

Brighton and Hove City Council

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

3 January 2025 - Final



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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 Brighton and Hove City 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. 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 and are bringing forward our 2024 reporting in advance of the Code change. Our recommendations and management responses are summarised in the section starting on page 28.



Financial sustainability

Financial sustainability has remained a significant challenge for the local government sector. Councils have continued to see an increase in demand for social services, both adults and children's services, as well as homelessness. The Council has not been immune to these challenges and in 2023/24 the financial pressures have continued, with initial outturn information at the start of the year forecasting a revenue overspend. However, through strong financial control and one-off measures the Council was able to successfully reduce the forecast overspend and delivered a revenue underspend of £2.3m. The financial pressures remain for 2024/25, with a savings requirement of £23.73m and a budget gap of £49.5 m from 2025/26 to 2027/28.

The Council, unlike many Councils across England does not have a Dedicated Schools Grant deficit within its high needs block, however, within the school's block 33 out of 61 schools overspent in 2023/24.

The Council has three key financial risks that if they materialised could have a significant impact on the Council's financial sustainability in the short to medium term. These are the budget gap for 2025/26 and the risk that sufficient savings cannot be found to meet that gap, the risk of Brighton i360 following the announcement of its administration, and the risk of a future successful equal pay claim. The Council's reserves remain low at £8.2m as of 31 March 2024, general fund reserves are considered by the Council to be at a minimum sustainable level and are not sufficient to be able to mitigate any overspends, lack of delivery of planned savings and the potential materialisation of these key risks. We are aware that Brighton i360 has now closed and the Council plan to undertake an investigation.

Whilst the Council has some longer-term savings programmes such as improving housing supply to reduce Temporary Accommodation pressures, developing Family Hub preventative support, and investing in digital services, the focus in 2023/24 remained on the short term, managing the in year financial overspend, through one-off measures. These short-term measures are not sustainable. The financial information for 2024/25 also currently forecasts an overspend of £7.329m, with 19% of the planned savings at risk. Based on the action taken in 2023/24 and the financial risks and pressures faced in short to medium term the Council is not yet in a sustainable financial position. Therefore, the significant weakness identified in 2022/23 continues to be applicable to 2023/24, as does the key recommendation as set out on page 8. We have also raised four improvement recommendations, see page 20.



Governance

Throughout 2023/2024 the Council operated under a committee system and following agreement by Full Council moved to an Executive decision-making model from May 2024.

The Council had systems in place to identify and manage risks, prevent and detect fraud. However, following a number of allegations raised through the whistleblower process an independent review was undertaken on the behaviours and activities within the City Clean Service (waste and recycling). The review confirmed that the standards of employee's behaviour was below expectations and an apology was issued by the Council. The review raised a number of recommendations, all of which were accepted by the Council and an action plan was also presented to the Strategy, Finance and City Regeneration Committee in January 2024.

For these reasons we have concluded there is a significant weakness in arrangements and have raised a key recommendation on page 9. We have also raised two improvement recommendations, see page 24.

Executive summary



Improving economy, efficiency and effectiveness

Throughout 2023/24 the Council has continued to work and develop effective working relationships with its key partners. Procurement services are delivered through the Orbis partnership.

During 2023/24 the Council monitored its performance against its Council Plan and agreed priority outcomes based on a set of agreed Key Performance Indicators. The Council demonstrated both good service performance as well as areas that require significant improvement. The Council received an overall rating of 'outstanding' by Ofsted for its Children's Services, an improvement from the previous 'Good' rating. However, in August 2024 the Social Housing Regulator concluded that there were serious failings in the Council's landlord functions for its social housing. It did not deliver all the required outcomes and issued a C3 rating. These failings had developed over a numbers of years and included:

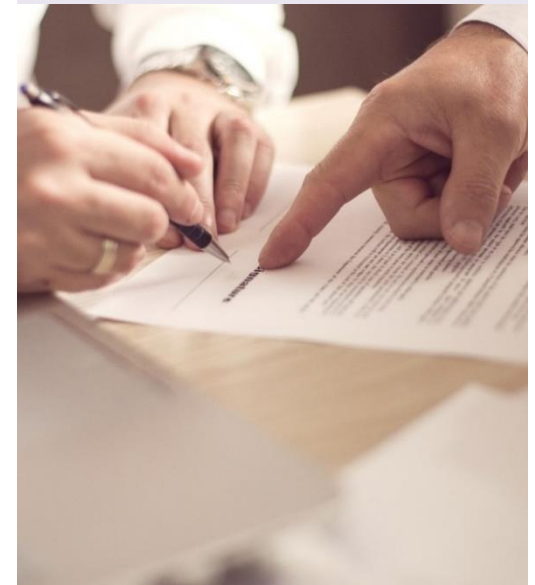
- electrical safety requirements
- legal requirements for smoke detectors in all homes
- providing an effective, efficient, and timely repairs and maintenance service for its homes.

The Council has developed an action plan and is working with the Social Housing Regulator to improve arrangements. However, these current position indicates a significant weakness in arrangements to ensure the Council manages improving economy, efficiency and effectiveness. We have raised a key recommendation on page 10.

We have also raised two improvement recommendations, see page 27.



We have substantially completed our audit of your financial statements and we expect to issue an unqualified audit opinion on agreement of the key recommendations in this report with management and ahead of the finalisation and presentation of this report to the next meeting of Audit, Standards and General Purposes Committee. Our findings are set out in further detail on page 12.



Executive summary (continued)



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

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2023/24 is the fourth year that these arrangements have been in place. 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. This report has been issued as an interim report until the completion of the audit of the financial statements. This has been delayed as the Council is seeking third party advice on the recent equal pay claims it has received. The outcome of this work should enable us to issue a final report but may also result in us reevaluating our conclusions.

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	R Significant weakness in arrangements identified and key recommendation and two improvement recommendations raised.	A risk of significant weakness was identified as part of our audit planning.	R The significant weakness in arrangements for financial sustainability remains and the key recommendation was amended to reflect current arrangements, see page 8. We also raise four improvement recommendations.	↔
Governance	A No significant weaknesses in arrangements identified but two improvement recommendations raised.	No risks of significant weakness were identified in our audit plan, but a significant weakness was evident following the independent review of the arrangements at City Clean.	R A significant weakness in governance arrangements was identified, relating to the internal control, standards and behaviour of staff within the City Clean Service. A key recommendation has been made on page 9. We also raise two improvement recommendations.	↓
Improving economy, efficiency and effectiveness	A No significant weaknesses in arrangements identified but two improvement recommendations raised.	No risks of significant weakness were identified in our audit plan, but a significant weakness was evident following the issue of the Social Housing Regulator report in August 2024.	R Significant weakness in arrangements in relation to its social housing compliance with the Social Housing Regulator standards. A key recommendation has been made on page 10. We also raise two improvement recommendations.	↓

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.

Executive summary (continued)



Significant weakness identified in Financial Sustainability 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.

We reported in our 2022/23 Auditors Annual Report that a significant weakness in financial sustainability remained and have concluded that the significant weakness remains for 2023/24.

Whilst the Council has begun to take action and delivered an underspend in 2023/24, the focus in 2023/24 has remained on the short term, with managing the in year financial overspend through one-off measures. The financial pressures remain within 2024/25. The Council needs to deliver savings of £23.73m in 2024/25 and has a budget gap of £49.5 m from 2025/26 to 2027/28. At month 2 the Council forecast an overspend of £10.137m and 27% of the planned savings were at risk (£6.4m).

The Council has three key financial risks that if they materialised could have a significant impact on the Council's financial sustainability in the short to medium term. These are the budget gap for 2025/26 and if sufficient savings can be found to meet that gap, financial risks relating to Brighton i360, and the risk of a future successful equal pay claim.

The Council also does not have good level of reserves on which it can rely upon to mitigate its financial risks, currently general fund reserves stands at £8.2m (including the £2.3m 2023/24 underspend) and are not sufficient to be able to mitigate any overspends, lack of delivery of planned savings and the materialisation of any additional short to medium term key risks.

Based on the work undertaken and evidence reviewed, we are not satisfied that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2023/24. We have therefore identified a significant weakness in arrangements and raise the following key recommendation.

Key recommendation 1

The Council must urgently implement its step changes in strategy to secure financial sustainability.

The Council is now in a position where it must consider a re-alignment of priorities to coincide with securing financial sustainability. This may involve making politically unattractive or undesirable decisions in the interest of the Authority's future viability.

The Council must put effort toward exploring all opportunities for increasing income from fees and charges, potential fundraising opportunities, service transformation which may include significantly drawing back services to the statutory minimum, revision of policy priorities to ensure alignment with financial sustainability, reallocation of earmarked reserves, asset sales and alternative means of cost avoiding or income generating in order to bridge the 2025/26-2027/28 budget and address the currently forecast overspend for 2024/25.



Executive summary (continued)



Significant weakness identified in Governance arrangements

In January 2023 following a number of allegations raised through the whistleblower process an independent review was commissioned on the staff behaviours and activities within the City Clean Service (waste and recycling). The review was undertaken by a King's Counsel (KC). The review was completed in November 2023 and reported to the Strategy, Finance and City Regeneration Committee in January 2024. The review confirmed *'the working environment could fairly be described as toxic'*. The review alleged a range of inappropriate behaviours including shouting, screaming and swearing at managers, sexual harassment, racist language and undermining training so that staff considered that they did not need to attend. Findings relating to individuals were not made, but the report was *'satisfied that this type of behaviour had occurred'*.

The review raised a number of recommendations, all of which were accepted by the Council and an action plan was also presented to the Strategy, Finance and City Regeneration Committee in January 2024, along with the KC review.

Progress has been made in 2024/25 to implement the recommendations and members have been kept informed through informal meetings. A detailed progress report has not been presented to Cabinet in a public meeting. This would be beneficial to demonstrate that the Council is open and transparent about the progress made to date. We recognise that cultural change will require time to implement and embed.

Based on the work undertaken and evidence reviewed, we are not satisfied that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2023/24. We have therefore identified a significant weakness in arrangements and raise the following key recommendation.

Key recommendation 2

The Council should:

- formally report to members on the progress to date on the recommendations raised by the KC report on the City Clean Service
- undertake a lesson learnt exercise to establish why these behaviours were able to go unchecked for so long and if improvements might be applicable to other service areas.



Executive summary (continued)



Significant weakness identified in Improving Economy, Efficiency and Effectiveness arrangements

In August 2024, the Social Housing Regulator concluded that there were serious failings in the Council's landlord functions of its social housing. It did not deliver all the required outcomes and issued a C3 rating. The report identified the following failures:

- to meet electrical safety requirements, with around 3,600 homes left without a current electrical condition report
- lack of evidence of a current electrical safety certificate for over 600 communal areas
- unable to evidence that it is meeting the legal requirements concerning smoke detectors for all of its homes
- more than 600 properties where a water risk assessment is required but has not been completed
- over 1,700 medium and low-risk fire remedial actions, the majority of which are overdue by at least 2 years
- to provide an effective, efficient, and timely repairs service, the Council reported a backlog of around 8,000 low risk, low priority repairs, the majority of which were raised in 2023, however some date back to 2021.

The Council needs to work with the Social Housing Regulator to address the issues raised. Enforcement action has not been taken by the Regulator to date but could potentially still take place if the Regulator felt sufficient actions were not being implemented.

Based on the work undertaken and evidence reviewed, we are not satisfied that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2023/24. We have therefore identified a significant weakness in arrangements and raise the following key recommendation.

Key recommendation 3

The Council should address the failings raised by the Social Housing Regulator, including:

- electrical safety requirements
- meeting legal requirements for smoke detectors in all homes
- providing an effective and efficient, and timely repairs and maintenance service for its homes.

Progress should be reported to Cabinet in a public meeting, every six months.



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 audit opinion on agreement of the key recommendations in this report with management and ahead of the finalisation and presentation of this report to the next meeting of Audit, Standards and General Purposes 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 Councils 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/LASAC 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.

Our work in completing the audit identified 5 adjustments to the financial statements that have resulted in a £9.7m credit adjustment to the Council's Comprehensive Income and Expenditure Statement. These had no impact on the level of the Council's useable reserves. 1 of these adjustments was above our materiality; this related to the downwards revaluation of 8 blocks of apartments in the Council's housing which were surveyed and identified as having Large Panel Systems (LPS) which would indicate that major works are required for compliance regarding Health & Safety, Building Safety and Fire Safety. There were also a number of other more minor misclassification and disclosure amendments agreed from our audit work. We reviewed the adjusted accounts and we were satisfied that all agreed adjustments and other amendments to the accounts identified during the audit had been accurately/correctly made.

We also raised a recommendations for management to review the process in which the reporting of events/transactions for significant capital programmes is carried out, which was agreed by management.

Audit Findings Report

We reported the detailed findings from our audit in our Audit Findings Report to the Council's Audit, Standards and General Purposes Committee on 24 September 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 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>This may be subject to change pending the completion of the financial statements audit.</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.

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.

Given the general election that took place on 4 July 2024 any changes to government policy relating to the sector are at present uncertain.

Local context

Brighton and Hove City Council is a unitary council formed in 1997 with an estimated population of 279,600 residents (ONS 2024). It experienced a population growth of 1.4% since 2011; note England's population grew by 6.6% in that time. It has the highest proportion of people aged between 19 and 31 years (23%) in the South-East. However, Brighton and Hove saw an increase of 9.5% in people aged 65+ and a decrease of 22% in children under 4 years from 2011 to 2021. The Council covers approximately 33.8 square miles, containing some of the densest neighbourhoods in England.

Pupils within the Council area continue achieving higher grades year-on-year, with 52% achieving grades 5 and above (GCSEs) in 2024 (above national average). The unemployment rate reported on May 2024 is 3.9%, which is higher than the national average of 3.7%.

Throughout 2023/2024 the Council operated under a committee system and following agreement by Full Council moved to an Executive decision-making model from May 2024.

The Council has 54 councillors, and the Council is elected every four years. The most recent elections were in May 2023 where Labour gained a majority of 37 councillors. This followed a period of no overall control, which meant that difficult decisions and long-term planning were on occasions overlooked and not prioritised.

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

2023/24 has been a challenging year for the Council and from an early stage the Council was forecasting a revenue overspend. However, through strong financial control and one-off measures the Council was able to reduce the forecast overspend and delivered a revenue underspend of £2.3m.

Reserves remain low at £8.2m as of 31 March 2024, although the Council has been able to increase its general fund reserves by £2.3m (the underspend). General fund reserves are considered by the Council to be at a minimum sustainable level.

The Council is fortunate, unlike many Councils across England to not have a Dedicated Schools Grant deficit within its high needs block, which is a national issue experienced by many other councils and carried forward a small underspend of £1.3m to 2024/25. However, there are concerns within the school's block with 33 out of 61 schools overspending in 2023/24. These overspends are as a direct result of reducing pupil numbers and this issue needs to be addressed. We have raised an improvement recommendation on page 20: **The Council should continue to work with schools to address school deficits and overspending across the DSG schools' budget.**

The Council has a Medium Term Financial Strategy (MTFS) which covers four years. The MTFS included the financial pressures faced by the Council and the budget gaps. These financial pressures and gaps were updated in the budget and the 2024/25 budget identified a budget gap of £49.5m (2025/26 - 2027/28), with £23.73m of savings required in 2024/25..

We also considered the implications of the Council providing a loan to Brighton i360 and the financial pressures resulting from non-payment of the loan. To date i360 have only repaid £900k of a £50.5m loan. Whilst the Council is able to manage this financial pressure, we are aware that this information has not been provided to members in a public meeting, with the last meeting being in February 2023 to the Policy and Resources Committee. We have raised an improvement recommendation on page 20: **Given the Brighton i360's challenging financial position, the future financing of the operation and its impact on the Council's financial position should be reported to Members as soon as practicably possible.**

Recent media coverage has alerted the Council to a potential equal pay claim. The Council has since received 500 equal pay claims, but the potential risk has yet to be quantified. The Council has consistently assessed any potential areas of equal pay risk, has resolved known risks and has provided ongoing briefings on risks to previous and current administrations. The Council is of the view that the current claims are all defensible, but has made a assessment of the potential quantum should the claimants view be correct. The issue now requires KC legal advice for the Council to fully understand the potential risk posed. We have raised the following improvement recommendation on page 20: **Having received 500 equal pay claims in relation to the recent media coverage, the Council should seek to establish the potential legal and financial risks posed by the claims, if any.**

A

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

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.

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

The savings requirement of £23.73m in 2024/25 and the budget gap of £49.5 m from 2025/26 to 2027/28 is a significant challenge for the Council. This savings requirement is far greater than previous years, where the requirement was £14.173m in 2023/24 and the Council delivered £10.228m (72%).

Whilst the Council has begun to take action and delivered an underspend in 2023/24, the focus in 2023/24 remained on the short term, managing the in year financial overspend, through one-off measures such as vacancy freezes. We consider that these short term measures are not sustainable.

At month 2, the latest financial performance information reported in July 2024, the Council forecasted an overspend of £7.329m, with 19% of the planned savings at risk (£6.4m) at the end of 2024/26.

Financial uncertainty remains in the short to medium term for the Council, as the Council faces three key risks, the 2025/26 budget gaps and the risk that sufficient savings cannot be found to meet that gap, the risk that Brighton i360 poses following its announcement of its administration, and the risk of a future successful equal pay claim. The materialisation of these risks individually or collectively could present a significant financial challenge for the Council.

Whilst some difficult decisions are beginning to be made in 2024/25 the financial challenge remains, and the Council is not yet in a sustainable position. It is for this reason that we consider that the significant weakness identified in 2022/23 still holds, as does the key recommendation, see page 9.

As noted on the previous slide the Council does not have a sufficient level of reserves on which it can rely upon to mitigate the risks and provide a safety net to meet any shortfall.

The Council had an annual savings plan and a modernisation programme. The modernisation programme includes a range of projects and programmes. It is unclear which modernisation programmes/projects are included within the annual savings plan. The savings plan and modernisation programme were managed and reported separately, and the Council lacks an overarching approach. We have raised the following improvement recommendation: **The Council should develop an overarching approach which brings together its savings plans, covering more than one year and includes the Council's modernisation activities to ensure a focus on delivery of cashable savings.**

R

plans to bridge its funding gaps and identifies achievable savings

- 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.

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

<p>plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>	<p>The Council’s financial update, including its medium term financial strategy and annual budget set out the Council’s anticipated planned financial position. These documents set out the processes the Council has followed to ensure alignment with the Council Plan and the new administration.</p> <p>The Council clearly set out its medium term financial projections for 2024/25 to 2027/28, the cost and demand pressures across its services and how these pressures would need to be met.</p> <p>Dialogue and discussions were held with members during the budget setting process to ensure alignment with the Council Plan, but also to ensure understanding of what was possible within the current financial position.</p>	<p>G</p>
<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 Treasury Management Strategy and the Capital Strategy were agreed at the same time as the budget ensuring that they were consistent with the Council's financial plans and reviewed by the Strategy, Finance and City Regeneration Committee prior to the Full Council in February 2024.</p> <p>We consider that the financial plans are consist with the Council other key strategies.</p>	<p>G</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>The Target Budget Monitoring (TBM) reports were presented to members at month 2, 5, 7. These reports clearly set out the risks and the short term, one-off actions that were required to mitigate and reduce the forecast overspends. The reports indicated where more robust financial controls were required and clear instructions were issued to the Directorates, as to what was required of them. As a result, the Council were able to deliver a small underspend at the end of the year.</p>	<p>G</p>

- 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.

Financial sustainability



Significant weakness identified

On page 17 we identified a significant weakness in arrangements remains in place for 2023/24. Although we recognise that progress has begun as follows:

- a review of fees and charges – however, this has not delivered the additional income as was hoped
- a review of the capital programme, resulting in the removal of some capital projects, such as the Warmer Homes Programme
- the set up of Star Chambers to review and challenge savings proposals.

In 2024/25 the Council intends to reduce its full time equivalents (FTEs, staffing numbers) by 186, 41 FTEs of which relate to a savings of £2.5m for a management restructure. This restructure is delayed. The Council did not allow appropriate lead times to complete the exercise. The Council has not reported how many of the remaining FTEs (145) remain outstanding.

Key Recommendation 1 – The Council must urgently implement its step changes in strategy to secure financial sustainability, ensure savings included within the budget are based upon realistic and achievable savings and allow for lead in times.

The Council is now in a position where it must consider a re-alignment of priorities to coincide with securing financial sustainability. This may involve making politically unattractive or undesirable decisions in the interest of the Authority's future viability.

The Council must put effort toward exploring all opportunities for increasing income from fees and charges, potential fundraising opportunities, service transformation which may include significantly drawing back services to the statutory minimum, revision of policy priorities to ensure alignment with financial sustainability, reallocation of earmarked reserves, asset sales and alternative means of cost avoiding or income generating in order to bridge the 2024/25 budget gap (and subsequent medium term gap) and address the currently forecast overspend for 2024/5.

Financial sustainability



Areas for improvement

The Council is beginning to see an increasing number of schools which are overspending on their individual schools' budgets. In 2023/24 within the Dedicated Schools Grant (DSG) - school's block, 33 out of 61 schools were overspent. These overspends were as a direct result of reducing pupil numbers.

Improvement recommendation 1: The Council should continue to work with schools to address school deficits and overspending across the DSG schools' budget.

The Council first provided a loan to Brighton i360 Ltd of £36.22m in 2014, this has now increased to £50.535m, as a result for non-payment, interest and novation of the Local Enterprise Partnership (LEP) loan of £4.06m. Although it should be noted that the amount owed and being repaid to the PWLB is significantly lower, £16.045m at the end of 2023/24. The Council has been working with the Board of Directors to renegotiate the payment schedule, however, Brighton i360 Ltd has continued to struggle financially.

Loan repayments have been limited to:

- £700k in June 2022
- £50k in Feb 2023
- £200k in June 2023.

The last report taken to members was in February 2023 to the Policy and Resources Committee. Informal meetings have been held with the Leader and Deputy Leader along with the i360 Board. Whilst the Council is able to manage this financial pressure, we are aware that this information has not been provided to members in a public meeting.

Improvement recommendation 2: Given the Brighton i360's challenging financial position, the future financing of the operation and its impact on the Council's financial position should be reported to Members as soon as practicably possible.

The Council has previously received and appropriately responded to equal pay claims. Recent media coverage has alerted the Council to potential equal pay claims and has received 500 equal pay claims which it is considering and taking advice on.

Improvement recommendation 3: Having received 500 equal pay claims in relation to the recent media coverage, the Council should seek to establish the potential legal and financial risks posed by the claims, if any.

The Council had an annual savings plan which was agreed as part of the 2023/24 budget setting process and also has a modernisation programme. The modernisation programme includes a range of projects and programmes. Each of which requires approval through submission of a business case, investment funds are available and if cashable saving were to be delivered these should have been included within the savings plan. However, it is unclear if these have all been included within the annual savings plan. The savings plan and modernisation programme are being managed and reported separately and the Council lacks an overarching approach.

Improvement recommendation 4: The Council should develop an overarching approach which brings together its savings plans, covering more than one year and includes the Council's modernisation activities to ensure a focus on delivery of cashable savings.

Governance



We considered how the Audited Body:

Commentary on arrangements

Assessment

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

The Council has a Risk Management Framework approved by the Audit and Standards Committee. Oversight and assurance of the risk management arrangements is provided by the Audit and Standards Committee. The strategic risks were reviewed by the Audit and Standards Committee in January 2024. Individual risks were reviewed by specific committee to which they applied throughout the year.

The Internal Audit and the counter fraud service is provided by the Orbis partnership. Regular reports and updates were provided to the Audit and Standards Committee. The Head of Internal Audit Opinion for 2023/24 provided partial assurance that the Council had an adequate and effective framework of governance, risk management, and internal control.

In January 2023 following a number of allegations raised through the whistleblower process an independent review was commissioned on the behaviours and activities within the City Clean Service (waste and recycling). An independent review was undertaken by a King’s Counsel (KC). The review was completed in November 2023 and reported to the Strategy, Finance and City Regeneration Committee in January 2024. The review confirmed that ‘*the working environment could fairly be described as toxic*’. The review alleged a range of inappropriate behaviours including shouting, screaming and swearing at managers, sexual harassment, racist language and undermining training so that staff considered that they did not need to attend. Findings relating to individuals were not made, but the report was ‘*satisfied that this type of behaviour has occurred*’.

The review raised a number of recommendations, all of which were accepted by the Council and an action plan was also presented to the Strategy, Finance and City Regeneration Committee in January 2024. These inadequate arrangements have had an impact on staff within the service and are likely to have had an impact on the quality of the service. The Council has not had effective arrangements in place to address the culture and behaviours in place within the City Clean Services during 2023/24 and consider this to be significant weakness in arrangements. We have raised a key recommendation: on page 9: **The Council should:**

- *formally report to members on the progress to date on the recommendations raised by the KC report on City Clean Service*
- *undertake a lesson learnt exercise to establish why these behaviours were able to go unchecked for so long and if improvements might be applicable to other service areas.*

R

- 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.

Governance



We considered how the Audited Body:

Commentary on arrangements

Assessment

approaches and carries out its annual budget setting process

The Council had an iterative process for setting the 2024/25 budget which began in July 2023 that resulted in a balanced budget being set by Full Council in February 2024. In order to identify savings for its significant savings target the Council worked with Directorates to reduce costs, identify additional income and savings, both through efficiencies and service redesign. Members were kept informed through presentations and workshops prior to discussions and decisions at formal committees.

Consultation with residents and local business on the 2024/25 budget and savings has been limited to publication of budget papers and information on the Council's website. Therefore, we have raised an improvement recommendation: ***The Council should ensure that it consults with residents and businesses as part of the budget setting process.***

A

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's budget monitoring procedures provided members with a clear understanding of the forecast year-end position, the financial challenges and action required. As a result, the Council was able to identify and take mitigating actions to curb its forecast overspend. The Target Budget Monitoring reports (TBM) and accompanying appendices were comprehensive and enabled members to challenge performance and provide a clear picture of the financial position, both capital and revenue. The dashboards also provide an alternative way to view the information.

G

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

In March 2024 Full Council agreed to move to a Cabinet model of governance. Throughout 2023/24 key decisions were either made by Full Council or one of the following:

- Children, Families and Schools Committee
- Housing and new Homes Committee
- Strategy, Finance and City Regeneration Committee
- Transport and Sustainability Committee.

We consider that sufficient detailed papers were provided to enable informed decisions, but that the inclusion of a summary key risks would be beneficial to improve decision making. We have raised an improvement recommendation: ***The Council should consider introducing a summary of the key risks within Cabinet and committee reports.***

A

- 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.

Governance



We considered how the Audited Body:

monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour

Commentary on arrangements

The Council's constitution contains a range of key documents which set out the expected standards and behaviours for officers and members, such as the Member Code of Conduct and the Code of Corporate Governance. The constitution also includes policies for managing conflicts of interest, anti-fraud, bribery, corruption, and whistleblowing.

Standing orders and financial regulations are in place to prevent prejudice, bias, or conflicts of interest.

On page 21 we raised concerns about the behaviour of staff within the City Clean Service. We have raised a significant weakness and key recommendation on page 9 and as a result we have not raised an additional key recommendation here.

Assessment

G

- 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.

Governance



Areas for improvement

The budget papers set out the community engagement and consultation undertaken on the 2024/25 budget. A range of different things were undertaken, such as general information and advice on the Council's website, publishing its budget online to enable questions and comments prior to budget approval and FAQs on the web page. There were also a range of meetings with staff and trade unions to discuss emerging proposals which will impact of employees as well as meetings with schools' forum on 15 January and the voluntary sector on the 22 January 2024. However, public consultation has not been undertaken on the 2024/25 budget including the proposed savings.

Improvement recommendation 5: The Council should ensure that it consults with residents and businesses as part of the budget setting process.

In order to enable members to make effective decisions it is important that they receive sufficiently detailed papers to ensure appropriate challenge and debate can be undertaken. During our work we considered the papers provided to committees and found that key risks are not routinely provided and if they are, they would be included with the detail of the report and are not easy for the decision maker to identify.

Improvement recommendation 6: The Council should consider introducing a summary of the key risks within Cabinet and committee reports.

Improving economy, efficiency and effectiveness



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 used benchmarking to assess the performance of the Council in comparison to other local authorities, using CIPFA nearest neighbours.</p> <p>During 2023/24 the Council monitored its performance against its Council Plan and agreed priority outcomes based on a set of agreed Key Performance Indicators (KPIs). The KPIs for 2023/24 were set in July 2023 and for 2024/25 in July 2024.</p>	<p>G</p>
<p>evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>The Council has both good service performance as well as areas that require significant improvement. In 2023/24 the Council received an overall rating of 'outstanding' by Ofsted for its Children's services, an improvement from the previous 'Good' rating. However, in August 2024 the Social Housing Regulator concluded that there were serious failings in the landlord delivering the outcomes of its consumer standards and issued a C3 rating. The report identified the following failures:</p> <ul style="list-style-type: none"> • to meet electrical safety requirements, around 3,600 homes without a current electrical condition report • lack of evidence of a current electrical safety certificate for over 600 communal areas • unable to evidence that it is meeting the legal requirements concerning smoke detectors for taken but its homes • more than 600 properties where a water risk assessment is required but has not been completed • over 1,700 medium and low-risk fire remedial actions, the majority of which are overdue by at least 2 years • to provide an effective, efficient, and timely repairs service, the Council reported a backlog of around 8,000 low risk, low priority repairs, the majority of which were raised in 2023, however some date back to 2021. <p>The Council needs to work with the Social Housing Regulator to address the issues raised, enforcement action has not been taken but could be taken if required.</p> <p>The Council did not have proper arrangements in place to assess performance in relation to its social housing and address under performance. This is a significant weakness in arrangements, and we have raised a key recommendation on page 10: <i>The Council should address the failings raised by the Social Housing Regulator, including:</i></p> <ul style="list-style-type: none"> • <i>electrical safety requirements</i> • <i>meeting legal requirements for smoke detectors in all homes</i> • <i>providing an effective and efficient, and timely repairs and maintenance service for its homes.</i> 	<p>R</p>

- 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.

Improving economy, efficiency and effectiveness



We considered how the audited body:

Commentary on arrangements

Assessment

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 has identified its strategic partnerships and has mapped out these partnerships including its thematic partnerships, of which there are 12 partnerships, such as the Community Safety Partnership, the Transport Partnership as well as the City Management Board. The thematic partnerships are included within its Annual Governance Statement. The Council has included individual partnerships within its Council Plan and where they are viewed to contribute towards its strategic outcome.

However, the Council has not defined what it considers to be a significant/thematic partnership and the priority outcome to which they contribute. We have raised an improvement recommendation: ***The Council should continue to ensure that its partnerships are aligned to its Council Plan priorities and ensure that each partnership clearly contributes to defined outcomes within the Council Plan.***

A

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

The Council's procurement service provides support to officers of the Council and includes both procurement and contract management expertise.

The Orbis procurement team have been working with the Council to ensure it is ready for the new Procurement Act 2023. Presentations have been made to the Corporate Leadership Team and preparations have included redrafting of the Contract Standing Order, these are likely to be approved later in the year.

The Corporate procurement Strategy 2014-2017, requires updating and it is the Council's intention to update after approval of the Contract Standing Orders.

During 2023/24 14 contract waivers were approved to the value of £1.4m. The Head of procurement had oversight of these waivers and was involved in the authorisation process. However, members did not have oversight of these waivers. We have raised the following improvement recommendation: ***The Council should:***

- ***update its Corporate Procurement Strategy to reflect the procurement Act 2023 requirements and any other updates required***
- ***report to members the number and value of contract waivers on a regular basis.***

A

- 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.

Improving economy, efficiency and effectiveness



Areas for improvement

The Council has identified its strategic partnerships and thematic partnerships. The thematic partnerships are included within its Annual Governance Statement and individual partnerships are included within its Council Plan where they are viewed to contribute towards its strategic outcome. The Council continues to ensure its partnerships align with its Council Plan.

Improvement recommendation 7: The Council should continue to ensure that its partnerships are aligned to its Council Plan priorities and ensure that each partnership clearly contributes to defined outcomes within the Council Plan.

The Council's procurement service is delivered by Orbis, a shared service partnership between Surrey County Council, East Sussex County Council, and the Council.

The Corporate procurement Strategy 2014-2017, requires updating and it is the Council's intention to update after approval of the Contract Standing Orders.

During 2023/24 14 contract waivers were approved to the value of £1.4m. The Head of procurement had oversight of these waivers and was involved in the authorisation process. However, these waivers were not reported to members. Whilst we understand that members are involved in the authorisation process this is not the same as reviewing the trends and overall position.

Improvement recommendation 8: The Council should:

- update its Corporate Procurement Strategy to reflect the procurement Act 2023 requirements and any other updates as required
- report to members the number and value of contract waivers on a regular basis.

Value for Money Recommendations raised in 2023/24



Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
<p>The Council must urgently implement its step changes in strategy to secure financial sustainability.</p> <p>The Council is now in a position where it must consider a re-alignment of priorities to coincide with securing financial sustainability. This may involve making politically unattractive or undesirable decisions in the interest of the Authority's future viability.</p> <p>The Council must put effort toward exploring all opportunities for increasing income from fees and charges, potential fundraising opportunities, service transformation which may include significantly drawing back services to the statutory minimum, revision of policy priorities to ensure alignment with financial sustainability, reallocation of earmarked reserves, asset sales and alternative means of cost avoiding or income generating in order to bridge the 2025/26-2027/28 budget and address the currently forecast overspend for 2024/25.</p>	Key	Financial sustainability	<p>The focus in 2023/24 has remained on the short term, with managing the in year financial overspend through one-off measures. The financial pressures remain within 2024/25. The Council needs to deliver savings of £23.73m in 2024/25 and has a budget gap of £49.5 m from 2025/26 to 2027/28. At month 2 the Council forecast an overspend of £10.137m and 27% of the planned savings were at risk (£6.4m).</p> <p>The Council has three key financial risks that if they materialised could have a significant impact on the Council's financial sustainability in the short to medium term. These are the budget gap for 2025/26, Brighton i360 continuing to be unable to make its loan repayments and becoming insolvent, and the risk of a future successful equal pay claim.</p> <p>The Council does not have good level of reserves on which it can rely upon to mitigate its financial risks.</p>	<p>The lack of appropriate action will impact the Council's ability to maintain financial sustainability.</p>	<p>Actions: The Budget Update reports to September Cabinet and the November joint Scrutiny meeting set out the budget process and approach for 2025/26 and the component parts of the process including:</p> <ul style="list-style-type: none"> - Capital Programme Board review of the affordability and alignment of the capital programme with priorities. - Consideration of fundraising opportunities and, more importantly, flexible use of available funds in 2025/26 such as the Household Support Fund, Extended Producer Responsibility Funding and Homelessness funding where they can help to alleviate identified cost and demand pressures. - The use of Outline Business Cases to enable services to identify resource requirements for invest-to-save opportunities and indicate how these support Council Priorities. <p>(cont'd)</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	Evidence	Impact or possible future impact	Actions agreed by Management
<p>The Council must urgently implement its step changes in strategy to secure financial sustainability.</p> <p>The Council is now in a position where it must consider a re-alignment of priorities to coincide with securing financial sustainability. This may involve making politically unattractive or undesirable decisions in the interest of the Authority's future viability.</p> <p>The Council must put effort toward exploring all opportunities for increasing income from fees and charges, potential fundraising opportunities, service transformation which may include significantly drawing back services to the statutory minimum, revision of policy priorities to ensure alignment with financial sustainability, reallocation of earmarked reserves, asset sales and alternative means of cost avoiding or income generating in order to bridge the 2025/26-2027/28 budget and address the currently forecast overspend for 2024/25.</p>	Key	Financial sustainability	<p>The focus in 2023/24 has remained on the short term, with managing the in year financial overspend through one-off measures. The financial pressures remain within 2024/25. The Council needs to deliver savings of £23.73m in 2024/25 and has a budget gap of £49.5 m from 2025/26 to 2027/28. At month 2 the Council forecast an overspend of £10.137m and 27% of the planned savings were at risk (£6.4m).</p> <p>The Council has three key financial risks that if they materialised could have a significant impact on the Council's financial sustainability in the short to medium term. These are the budget gap for 2025/26, Brighton i360 continuing to be unable to make its loan repayments and becoming insolvent, and the risk of a future successful equal pay claim.</p> <p>The Council does not have good level of reserves on which it can rely upon to mitigate its financial risks.</p>	<p>The lack of appropriate action will impact the Council's ability to maintain financial sustainability.</p>	<p>Actions: The budget process uses a proforma that captures which Council Priority is impacted by each proposal to enable members to clearly prioritise proposals. It also covers every service across the council to enable Members to provide appropriate challenge. A Star Chamber process is now in train to enable each Cabinet Member to review proposals in the context of Council Priorities before these are brought together for final review and subsequent issue for formal scrutiny, consultation and engagement.</p> <p>The 2025/26 process is also focused on longer-term transformation and invites Outline Business Cases to come forward to support sustainable change over the Medium Term Financial Plan period.</p> <p>(cont'd)</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	Evidence	Impact or possible future impact	Actions agreed by Management
<p>The Council must urgently implement its step changes in strategy to secure financial sustainability.</p> <p>The Council is now in a position where it must consider a re-alignment of priorities to coincide with securing financial sustainability. This may involve making politically unattractive or undesirable decisions in the interest of the Authority's future viability.</p> <p>The Council must put effort toward exploring all opportunities for increasing income from fees and charges, potential fundraising opportunities, service transformation which may include significantly drawing back services to the statutory minimum, revision of policy priorities to ensure alignment with financial sustainability, reallocation of earmarked reserves, asset sales and alternative means of cost avoiding or income generating in order to bridge the 2025/26-2027/28 budget and address the currently forecast overspend for 2024/25.</p>	Key	Financial sustainability	<p>The focus in 2023/24 has remained on the short term, with managing the in year financial overspend through one-off measures. The financial pressures remain within 2024/25. The Council needs to deliver savings of £23.73m in 2024/25 and has a budget gap of £49.5 m from 2025/26 to 2027/28. At month 2 the Council forecast an overspend of £10.137m and 27% of the planned savings were at risk (£6.4m).</p> <p>The Council has three key financial risks that if they materialised could have a significant impact on the Council's financial sustainability in the short to medium term. These are the budget gap for 2025/26, Brighton i360 continuing to be unable to make its loan repayments and becoming insolvent, and the risk of a future successful equal pay claim.</p> <p>The Council does not have good level of reserves on which it can rely upon to mitigate its financial risks.</p>	<p>The lack of appropriate action will impact the Council's ability to maintain financial sustainability.</p>	<p>Actions: The LGA have also been invited to provide peer support and challenge to the process including providing the council with sector-wide learning and best practice opportunities that it has not already implemented.</p> <p>The 2025/26 budget will also include provision for Transformation using 'capital receipt flexibilities' and will set out a Reserve Strategy over the 4-year period</p> <p>Responsible Officer: Chief Finance Officer</p> <p>Executive Lead: Cabinet Member for Finance & City Regeneration</p> <p>Due Date: The outcomes of the above processes will feed into the budget and MTFS package for approval by Cabinet on 13 February 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	Evidence	Impact or possible future impact	Actions agreed by Management
<p>50</p> <p>KR2</p> <p>The Council should:</p> <ul style="list-style-type: none"> formally report to members on the progress to date on the recommendations raised by the KC report on the City Clean Service undertake a lesson learnt exercise to establish why these behaviours were able to go unchecked for so long and if improvements might be applicable to other service areas. 	Key	Governance	<p>In January 2023, an independent review was commissioned on the staff behaviours and activities within the City Clean Service (waste and recycling). The review was undertaken by a King's Counsel (KC). The review confirmed 'the working environment could fairly be described as toxic'. The review alleged a range of inappropriate behaviours including shouting, screaming and swearing at managers, sexual harassment, racist language and undermining training so that staff considered that they did not need to attend. A number of recommendations were raised, all of which were accepted by the Council and an action plan was agreed. A detailed progress report has not been presented to Cabinet in a public meeting.</p>	<p>The lack of appropriate action will impact the Council's ability to ensure effective governance arrangements are in place.</p>	<p>Actions: The Council has already reported on the recommendations of the KC report on City Clean. Reports were taken to December 2023 Full Council and January 2024 Strategy, Finance & City Regeneration Committee. The latter committee accepted all recommendations of the KC's report and accepted the proposed action plan appended to the report.</p> <p>The Action Plan has been implemented with some elements ongoing including conducting disciplinary cases and hearings.</p> <p>The council agrees that a lessons-learned exercise would be useful for future Leaders and political Administrations of Brighton & Hove City Council to avoid any possible repeat of inappropriate behaviours going unchecked and unchallenged by the organisation. This will be built into the Cabinet work programme for 2025/26.</p> <p>Responsible Officer: Director of People & Innovation</p> <p>Executive Lead: Leader</p> <p>Due Date: The Cabinet date will be agreed as soon as practicably possible but will be reported no later than the June 2025 Cabinet.</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	Evidence	Impact or possible future impact	Actions agreed by Management
<p>The Council should address the failings raised by the Social Housing Regulator, including:</p> <ul style="list-style-type: none"> electrical safety requirements meeting legal requirements for smoke detectors in all homes providing an effective and efficient, and timely repairs and maintenance service for its homes. <p>Progress should be reported to Cabinet in a public meeting, every six months.</p>	Key	Improving 3Es	<p>In August 2024, the Social Housing Regulator concluded that there were serious failings in the Council's landlord functions of its social housing. It did not deliver all the required outcomes and issued a C3 rating. The report identified the following failures:</p> <ul style="list-style-type: none"> electrical safety requirements, lack of current electrical condition reports and lack of electrical safety certificates to evidence that it is meeting the legal requirements concerning smoke detectors for all homes Over 600 properties where a water risk assessment is required over 1,700 medium and low-risk fire remedial actions overdue to provide an effective, efficient, and timely repairs service. <p>The Council is working with the Social Housing Regulator to address performance.</p>	<p>The lack of appropriate arrangements have resulted in a services that fails to meet required standards.</p>	<p>Actions: The Council has mobilised a full response to the Social Housing Regulator and has identified additional resources including a Programme Lead to support action planning and monitoring on regulatory compliance.</p> <p>The council has also appointed an Interim Director of LPS Housing to lead the process of planning for improvement/rectification of LPS housing blocks.</p> <p>Detailed monitoring of Regulator of Social Housing compliance requirements is reported to the Leadership every week and reports will be periodically built into the Cabinet work programme at least 6-monthly to formally update on progress.</p> <p>Responsible Officer: Director Homes & Investment</p> <p>Executive Lead: Cabinet Member for Housing & New Homes</p> <p>Due Date: The Cabinet date will be agreed as soon as practicably possible but will be reported no later than the June 2025 Cabinet or Audit, Standards & General Purposes Committee.</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	Evidence	Impact or possible future impact	Actions agreed by Management
IR1 The Council should continue to work with schools to address school deficits and overspending across the DSG schools' budget.	Improvement	Financial sustainability	The Council is beginning to see an increasing number of schools which are overspending on their individual schools' budgets. In 2023/24 within the Dedicated Schools Grant (DSG) schools block, 33 out of 61 schools were overspent. These overspends were as a direct result of reducing pupil numbers.	Failure to address the issue will result in more schools overspending and individual overspends increasing.	<p>Actions: The Council has put in place a wide and urgent programme of work with the school leadership community to address School Organisation issues and falling roll numbers, one of the principal causes of schools' financial challenges locally. Limited but necessary closures have been implemented, potential site mergers and federation model considerations are in discussion for some schools and consultation has started on a new School Admissions policy and approach that also aims to re-balance Secondary Phase Published Admission Numbers (PANs) to align with the Admissions Policy. Additional Finance and Education advisory support has been provided to support schools to identify cost reduction and restructuring opportunities including bringing in independent DfE School Resource Management Advisers (SRMA) to help schools experiencing deficits.</p> <p>(cont'd)</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	Evidence	Impact or possible future impact	Actions agreed by Management
IR1 The Council should continue to work with schools to address school deficits and overspending across the DSG schools' budget.	Improvement	Financial sustainability	The Council is beginning to see an increasing number of schools which are overspending on their individual schools' budgets. In 2023/24 within the Dedicated Schools Grant (DSG) - schools block, 33 out of 61 schools were overspent. These overspends were as a direct result of reducing pupil numbers.	Failure to address the issue will result in more schools overspending and individual overspends increasing.	<p>Actions: This process will continue until all schools have licenced budget plans that enable balance within a reasonable period of years in accordance with the Scheme for Financing Schools.</p> <p>Responsible Officer: Head of Education</p> <p>Executive Lead: Cabinet Member for Finance & City Regeneration</p> <p>Due Date: This is an ongoing process of both helping schools to manage their budgets and plan for next year together with a strategic school organisation and revised admissions approach to contribute to managing the situation. However, a key point will be to ensure fully approved budgets, including any licenced deficits, for all schools for the 2025/26 year by July 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	Evidence	Impact or possible future impact	Actions agreed by Management
IR2 Given the Brighton i360's challenging financial position, the future financing of the operation and its impact on the Council's financial position should be reported to Members as soon as practicably possible.	Improvement	Financial sustainability	The Council first provided a loan to Brighton i360 Ltd of £36.22m in 2014, this has now increased to £50.535m, as a result for non-payment, interest and novation of the Local Enterprise Partnership(LEP). The Council has been working with the Board of Directors to renegotiate the payment schedule, however, Brighton i360 Ltd has continued to struggle financially. Loan repayments have been limited to £950k, from 2022 to 2023. The last report taken to members was in February 2023. Whilst the Council is able to manage this financial pressure, this information has not been provided to members in a public meeting.	The financial implication to the Council of not replaying the debt has not been presented in an open and transparent way.	<p>Actions: The i360 is a private limited company. The council has provided loan financing but has no jurisdiction over the legal company administration process but can raise objections or challenges as a secured creditor.</p> <p>The company administration process is now progressing and the council will formally report to members when a conclusion is reached and a course of action, for example sale of the business, is recommended by the Administrators.</p> <p>Responsible Officer: Director Place</p> <p>Executive Lead: Cabinet Member for Finance & City Regeneration</p> <p>Due Date: If there is no outcome to the company administration process before February, the i360 position will be reported as part of the Annual Budget to the February Cabinet meeting and February Budget Council.</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	Evidence	Impact or possible future impact	Actions agreed by Management
IR3	Improvement	Financial sustainability	Recent media coverage has alerted the Council to a potential equal pay claim. The Council has since received 500 claims.	The Council may not be adequately prepared should a claim be made.	<p>Actions: The Council has consistently assessed any potential areas of equal pay risk, has resolved known risks and has provided briefings on risks to previous and current administrations.</p> <p>The Council has submitted its defence to the current claims.</p> <p>The Council has sought further KC legal advice to assess any potential risk posed.</p> <p>Responsible Officer: Director People & Innovation</p> <p>Executive Lead: Leader</p> <p>Due Date: Subject to the legal process and the receipt of advice from the KC. This process can be lengthy and cannot be determined by the council.</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	Evidence	Impact or possible future impact	Actions agreed by Management
IR4 The Council should develop an overarching approach which brings together its savings plans, covering more than one year and includes the Council's modernisation activities to ensure a focus on delivery of cashable savings.	Improvement	Financial sustainability	The Council had an annual savings plan, agreed as part of the 2023/24 budget setting process and has a modernisation programme. The modernisation programme includes a range of projects and programmes. Each of which requires approval and if cashable savings were to be delivered these should have been included within the savings plan. However, it is unclear if these have all been included within the annual savings plan. The savings plan and modernisation programme are being managed and reported separately and the Council lacks an overarching approach.	The Council does not have an overarching view of savings and is unable to effectively prioritise and focus resources	<p>Actions: The Council is developing a 4-year Medium Term Financial Strategy that aims to achieve balance across the 4-year period. This will include a new 'Transformation Fund' supported by capital receipt financing that will enable invest-to-save initiatives to be supported.</p> <p>The current budget setting process includes Outline Business Case templates to enable identification of invest-to-save proposals and the associated resource requirements for delivery.</p> <p>These proposals, together with profiled estimates of other savings over the 4-year period, will be brought together to deliver a balanced medium-term strategy.</p> <p>Responsible Officer: Chief Finance Officer</p> <p>Executive Lead: Cabinet Member for Finance & City Regeneration</p> <p>Due Date: 13 February Cabinet meeting</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	Evidence	Impact or possible future impact	Actions agreed by Management
IR5 The Council should ensure that it consults with residents and businesses as part of the budget setting process.	Improvement	Governance	Public consultation has not been undertaken on the 2024/25 budget including the proposed savings.	The public are not fully engaged in the proposed budget.	<p>Actions: The Council has developed an on-line 'Budget Simulator' that enables residents and other stakeholders to make their own attempt to balance the council's budget by making choices about which service areas they would reduce or increase spending to close the budget gap. This is hosted on the council's consultation and engagement platform 'Your Voice' and will be accompanied by a facilitated public event at Hove Town Hall on 12 December and a further community-focused event in January.</p> <p>The Simulator and Your Voice allow residents to provide other comments and suggestions to inform decision-making alongside normal consultation with trade unions, staff, partners and the Community & Voluntary Sector.</p> <p>Responsible Officer: Chief Finance Officer</p> <p>Executive Lead: Cabinet Member for Finance & City Regeneration</p> <p>Due Date: 12 December 2024 and 16 January 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	Evidence	Impact or possible future impact	Actions agreed by Management
IR6 The Council should consider introducing a summary of the key risks within Cabinet and committee reports.	Improvement	Governance	To enable members to make effective decisions it is important that they receive sufficiently detailed papers to ensure appropriate challenge and debate can be undertaken. During our work we considered the papers provided to committees and found that key risks are not routinely provided and if they are, they would be included with the detail of the report and are not easy for the decision maker to identify.	Effective decision making could be undermined by not having a clear understanding of the risks and how the risks will be mitigated.	<p>Actions: The Council agrees to include a new section on risk to ensure that these are drawn out more clearly in any public reports.</p> <p>Responsible Officer: Director Governance & Law (MO)</p> <p>Executive Lead: Cabinet member for Adult Social Care, Public Health & Service Transformation</p> <p>Due Date: To be implemented for the March 2025 Cabinet cycle.</p>
IR7 The Council should continue to ensure that its partnerships are aligned to its Council Plan priorities and ensure that each partnership clearly contributes to defined outcomes within the Council Plan.	Improvement	Improving 3Es	The Council continues to ensure its partnerships align with its Council Plan.	The Council may not effectively prioritise resources to its key partnerships.	<p>Actions: : The Council has undertaken significant work to analyse and define its partnerships and has relaunched the City Management Board with key strategic partners. Partnerships will be kept under review to ensure they are relevant and productive. The Policy team have also conducted a wider review of partnership working groups across the city and are co-designing with partners a refreshed citywide structure.</p> <p>Responsible Officer: Head of Cabinet Office</p> <p>Executive Lead: Leader</p> <p>Due Date: May 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	Evidence	Impact or possible future impact	Actions agreed by Management
<p>The Council should</p> <ul style="list-style-type: none"> update its Corporate Procurement Strategy to reflect the procurement Act 2023 requirements and any other updates as required report to members the number and value of contract waivers on a regular basis. 	Improvement	Improving 3Es	<p>The Corporate procurement Strategy 2014-2017, requires updating.</p> <p>During 2023/24 14 contract waivers were approved to the value of £1.4m. The Head of procurement had oversight of these waivers and was involved in the authorisation process. However, these waivers were not reported to members.</p>	<p>The Council may not effectively procure services and manage its contracts and not deliver value for money.</p>	<p>Actions: The Council is in the process of updating its Procurement approach to align with the new Executive Governance (Cabinet) system. This will involve approval of annual Procurement Forward Plans which will identify forthcoming procurement and re-tender processes for the next 12 to 18 months.</p> <p>The Council’s constitution, including the Scheme of Delegation and Contract Standing Orders, will be amended and approved by full Council to reflect the changed approach.</p> <p>The Procurement Strategy will be updated in due course to reflect the new act, which has been delayed. Reporting of waivers to members will be implemented and an approach agreed with the Executive to ensure effective oversight of waivers.</p> <p>Responsible Officer: Chief Finance Officer (as Orbis Procurement client lead)</p> <p>Executive Lead: Cabinet Member Finance & City Regeneration</p> <p>Due Date: February 2025</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.

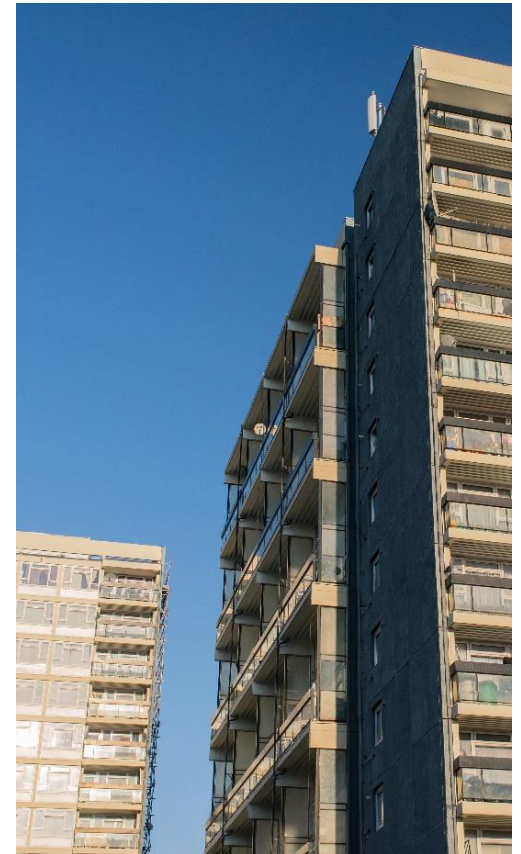
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records 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?
<p>The Council must urgently implement its step changes in strategy to secure financial sustainability.</p> <p>The Council is now in a position where it must consider a re-alignment of priorities to coincide with securing financial sustainability. This may involve making politically unattractive or undesirable decisions in the interest of the Authority's future viability. The Council must put effort toward exploring all opportunities for increasing income from fees and charges, potential fundraising opportunities, service transformation which may include significantly drawing back services to the statutory minimum, revision of policy priorities to ensure alignment with financial sustainability, reallocation of earmarked reserves, asset sales and alternative means of cost avoiding or income generating in order to bridge the 2024/25 budget gap (and subsequent medium term gap) and address the currently forecast overspend for 2023/24.</p>	Key	Sept 2023	<p>The Council has introduced the following:</p> <ul style="list-style-type: none"> a review of fees and charges – however, this has not delivered the additional income as was hoped a review of the capital programme, resulting in the removal of some capital projects, such as the Warmer Homes Programme the set up of Star Chambers to review and challenge savings proposals. <p>Whilst the Council has begun to take action and delivered an underspend in 2023/24, the focus in 2023/24 has remained on the short term, with managing the in year financial overspend through one-off measures. The financial pressures remain within 2024/25. The Council needs to deliver savings of £23.73m in 2024/25 and has a budget gap of £49.5 m from 2025/26 to 2027/28. At month 2 the Council forecast is an overspend of £10.137m and 27% of the planned savings were at risk (£6.4m). The Council does not have sufficient level of reserves on which it can rely upon to mitigate the risks.</p>	No	An updated key recommendation can be found on page 8.

*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?
<p>64</p> <p>1 The Council should include in the MTFS a savings proposal RAG-rated tracker which shows the stage of development for all savings proposals. For example, if the Council has identified the need to deliver a £14m savings package but at budget setting only £8m of savings is fully identified, £3m is potentially identified but dependent on several volatile variables and £3m is not identified at this point, £8m would be green, £3m would be amber and £3m would be red. This would provide a more realistic understanding of the medium-term gap and how likely an overspend is to materialise in any given year. It can also demonstrate the recurrent nature of a failure to deliver a saving by showing that the failure to deliver a saving in one-year has a knock-on impact on the other years.</p>	Improvement	Sept 2023	The savings proposals were not RAG rated within the budget and MTFS but were RAG rated in the presentation given to ELT and Members	Yes	N/A
<p>2 The Council should ensure that actions agreed by the CIPFA 2021 Review of the Audit & Standards Committee report are followed up with the assigned officers at Governance Assurance Meetings (GAM). Follow-up on actions agreed should be documented.</p>	Improvement	Sept 2023	Some, but not all of the actions have been implemented.	Ongoing	Complete the original recommendation

*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?
<p>3 The Council should ensure no cross-over between members on the Strategy, Finance & City Regeneration Committee and the Audit & Standards Committee.</p> <p>The Council should consider implementing an annual self-assessment of audit committee effectiveness.</p>	Improvement	Sept 2023	The Council moved to a Cabinet system for decision making and as part of this process the Audit and Standards Committee has become the Audit, Standards and General Purposes Committee and the Strategy, Finance & City Regeneration Committee has ceased. There is no crossover between Committee Members on the Audit, Standards and General Purposes Committee and Cabinet.	Yes	N/A
<p>4 Members should ensure prompt action is taken to properly understand the reasons for weak or declining performance across the affected services and the extent to which this is being influenced by the financial challenges. Members should also satisfy themselves that prompt and effective action is taken to get performance back to standard.</p>	Improvement	Sept 2023	Corporate performance reports will now be presented to Cabinet. The Council is committed to reporting both good and poor performance. Areas of under performance remain and have been brought to the attention of members, such as the findings of the Social Housing Regulator.	Ongoing	Complete the original recommendation
<p>5 The Council must make a concerted effort to action internal audit's recommendations in the Contract Management report which noted 'Partial Assurance' in the control environment, particularly in light of its overall financial position.</p>			A follow-up review was undertaken in 2023/24 and an improved opinion was given - Reasonable Assurance, eight of the nine recommendations raised had been addressed. The remaining recommendation will not be addressed as the procurement team do not use the contracts register and rely upon their own records.	Yes	N/A

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

