate Leadership Team, drive improvements and improve the effectiveness of governance and compliance. Membership is mainly at the Chief Officer level and is chaired by the Director of Strategy & Resources. Meetings take place on a monthly basis and our discussions with officers have highlighted that this is a useful addition to the governance structure and has helped to push forward improvements and understanding throughout the year.

Green

No significant weaknesses in arrangements identified or improvement recommendation made

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

The Council has implemented clear arrangements to report on and ensure compliance with legislative and regulatory standards, as well as to communicate expected behaviours to staff and elected Members. Although the Council has a transparent complaints process, there are indications that it does not always function as effectively as intended. The Council have a Procurement Plan (2023–2028) and a contracts register in place, alongside the procurement rules set out in the Council’s Constitution.

Green

No significant weaknesses in arrangements identified or improvement recommendation made

Governance (4)



Areas for improvement

Risk management

The Council recognised that performance and risk management were sub-optimal and there was a lack of oversight and ownership in 2023-24. In April 2024 a new team was set up called the Governance, Performance & Risk Team, which includes Health & Safety, Corporate Complaints and Information Governance, with the aim of restructuring performance reporting around Directorates and their responsibilities. This was to help ensure a golden thread between directorate actions and reporting and the overall Corporate Plan and priorities. The next stage is to then embed risk into the culture of the organisation by aligning the performance management with risk management. Whilst there is a clear policy in place for corporate level risks, service level risk registers are not consistent or regularly updated, nor is there any risk management training for staff.

We have raised an improvement recommendation for the Council to focus on embedding risk management throughout the organisation. Although we are aware that the Council plans to begin work in this area towards the end of 2024-25, this was not in place during 2023-24.

Improvement recommendation 1: *Embed risk management throughout the organisation, beginning with consistent and regularly updated directorate and project risk registers, with a clear escalation route alongside appropriate mandatory training for all staff.*

Capacity

The finance team has undergone changes to senior management linked to the corporate management restructure, including the appointment of an interim s.151 officer at the start of the period and the departure of the deputy s.151 officer during 2024. This led to some pressure on the team with regards to preparation of financial statements and the capacity to respond to audit queries, and there is a potential risk to the team's resilience with key knowledge resting with a small number of people, including the interim s.151 officer. We note that at the time of writing this report, the Council has now appointed a new permanent s.151 at executive director level and they will be given the time and resources to consider further changes to the finance team to ensure the right skills and capacity are in place. We also note that a succession plan is in place to enable the transfer of knowledge. It will be important that finance team capacity and capability is reviewed promptly, that documents are kept and updated to safeguard knowledge transfer.

Improvement recommendation 2: *The Council should continue focus on strengthening the finance team and financial reporting processes, to ensure key finance staff do not become single points of failure.*

Improving economy, efficiency and effectiveness (1)



We considered how the audited body:	Commentary on arrangements	Assessment
<p>Uses financial and performance information to assess performance to identify areas for improvement</p>	<p>The Council has established regular reporting mechanisms, including quarterly financial and non-financial performance reviews to Cabinet and bi-annual updates to the Finance and Performance Scrutiny Sub-Committee. Performance is monitored against key service ambitions, with historical comparisons to gauge progress. However, budget and non-financial performance reporting are not yet integrated, and there is limited evidence of targeted improvement actions or benchmarking. During 2023-24 departmental performance management was not fully embedded, and further work is needed to align risk and performance management to provide a clear overview of service performance and improvement planning.</p> <p>Improvement recommendation: Financial and non-financial performance should be integrated in order to provide a comprehensive overview of Council performance.</p>	<p>Amber</p> <p>No significant weaknesses in arrangements identified, but improvement recommendation made</p>
<p>Evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>In the prior year we recommended that the Council should consider how it might reduce delays to comply with agreed recommendations resulting from complaints upheld by the Local Government and Social Care Ombudsman (LGSCO). Our review of the 2023-24 annual LGSCO letter highlighted that 100% of the recommendations were successfully implemented for 2023-24. It was also found that in a total of 5 upheld decisions in none of them did the organisation provide a satisfactory remedy before the complaint reached the Ombudsman. This highlights a weakness in the Council’s complaints process which must be remedied, therefore we have raised the following improvement recommendation:</p> <p>Improvement recommendation: The Council should ensure it has an effective complaints process in place including the provision of satisfactory remedies to reduce likelihood of referral to the Ombudsman. Addressing and resolving resident concerns in an effective manner can help to build trust, enhance service delivery and demonstrate a commitment to responsiveness and improvement.</p>	<p>Amber</p> <p>No significant weaknesses in arrangements identified, but improvement recommendation made</p>

Improving economy, efficiency and effectiveness (2)



We considered how the audited body:	Commentary on arrangements	Assessment
<p>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</p>	<p>The Council has established structured arrangements to fulfil its role within significant partnerships, such as the Community Safety Partnership. Regular multi-agency meetings, such as the weekly Community Safety Unit sessions, facilitate coordinated actions and ensure alignment with shared goals. The Council also uses tools like the Grants and Partnership Register to monitor and review the performance and contributions of various partners, providing an organised framework for assessing whether objectives are being met. This consistent engagement with stakeholders and periodic reviews of partnership activities help ensure that strategic goals remain on track and add value.</p> <p>The Council has kept significant partnerships under review to ensure they align with the strategic direction of the Council. In October 2023, the Cabinet made a key decision in relation to the strategic direction, funding and delivery of the Otterpool Park project delivered through Otterpool Park LLP. It was agreed that the changed economic context and operational environment required the Council to amend the delivery approach, in order to mitigate the potential financial and delivery risks associated with the Otterpool Park project. As a result, a Task & Finish group was set up to review future potential proposals and a Transition Plan was agreed to support Otterpool Park LLP over the following 12-18 months, within the overall budget already set aside for the project. In coming to this decision, a broad range of due of diligence and financial assessments were carried out including by external specialists. It is imperative that as the key capital programme develops that the governance arrangements are kept under regular review in order to ensure they are fit for purpose in allowing the Council to achieve the strategic objectives.</p>	<p style="text-align: center;">Green</p> <p>No significant weaknesses in arrangements identified or improvement recommendation made</p>
<p>Commissions or procures services, assessing whether it is realising the expected benefits</p>	<p>The Council has made changes to ensure it is ready for the new Procurement Act, however there are some current weaknesses in arrangements which will make this more difficult. Whilst there is a contract register in place, there is limited assurance over whether the register is complete, this poses risks to the Council in relation to its transparency obligations and overall financial assurance. The Internal Auditor previously identified weaknesses in contract management within Housing and Waste, although follow-up reviews resulted in assurance levels being raised to reasonable. The Internal Auditors are now completing an overall review of Procurement and Contract Management with results expected in 2025. The Council should ensure to action any recommendations raised in a timely manner, given the recent regulatory changes.</p> <p><i>Improvement recommendation: All officers should be aware of their obligations when it comes to procurement and contract management, and the Council needs to ensure there is a complete contract register and pipeline in place for all activity and that the priorities within the Procurement Strategy are fully understood and actioned. We recommend updated mandatory training to all officers in relation to procurement and contract management.</i></p>	<p style="text-align: center;">Amber</p> <p>No significant weaknesses in arrangements identified, but improvement recommendation made</p>

Improving economy, efficiency and effectiveness (3)



Areas for improvement

Performance reporting

The Council currently reports financial and non-financial performance separately. It would be beneficial to align reporting of Council performance at a point in time, to enable Members and the public to complete a comprehensive evaluation of both financial and operational aspects, allowing for more accurate assessment of overall effectiveness in achieving the Council's priorities, greater transparency and accountability. This could also enhance decision-making, particularly in relation to financial and resource allocation to allow for better alignment of resources with strategic objectives. The Council is also working towards greater alignment between performance reporting and risk management.

Improvement recommendation 3: *Financial and non-financial performance should be integrated in order to provide a comprehensive overview of Council performance. This can be presentation of each report at the same meetings, or in the form of a combined report.*

Procurement and contract management

In the prior year we raised a recommendation that the Council needed to fully action recommendations set out by Internal Audit in its housing contract management follow up review, as well as update the action plan with implementation timescales, and appropriate resources. The internal audit review identified deficiencies in procurement and contract management. Internal Audit is completing a review in 2024-25 of procurement and contract management with results expected in 2025. Our discussion with the procurement team highlighted that improvements were being made, however, given the incoming regulatory changes as a result of the Procurement Act, that wider understanding across the organisation of the responsibilities of contract managers in relation to procurement and contract management would be beneficial. This would also help support the procurement team in the pursuit of a complete and accurate contract register and procurement pipeline. Whilst both are currently in place, procurement activity and contract changes taking place at directorate level are not always communicated to the procurement team in a timely manner to allow the contract register and pipeline to be consistently and accurately updated. This could be improved by increased understanding and compliance from contract managers.

Improvement recommendation 4: All officers should be aware of their obligations when it comes to procurement and contract management, and the Council needs to ensure there is a complete contract register and pipeline in place for all activity and that the priorities within the Procurement Strategy are fully understood and actioned. We recommend updated mandatory training to all officers in relation to procurement and contract management.

Complaints

A comprehensive complaints department plays a crucial role in local government, serving as a vital mechanism for addressing resident concerns, improving service delivery, and fostering public trust. In the prior year we raised a recommendation that improvements in relation to compliance with the Local Government Social Care Ombudsman (LGSCO) recommendations needed to be made. The 2023-24 annual LGSCO letter highlighted that the Council had complied with actioning recommendations in 100% of cases, in line with our prior year improvement recommendation to reduce delays in compliance. However, the letter also highlighted that no satisfactory remedies were provided to complainants ahead of referral to the Ombudsman, therefore the Council should focus on improving the overall complaints process in a timely manner, as this highlights a weakness in the complaints process.

Improvement recommendation 5: The Council should ensure it has an effective complaints process in place including the provision of satisfactory remedies to reduce likelihood of referral to the Ombudsman. Addressing and resolving resident concerns in an effective manner can help to build trust, enhance service delivery and demonstrate a commitment to responsiveness and improvement.



Value for Money

Recommendations raised in 2023-24

Recommendations raised in 2023-24 (1)

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR1 Embed risk management throughout the organisation, beginning with consistent and regularly updated directorate and project risk registers, with a clear escalation route alongside appropriate mandatory training for all staff.	Improvement	Governance	Discussion with Governance, Risk & Performance Manager Risk Management Policy & Strategy 2025-26 Internal Audit reporting	Inadequate operational risk management can lead to: <ul style="list-style-type: none"> • Service disruption/ inefficiency • Financial loss • Legal/Compliance issues • Reputational damage • Safety concerns • Impact upon strategic decision-making 	Actions: Approve/implement new Risk Management Policy & Strategy (Apr-Jun 25); Align Directorate/Service risk registers to Service Plans and Performance reporting for 2025-26 (Apr-Jun); Integrate project and partnership risks into reports to CLT and A&G Committee (Jul-Dec 25); Initiate and roll-out training needs analysis and mandatory training for all staff (Jul 25-Mar 26) Responsible Officer: Jonathan Hicks Executive Lead: Ewan Green Due date: March 2026
IR2 The Council should continue focus on strengthening the finance team and financial reporting processes, to ensure key finance staff do not become single points of failure.	Improvement	Governance	Discussion with finance officers Discussion with financial audit team	Delays and quality issues in relation to financial reporting and audit processes.	Actions: Senior finance posts have been backfilled as they have arisen. Further recruitment will take place to cover the remaining senior vacant post. A review will be performed over existing structure by the incoming s151 officer to ensure resilience is built in by design. Responsible Officer: Lydia Morrison (to March 2025) / Alan Mitchell (from March 2025) Executive Lead: Lydia Morrison (to March 2025) / Alan Mitchell (from March 2025) Due date: December 2025
IR3 Financial and non-financial performance should be integrated in order to provide a comprehensive overview of Council performance. This can be presentation of each report at the same meetings, or in the form of a combined report.	Improvement	Improving economy, efficiency and effectiveness	Performance reporting Cabinet papers Discussion with Governance Risk & Performance Manager	Inadequate or inefficient decision-making due to a lack of sufficiently comprehensive information.	Actions: Align the scheduling of finance and performance reporting through CLT and committees; Consider including <i>'targeted improvement actions or benchmarking'</i> in reports and/or developing finance KPIs in Directorate Scorecard reports Responsible Officer: Jonathan Hicks/Smith Executive Lead: Ewan Green Due date: December 2025

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

Recommendations raised in 2023-24 (2)

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR4 All officers should be aware of their obligations when it comes to procurement and contract management, and the Council needs to ensure there is a complete contract register and pipeline in place for all activity and that the priorities within the Procurement Strategy are fully understood and actioned. We recommend updated mandatory training to all officers in relation to procurement and contract management.	Improvement	Improving economy, efficiency and effectiveness	Discussion with Procurement officer Internal Audit reporting	Inadequate understanding of procurement and contract management procedures could lead to: <ul style="list-style-type: none"> Lack of compliance with Procurement Act legislation Inefficient/delayed procurement processes Risk of fraud or corruption Poor contract performance Missed opportunity for efficient spending and value for money Ineffective supplier relationships 	Actions: Mandatory training will be rolled out in 2025/26 to take into account the new procurement regulations and refresh staff knowledge on responsibilities in relation to procurement. Responsible Officer: Ade Agboola Executive Lead: Lydia Morrison (to March 2025) / Alan Mitchell (from March 2025) Due date: December 2025
IR5 The Council should ensure it has an effective complaints process in place including the provision of satisfactory remedies to reduce likelihood of referral to the Ombudsman. Addressing and resolving resident concerns in an effective manner can help to build trust, enhance service delivery and demonstrate a commitment to responsiveness and improvement.	Improvement	Improving economy, efficiency and effectiveness	LGSCO Annual Letter	Inadequate complaints processes could lead to: <ul style="list-style-type: none"> Erosion of public trust Regulatory breaches Missed opportunities for improvement Escalation of issues to the LGSCO Financial penalties Reputational damage 	Actions: Approve/Implement new Complaints Policy (Apr-Jun 25); Establish cyclical reporting of complaints volumes/outcomes to CGB, CLT, and the 'Member Responsible for Complaints' (Apr-Jun 25); Complete and publish annual complaints report for 2024-25 (Jul 25); Publish and report on Council's compliance with LGSCO and HO complaints code (Jul-Sep 25) Responsible Officer: Gavin Edwards Executive Lead: Ewan Green Due date: October 2025

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

Appendices

Appendix A: Responsibilities of the Council

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

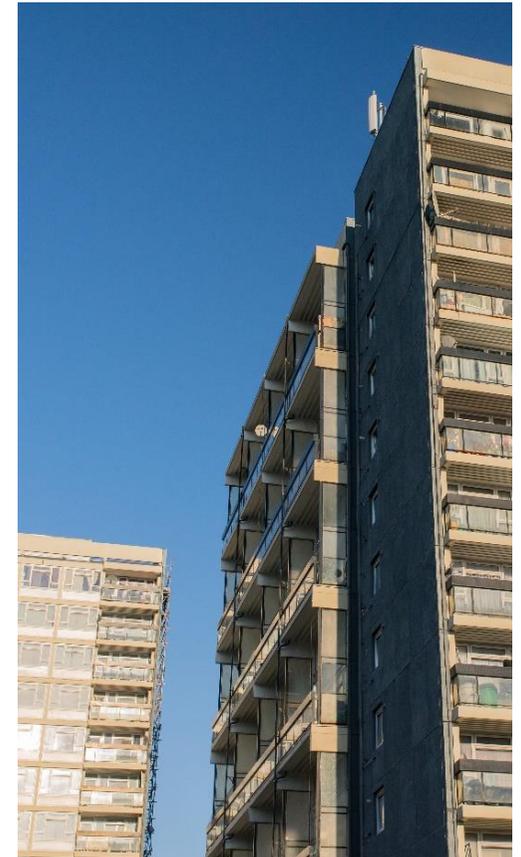
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records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

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

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

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

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



Appendix B: Value for Money Auditor responsibilities



Value for Money arrangements work

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

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

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

Financial Sustainability

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

Governance

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

Improving economy, efficiency and effectiveness

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

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

Phase 1 – Planning and initial risk assessment

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

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

Phase 2 – Additional risk-based procedures and evaluation

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

Phase 3 – Reporting our commentary and recommendations

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

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

Appendix C:

Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
1 The Council should consider plans for managing the MTFs funding gap that reduces reliance on the use of reserves, which should include plans for identifying and delivering further savings and efficiencies. There should be regular detailed ongoing monitoring of savings plans to highlight likelihood of delivering challenging savings targets. We recommend that quarterly budget monitoring reports contain detailed savings delivery updates.	Improvement	February 2024	Quarterly updates have continued to be provided to Cabinet throughout 2024-25. The Council introduced monthly management reporting for the Corporate Leadership Team in April 2024, which included savings targets (which are built into the revenue budget through the Priority Based Budget approach). However, there is still a gap over the medium-term and the Council has identified that reserves will be needed in future years, therefore the recommendation remains open.	No	Yes – improvement recommendation remains open
2 The Capital Programme supports delivery of strategic priorities. To strengthen the link between strategic priorities and the Capital Programme, the Capital Programme could be categorised by outcomes identified within particular Council Plan outcomes. This would demonstrate clearly how the Council is delivering Council Plan outcomes through the Capital Programme. The Council should continue to closely monitor delivery of the Capital Programme to highlight any slippage and provide an update for management actions to address under-delivery.	Improvement	February 2024	This has not yet been addressed as the Council are in the process of developing a new Corporate Plan for 2025 onwards.	Yes	Yes – improvement recommendation remains open

*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?
3 Formal reporting to Cabinet Members on sensitivity analysis and scenario planning, undertaken on key assumptions and estimates as part of the development of the annual budget and MTFS, would provide greater understanding and transparency to Members. Also, the Council should refine existing arrangements for identifying and monitoring MTFS saving plans to ensure planned savings are fully delivered or where circumstances change to affect deliver these are clearly reported, especially for those in relation to early intervention and demand management.	Improvement	February 2024	As part of the 2024-25 budget planning the Council introduced priority-based budgeting and through a programme of Star Chamber workshops reduced the cumulative funding gap to £2.8m. This included stress testing and scenario planning. The MTFS which was presented to Council highlighted that a stress testing exercise was executed annually to help ensure that the Council can constantly monitor a series of best and worst case scenarios to ensure robustness and understand the impact of variances in assumptions. In relation to savings the budget exercise has removed certain elements of expenditure from budgets through savings, therefore these are being monitored through the regular reporting. For 2025-26 the MTFS Appendix presented to Cabinet in December 2024 outlined revenue savings as removal in budget.	Yes	No
4 The Council should ensure the delivery of agreed follow up actions for the internal audit review of Housing Planned Maintenance Contracts.	Improvement	February 2024	The Internal Audit Opinion for 2023-24 highlighted that Internal Audit had completed a follow up review which showcased that the area has now been given a rating of reasonable assurance.	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?
5 The Council should consider how it might reduce delays to comply with agreed recommendations resulting from complaints upheld by the Local Government and Social Care Ombudsman (LGSCO).	Improvement	February 2024	The Annual Letter 2023-24 from the LGSCO highlighted that the Council had complied with actioning recommendations in 100% of cases, in line with our prior year improvement recommendation to reduce delays in relation to compliance. However no satisfactory remedies to the 5 upheld decisions were provided ahead of referral to the Ombudsman. This highlights a weakness in the complaints process which must be addressed and has been raised as a new improvement recommendation.	Yes	Yes – superseded by new improvement recommendation.
6 The Council should ensure that it reviews lessons learnt from the recent Ofsted inspection on levy-funded apprenticeships, to ensure effective management of changes and improvements.	Improvement	February 2024	The scheme was closed in September 2024.	N/A	No
7 The Council should fully action recommendations set out by Internal Audit in its Contract Management follow up review, and that the action plan should have implementation timescales, and appropriate resources in place to manage these processes.	Improvement	February 2024	The Internal Audit report was focussed on procurement and contract management improvements within the Housing team. Our discussion with the procurement team has highlighted that improvements have been made or are ongoing and that the Housing team have been aligning their contracts to the financial year in order to ensure budgetary figures align with contract values. EKAP in their role as Internal Auditors have begun undertaking a review of Procurement & Contract Assurance which is a work in progress due to be finalised in 2025.	Partly	Pending the results of the Internal Auditor, the Council should ensure that all recommendations have been actioned.

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

