

Hammersmith & Fulham Council Auditor's Annual Report for the year ended 31 March 2024

October 2024



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

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

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



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

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Introduction



Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for Hammersmith & Fulham 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:

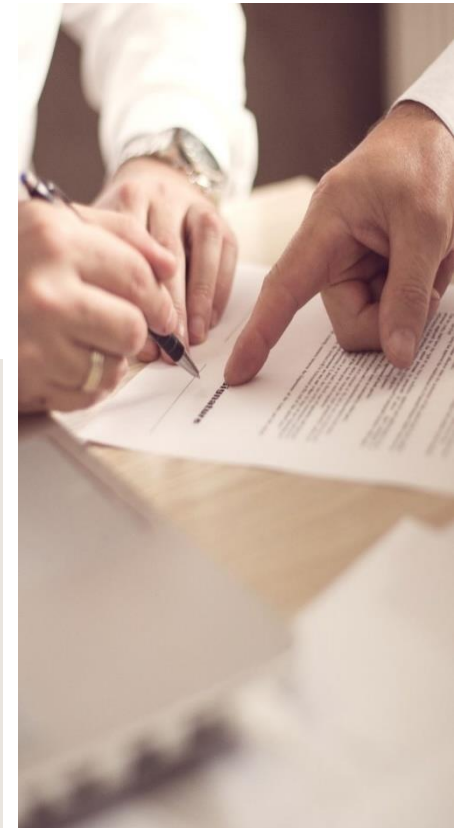
- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

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 14 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, in its consultation of February 2024, has indicated that it will in future require auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year and for the audited body to publish the Report thereafter. The outcome of the NAO's consultation on the Code is dependent upon the decisions made by the new government elected on 4 July 2024. These decisions are awaited at the time of drafting this report. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible. We are therefore sharing this report with you in advance of the NAO's new Code being introduced. In the event that any new audit requirements are introduced when the Code is published, we will revisit these before finalising this report. Our summary findings are set out below. Our recommendations and management responses are summarised in the section starting on page 15.



Financial sustainability

The Council achieved a stable financial outcome for the 2023/24 general fund revenue budget with a £0.3m surplus. Despite an uncertain medium-term outlook and a challenging budget gap, the Council has a strong history of budget management and healthy reserves. The current savings plan is achievable but needs further development to address the medium-term gap.

The Council's debt level is not currently a significant risk. The Council is managing their Dedicated Schools Grant (DSG) deficit well, complying with the Safety Valve agreement, and systematically reducing the High Needs Block portion of the DSG deficit.

The Council has worked to improve the financial sustainability of its housing services by completing over 12,000 stock condition surveys, which inform future capital works. In 2023/24, the Council updated its HRA 10-year Business Plan and presented a balanced budget for 2024/25, with a planned gross spend of £107.1m and general fund reserves of £5m. Despite these efforts, the HRA faces challenges, including a decrease in the HRA General Reserve. Officers must closely monitor and control costs and income to maintain financial stability. The Key recommendation will be reviewed in 2024/25.



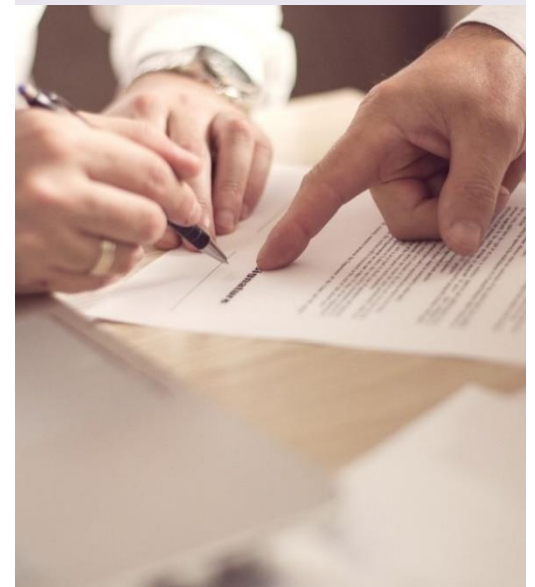
Governance

The Council has established appropriate risk management arrangements for the year 2023/24. It maintains an effective internal audit service and Audit Committee framework. Improvement recommendations related to risk management and the Audit Committee, made in the previous year, are currently in progress and will be reviewed in 2024/25. Over the course of the year, the Council has successfully implemented several of our prior year recommendations. It has improved its documentation companies in which it holds interests, the reporting of capital outturn has been enhanced, a data quality strategy has been developed and the Council has defined its key partnerships.

We have not found a significant weakness in the Council's governance arrangements with regard to their ability to secure value for money.



We expect to complete your audit following the Audit Committee meeting on the 6th November.



Executive summary



Improving economy, efficiency and effectiveness

The Council has demonstrated a strong commitment to financial efficiency and effectiveness through various initiatives and strategies. The establishment of the Policy and Oversight Board in May 2022 has provided a robust framework for overseeing finance, resource utilisation, and performance management. The adoption of the Business Objectives 2022/23 plan and the subsequent creation of the Corporate Plan in December 2023 have further guided the strategic operation of the Council, ensuring that key ambitions are clearly articulated to residents, partners, staff, and regulators. The Council's emphasis on benchmarking costs and performance against similar bodies, as well as the use of tools like CFO Insights, highlights its dedication to continuous improvement and value for money.

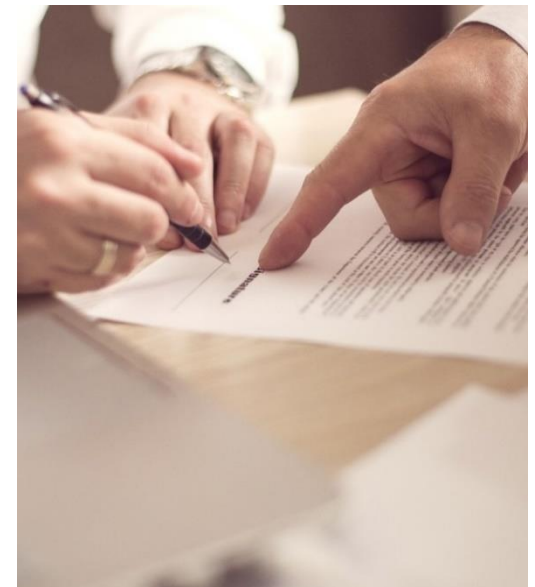
The Council's procurement strategy, outlined in the Sourcing Strategy 2022-26, plays a crucial role in securing the best outcomes for residents by improving how goods, works, and services are sourced. The Contract Assurance Board (CAB) meets weekly to discuss procurement strategies, awards, and contract variations, ensuring alignment with Council priorities. Performance indicators, such as tracking waivers and off-contract spend, are monitored to ensure accountability and continuous improvement. The Council's focus on competitive tendering and reducing the number of tender waivers further enhances value for money through the procurement process.

In terms of service delivery, the Council has made significant strides in improving housing services and addressing issues highlighted by residents and the Housing Ombudsman. The proactive efforts to update policies and procedures in preparation for the Social Housing (Regulation) Act 2023 demonstrate the Council's commitment to compliance and service quality. The establishment of a Complaints Improvement Board and the enhancement of the repairs contact centre have led to improved complaint handling and customer experience. These initiatives, along with the Council's collaboration with key external partners, underscore its dedication to delivering effective and efficient services to residents. There has been significant improvement over the last six months however, we would like to see the new processes for housing embed and deliver better outcomes in 2024/25 and therefore the significant weakness we raised in 2022/23 remains in place for the purposes of our VfM assessment in 2023/24.



Hammersmith and Fulham Pension Fund

We have also evaluated the Value for Money of the Council-administered pension fund, concluding that it consistently demonstrates effective performance in terms of Financial Sustainability, Governance, and Economy, Efficiency, and Effectiveness.



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. 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 (excluding the Housing Revenue Account)	A Generally appropriate arrangements in place with regard to financial sustainability but two improvement recommendations made with regard to savings identification, development and reporting and the capital programme. The Council enjoyed strong performance in 2021/22 and 2022/23. The medium-term financial forecast indicates a challenging position in common with much of local government with regard to savings identification and potential use of reserves.	No risks of significant weakness identified. Key Recommendations for HRA.	A No significant weaknesses in arrangements identified, but one improvement recommendation has been made. By considering the integration of scenario planning, the Council could strengthen its financial resilience and adaptability, ensuring a more robust and forward-looking financial strategy. <i>This summary excludes the position on the financial sustainability of the Housing Revenue Account (HRA) – please see commentary overleaf.</i>	↑
Governance	A No significant weaknesses in arrangements identified, but three improvement recommendations made relating to risk management, Audit Committee arrangements and the monitoring of Council-owned companies.	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, but two improvement recommendations have been carried forward to 2024/25. These relate to risk management and Audit Committee arrangements.	↑
Improving economy, efficiency and effectiveness (excluding the service performance in Housing)	G Generally sufficient arrangements in place with regard to improving economy, efficiency and effectiveness but two improvement recommendations made. The Council has performed well in key service areas and can point to a number of successes during 2021/22 and 2022/23.	No risks of significant weakness identified. Key Recommendation for HRA.	G No significant weaknesses in arrangements identified, but one improvement recommendation has been carried forward to 2024/25. This relates to public reporting on performance indicators. <i>This summary excludes the position on the financial sustainability of the Housing Revenue Account (HRA) – please see commentary overleaf.</i>	↔

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)

Criteria	2022/23 Auditor judgement on arrangements	2023/24 Risk assessment	2023/24 Auditor judgement on arrangements	Direction of travel
<p>Financial sustainability and Improving economy, efficiency and effectiveness</p> <p>Cross-cutting weakness</p>	<p style="background-color: red; color: white; text-align: center; font-weight: bold;">R</p>	<p>Significant weakness in Housing (HRA and service performance)</p> <p>Impacting VfM themes:</p> <ul style="list-style-type: none"> ✓ Financial sustainability ✓ Improving economy, efficiency and effectiveness <p>Significant weakness identified in Housing relating to (1) the financial sustainability of the Housing Revenue Account (HRA) and (2) the service performance in Housing. We have issued two key recommendations.</p>	<p style="background-color: yellow; text-align: center; font-weight: bold;">R</p>	<p>The Council has worked hard to improve the financial sustainability of their housing services. The Asset Management team completed over 12,000 stock condition surveys, identifying necessary improvements and future-proofing work. This informed future capital works. In 2023/24, the Council updated the HRA 10-year Business Plan, presenting it along with a balanced budget to the Cabinet in February 2024. For 2024/25, the gross anticipated HRA programme spend is £107.1m, with general fund reserves at £5m.</p> <p>There have been advancements in service performance, but the Council acknowledges that substantial work remains to do. They are committed to collaborating with residents to enhance the housing service. The progress achieved thus far lays the foundation for further development. Despite the plans and improvements in results, the Council remains under scrutiny from regulatory bodies and residents. The regulator’s review of progress will be crucial in shaping the future of the Council’s housing services, and the Council has pledged full cooperation with these reviews. We are pleased to note that on 25 October 2024 the Council received a letter from the Housing Ombudsman who confirmed that all ten recommendations of their P49 report have now been met and completed.</p> <p>We acknowledge that there has been significant improvement over the last six months however, we will need to see the new processes in housing embed in 2024/25 and consistently deliver better outcomes for residents before we can lift the significant weakness we raised in 2022/23. We will revisit these recommendations as part of the 2024/25 VfM work.</p> <p style="text-align: right; color: blue; font-weight: bold;">↑</p>

Executive summary (continued)



The Housing Revenue Account (HRA)

Significant Weakness (Financial Sustainability)

The Housing Revenue Account (HRA) exclusively encompasses the costs associated with managing and maintaining the Council's housing stock. This account is funded by income generated from tenant rents, service charges, leaseholder service charges, commercial property rents, and other housing-related activities. The HRA operates as a ring-fenced account, and the Council is statutorily required to account separately for local authority housing provision. As a statutory account, the HRA includes all expenditure and income related to the provision of Council housing for rent, and it remains entirely separate from the General Fund.

At 2021/22 budget setting, the Council approved the four-year Housing (HRA) Programme of £247.6m for the period 2021/22 to 2024/25. The HRA programme budget for 2023/24 totalled £95m; this included a programme of pipeline savings of £1.13m will be delivered through initiatives including the Housing Transformation Programme and £1.426m use of general reserves.

Housing capital expenditure for 2023/24 totalled £82.7m. The outturn compared to budget represents a £27.1m variance which equates to 25% of the revised budget.

The HRA outturn required a £4.6m drawdown from general balances (£3.6m for one-off repairs and damp/mould work, plus £1m). This is less than the projected £5m, leaving year-end balances at £5.4m, above the £5m minimum target.

From the 2019/20 to 2023/24 financial years, the Council's Housing Revenue Account (HRA) has encountered recurring deficits. The operational surpluses or deficits have been insufficient to cover the loan interest obligations on existing HRA loans. Consequently, net deficits have required support from the HRA general reserve.

Due to several consecutive years of deficits and additional demands on the reserve, the reserve levels have significantly diminished, reducing by two-thirds over three years (see table below). This, combined with the financial performance of the HRA (a £4.4m deficit in 2022/23 and a £4.65m deficit in 2023/24), highlights continuing significant concerns regarding the financial sustainability of the HRA.

	HRA (general) reserve
31/03/2021	£17.6m
31/03/2022	£15.6m
31/03/2023	£10.0m
31/03/2024	£5.376m

Source:
HRA budget outturn paper for 2023/24

The Council have put considerable efforts into improving the financial sustainability of their housing services. The Asset Management team has completed over 12,000 stock condition surveys. These surveys have helped to identify necessary improvements and future-proofing housing work and has enabled the Council to better inform the future capital works.

During 2023/24, the Council updated the HRA 10-year Business Plan which was presented to Cabinet in February 2024, alongside a balanced budget. Gross anticipated spend on the HRA programme for 2024/25 is planned to be £107.1m and general fund reserves are to be maintained at £5m.

Nevertheless, the HRA continues to face substantial challenges, with a notable decrease in the HRA General Reserve at the end of the 2023/24 year. As a result, we will revisit progress against our recommendations as part of the 2024/25 VfM work. It is imperative that officers closely monitor and control costs and income and implement corrective actions to safeguard and sustain the financial stability of the HRA.

See appendix C for our commentary on the follow-up of prior year recommendations.

Executive summary (continued)



Service performance in Housing

Significant Weakness (Economy, Efficiency and Effectiveness)

Over the past 18 months, the Council have faced significant scrutiny over its housing performance, particularly in relation to repairs and complaint handling. The Council have been under investigation by the Housing Ombudsman and Regulator following numerous failures in addressing housing issues. Key concerns have included delays in addressing repair requests, inadequate communication with residents and repeated findings of maladministration.

In response to the investigations, the Council have acknowledged the historical failings and have committed to reforms. For context, the Council had overall responsibility for managing on average about 12,000 dwellings in 2023/24.

The Council have made good progress since our last report and are committed to enhancing the Housing department and reinstating trust with their residents. They have taken significant steps to improve services and respond to issues highlighted by both residents and the Housing Ombudsman. The Chief Executive leads a regular task group, comprising representatives from various Council Departments, to supervise the improvement plan.

During the 2023/24 period, the Council underwent an investigation by the Housing Ombudsman, which identified areas needing improvement. They have accepted the Ombudsman's findings and recommendations, showcasing their commitment to ongoing enhancement. Their proactive efforts are already showing positive outcomes and they are dedicated to fully implementing the Regulator's recommendations.

In preparation for the Social Housing (Regulation) Act 2023, the Council are actively updating their policies and procedures to meet the new national consumer standards. This proactive effort not only ensures compliance with regulatory requirements but also aims to improve the quality of services provided to residents.

As mentioned in the previous report, external auditors have assessed the Housing Services "reasonable assurance" in the key compliance areas of gas, asbestos, fire, electrical, water hygiene, and lifts, which are key components under consumer standards.

Focus on housing repairs has driven major service improvements. In March 2024, the Cabinet decided to change the contract for responsive repairs. A new pilot at the White City Estate aims to better meet residents' needs by directly managing repairs. 'Estate Action Days' helps the Council engage with residents, and the new Directors' Report for the 'Housing Residents Forum' enhances communication. The Asset Management team has completed over 12,000 stock condition surveys to identify necessary upgrades and plan future capital works for residents.

The housing service has improved in handling complaints, achieving 98% and 99% response rates for Stage 1 and Stage 2 complaints. Despite this, complaints remain high. To tackle this, the Council have set up a 'Complaints Improvement Board' to reduce complaints through strategic actions. Additionally, the Repairs contact centre has boosted its service by raising call answer rates to 97%, cutting wait times to 1 minute, and improving customer experience with expert engagement.

While there have been advancements in service performance, the Council acknowledges that substantial work remains to be done. They are committed to collaborating with residents to enhance the housing service. The progress achieved thus far lays the foundation for further development. Despite the plans and improvements in results, the Council remains under scrutiny from regulatory bodies and residents. The Ombudsman's ongoing review will be crucial in shaping the future of the Council's housing services, and the Council has pledged full cooperation with these reviews. We will revisit these recommendations as part of the 2024/25 VfM work and review the outcomes and the effectiveness of the governance arrangements.

See appendix C for follow-up of prior year recommendations.

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



Opinion on the financial statements



Audit opinion on the financial statements

We are working with management to issue our audit opinion following the Audit Committee meeting on the 6th November.

We anticipate issuing an unmodified opinion on the financial statements.

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

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

We conducted our audit in accordance with:

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

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

Findings from the audit of the financial statements

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

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

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to the Council's Audit Committee on November 6 2024. Requests for this Audit Findings Report should be directed to the Council.

Opinion on the pension fund statements



Audit opinion on the financial statements

We are working with management to issue our audit opinion following the Audit Committee meeting on the 6th November.

Consistency report on the financial statements within the Pension Fund Annual Report

The Pension Fund is required to publish its Annual Report by 1 December 2024. We expect to issue our consistency opinion alongside the opinion of the financial statements.

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

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

We conducted our audit in accordance with:

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

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

Findings from the audit of the financial statements

The Pension Fund provided draft accounts in line with the national deadline.

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

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to the Audit Committee on 6 November 2024. Requests for this Audit Findings Report should be directed to the Pension Fund.

Use of auditor's powers

We bring the following matters to your attention:

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

Value for Money Commentary on arrangements



The current local government landscape

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



National context

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

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.

The general election that took place on 4 July 2024 led to a change in government, and changes to government policy and legislation relating to the sector are emerging at the time of producing this report.



Local context

Hammersmith and Fulham is one of the 13 inner London boroughs situated in the central western part of London on the transport routes between the City and Heathrow airport. It was formed in 1965 when the two metropolitan borough councils of Fulham and Hammersmith were abolished. Excluding the City of London, it is the third smallest of the London boroughs in terms of area, covering 1,640 hectares, with a population of approximately 180,000 residents.

The borough is divided into 21 wards. Each of these wards is represented by either two or three elected councillors, bringing the total number of councillors for the borough to 50. Councillors are elected every four years. The composition of the council is currently: Labour 40, Conservative 10, as per the election in May 2022.

The Council operates under an Executive decision-making model, which oversees the formation of all major policies, strategies and plans and as such the Council's formal decision making and governance structure constitutes the Full Council and the Cabinet. Full Council and Cabinet are supported by the Policy & Oversight Board providing the scrutiny function. In 2023/24 this was delivered through six Policy and Accountability Committees (PACs), covering all the major service areas.

The Hammersmith & Fulham corporate Plan 2023 to 2026 contains the strategy to deliver the ambitions of the Council's Vision up to 2026. It sets out what they want to achieve for residents and reaffirms the six values of the organisation that influences everything that they do.

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

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

Despite a very challenging operating environment, the Council have returned a revenue budget surplus of £0.3m which they have added to their general balances (reserves). They have maintained their general balances and have reduced the level of external borrowing. Overall, general balances and earmarked reserves have decreased by £4.8m from £106.1m to £101.3m.

The MTFs savings target for 2023/24 was £2.9m along with the forecast delivery against targets for the Council-wide employee management saving of £2.5m. The outturn detailed that £2.667m of savings were delivered along with £2.375m from employee management. Savings of £0.257m in Resident Services will be delivered in 2024/25 through automation and services improvement facilitated by the Resident Access and Experience Programme.

The DSG has an accumulated deficit of £2.2 million, reduced by £1.5m in 2023/24. Fulfilling the Safety Valve agreement with the DfE has been a main focus for the Council in 2023/24. A stringent programme has been applied to manage High Needs Block spending, alongside the early intervention programme aimed at providing timely and effective support to address children's needs efficiently and prevent unnecessary escalation in severity and cost. This comprehensive programme and its related mitigations have achieved an in-year balanced position for 2021/22, 2022/23, and £4.9m of mitigations delivered in 2023/24. Consequently, the DfE has released £19.5m of Safety Valve funding, with an additional £1m expected in 2024/25.

The 2024 Medium Term Financial Strategy was presented to the Policy and Oversight Board on 23 January 2024. This plans from 2024/25 onwards and models future cost and income streams to identify the scale and timing of potential financial pressures. These are mirrored in the annual budget and include forecasted funding levels, savings plans and reserves levels.

The Council presented a balanced budget for 2024/25 to Cabinet in February 2024 which included a detailed £8.1m savings plan. Progress against the plan is reported to Cabinet within the regular budget monitoring reports.

The S25 statement set out the reasons why the DOF is satisfied that the estimates included are accurate and robust. We did not identify any weaknesses in the arrangements or the outturn report.

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Housing Revenue Account

The Housing Revenue Account had a year-end deficit of £4.65m in 2023/24 to be met from balances (this included a budgeted use of balances of £3.630m and a further £1.018m). The closing balance for 2023/24 was £5.37m. We note that progress has been made on resolving this matter, however the significant weakness we identified in 2022/23 on the stability of the HRA remains in place for 2023/24 and we will consider the effectiveness of the steps taken to address the issues in 2024/25.

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.

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

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

Continued from the previous page...

The Council understands key spending drivers well. The 2024/25 budget highlights the risks of demand pressures in children's services, adult social care, and homelessness due to limited resources and increasing demand. Economic conditions have led to reduced revenues and higher demand, while inflation strains staffing and contract costs. To address these challenges and meet statutory obligations, service demands, and resident priorities, the Council is investing £10.7m in the 2024/25 budget across many services and will allow the continued delivery of the best services to residents, businesses and visitors. This includes £4.2m for Home Care, £1.3m to support school transport services for children, £1.5m for people affected by homelessness and £1.7m to support housing services.

As at month two, there is a forecast General Fund overspend of £20.480m before the use of corporate contingencies. Mitigations and action plans which could reduce this forecast are set out with each Departments commentaries and work is ongoing to deliver these.

Cash flow is meticulously planned to ensure funds are available to meet the Council's legal obligations and deliver its services. The treasury management strategy serves as a roadmap for the Council's borrowing requirements, focusing on long-term cash flow planning to fulfil capital spending commitments. Managing long-term cash might involve securing long or short-term loans, utilising cash flow surpluses, or restructuring existing debts to align with the Council's risk management or cost-efficiency goals.

The Council owns a modest collection of commercial properties, mainly retail spaces in multi-storey buildings in the HRA, operated as community services, not investments. Additionally, there are a few small public car parks. The other commercial property is the Civic Campus, managed externally by the West King Street Renewal Company. Currently, we see no significant risk in the Council's investment property portfolio.

G

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

Plans to bridge its funding gaps and identifies achievable savings

Annual savings plans are formulated as part of the budget setting process. There was an organisational savings plan of £2.9m in place for 23/24 which was agreed as part of the 23/24 Budget. The delivery of savings was regularly discussed at SLT meetings and reported as part of the Budget monitoring reports presented to Cabinet, under the heading of 'MTFS Savings Monitoring'. Savings are presented by Department and further analysed in appendices by individual saving schemes. Each saving is RAG-rated to indicate the risk of the saving in terms of deliverability and a forecast of savings to be delivered versus non-delivered. The progress in reporting of savings demonstrates a keen interest and effort directed by the Council toward tracking and monitoring of savings.

The MTFS savings target for 2023/24 was £2.9m along with the forecast delivery against targets for the Council-wide employee management saving of £2.5m. The outturn detailed that £2.667m of savings were delivered along with £2.375m from employee management. Savings of £0.257m in Resident Services will be delivered in 2024/25 through automation and services improvement facilitated by the Resident Access and Experience Programme.

Historically, the Council have delivered the majority of their savings plans; 95% of £4.9m was delivered in 2022/23 and 92% of £2.667m was delivered in 2023/24. In both years, a small (£0.3m in 22/23 and £0.3m in 23/24) underspend was achieved.

For 2024/25, the budget detailed a savings plan of £8.1m. As at month two, the Council is forecasting that £7.709m will be realised.

G

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

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

The Council's financial planning is strong and is broken down appropriately. They have followed similar standards in both 2023/24 and in the planning for 2024/25.

The Council aligns its discretionary spend with the priorities in its Corporate plan. The Council is experienced at managing within its funding envelope as is demonstrated by the generation of the revenue budget underspend in 2022/23 and in 2023/24.

The Corporate plan values are incorporated into the MTFP, the revenue and capital budgets. There is a section within each document, together with the in-year budget monitoring reports which summarises how the report aligns to the priorities/values.

The 2024/25 budget highlights the importance the Council is placing on ensuring the continued delivery of key council priorities. This suggests that the Council is not relying on reducing or removing how any services are currently being provided.

The 2024/25 budget proposals include an investment of £10.7m that will allow the continued delivery of the best services to residents/businesses and visitors. This includes an extra £4.2m for Home Care, £1.3m to support school transport services for children, £1.5m for people affected by homelessness and £1.7m to support housing services.

The Council's financial planning is strong and is broken down appropriately. They have followed similar standards in both 2023/24 and 2024/25.

In the Revenue Budget and Council Tax Levels 2023/24 and 2024/25 reports, there are clear breakdowns of budgeted expenditures. The costs are set out as well as their sources of income.

The Council have benchmarked themselves to identify how they compare to statistical nearest neighbours in terms of service unit costs to inform their future planning.

G

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

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

The Council demonstrates that financial planning assumptions in the in-year plan and the medium term are consistent with other key strategies such as:

- **Workforce:** The workforce is considered throughout the MTFS, budget and committee meetings (as evidenced through the minutes). The Finance and Corporate Services departments are helping to mitigate the significant medium-term financial challenges faced by the council through most efficient use of property, workforce, digital and automation, and commercialisation.
- **Estates & Assets:** The Council considers estates and assets within their four year Capital Strategy and Programme 2024-28 and regular quarterly Capital budget monitoring reports. This includes the 'HRA Asset Management Capital Strategy'. Plans prioritise maintenance requirements to ensure a fit for purpose estate and asset base.
- **Net Zero:** One of the Council's Corporate priorities is 'Rising to the challenge of the climate and ecological emergency'. This is incorporated into all the financial plans and how the Council's activity aligns to this priority. The Capital programme incorporates a number of measures that support the Climate and Ecology Strategy.
- **Treasury Management Strategy:** The council complies with the CIPFA Prudential Code for Capital Finance and statutory guidance in preparing the required capital related strategies and policies. The Capital Strategy and Minimum Revenue Provision (MRP) Policy is included in the Capital strategy. The Council factors in the contribution of treasury management into its capital plan and strikes the appropriate balance between mitigating risk and optimising the contribution. The treasury management strategy was presented in February 2024.

The Revenue and Capital budget monitoring reports include the assumptions around financial delivery, together with variations and rationales for them. These include assumptions about workforce and activity.

The 2023/24 budget showed the intention to spend £202.5m on capital in January 2023. The total capital outturn for 2023/24 was £184.8m representing a £17.7m underspend or 8.7% variance from original approved budget. Throughout the year the capital programme is re-phased as new projects are approved and deadlines change.

The outturn of £184.8m was measured against the revised budget of £232.174m which represents a £47.343m or 20% underspend.

The Council now report capital outturn against the planned capital budget from the start of the year and keep the budget under constant review to ensure the budget more accurately reflects the expected capital spend in-year. The prior-year recommendation is now closed, see appendix C Follow-up of prior recommendations.

G

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

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

The Council ensures a robust financial planning process by incorporating reasonable financial assumptions. These assumptions are grounded in historical data, economic trends, and expert forecasts, providing a sound basis for financial projections and budgeting. By relying on well-founded assumptions, the Council aims to create realistic and achievable financial plans that align with its strategic objectives. However, one notable aspect of the Council's financial planning process is the absence of scenario planning. Scenario planning is a strategic method used to envision and prepare for various future possibilities and their potential impacts on financial outcomes. By considering the integration of scenario planning, the Council could strengthen its financial resilience and adaptability, ensuring a more robust and forward-looking financial strategy.

There is clear consideration of risk in the Council's budget for 2024/25. The key financial risks that face the Council have been identified and mitigating actions detailed in a budget appendix by Department area. The substantive risks include: inflation, interest rates, unemployment, legislative requirements, increasing regulation, demographic pressures on ASC and Children's services, homelessness, labour shortages, stabilisation and restoration of Hammersmith Bridge, climate change, savings over the longer-term.

In compliance with Section 25 of the Local Government Act 2003, the Director of Finance has included in the budget, his view of the adequacy of the balances and reserves the budget provides for in light of the medium-term risks facing the authority.

The Council's financial planning practices are characterised by a reliance on reasonable financial assumptions, which provide a solid foundation for budgeting and financial projections. However, the exclusion of scenario planning represents a potential area for enhancement. By considering the integration of scenario planning, the Council could strengthen its financial resilience and adaptability, ensuring a more robust and forward-looking financial strategy – improvement recommendation 1 has been raised.

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Financial sustainability (continued)



Areas for improvement

Improvement recommendation 1:

We recommend that the Council should include scenario planning as part of developing their annual Budget. See page 36 for more details.

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 Constitution details the Council's arrangements with regard to risk management. The Audit Committee advises the Executive on the strategic processes for risk, control and governance and is responsible for oversight of all risk analysis and risk assessment, risk response and risk monitoring. This includes establishment of risk management across the organisation, including partnerships; awareness of the Council's risk appetite and tolerance; reviewing the risk portfolio (including IT risks); being appraised of the most significant risks; determining whether management's response to risk and changes in risk are appropriate.

The Council has arrangements in place to identify risks, understand them, record them within the risk management system and assess/score them. Risk management at Hammersmith and Fulham is guided by the risk management strategy statement which was approved in July 2019. In the prior year, the Council was aware of the need to update this risk management strategy document, and we made an improvement recommendation that the Council implement a regular review of its Risk Strategy. The Risk Strategy is being drafted and is due to be presented to SLT Assurance in autumn 2024 and then to Audit Committee in quarter four.

The Corporate Risk Register (CRR) is presented to Audit Committee quarterly, providing assurance to members that risks are being identified and appropriately managed. The Council has robust risk management arrangements in place which feed into the Corporate Risk Register. Last year we recommended that the Council include a new column in its CRR setting out the key controls and assurances for each risk. Though this function is currently being fulfilled by the 'Current position' column, we believe that it would add greater clarity if users were able to point to the key controls and assurances in place to seek assurance that the Council is mitigating the risk. The CRR continues to be reviewed and will be presented to SLT Assurance in the Autumn and then on to Audit Committee. We will review this in 2024/25

The Council has established a robust internal audit function that effectively monitors internal controls across its three boroughs. Led by the Director of Audit, Fraud, Risk and Insurance, the Internal Audit Service delivers regular reviews, providing the Audit Committee with the assurance needed to evaluate control operations. In the 2023/24 reporting period, a significant majority of audits received positive assurance, reflecting the effectiveness of the internal control systems. An external quality assessment, completed in August 2023, confirmed that the internal audit services conform to Public Sector Internal Audit Standards. While some audits received Limited Assurance ratings, these were specific and not indicative of widespread control failures, demonstrating a strong overall assurance framework within the Council.

Continued...

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- 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

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

Continued...

Continued from previous page...

The Council has implemented effective measures for preventing and detecting fraud through its Corporate Anti-Fraud Services (CAFS), which provides a comprehensive counter-fraud investigation service. The Council has proactively revised and presented key anti-fraud policies, including the Anti-Bribery Policy and the Fraud Response Plan, to ensure robust governance. In the 2023/24 period, CAFS reported 235 positive outcomes from its efforts, resulting in a notional savings of over £680,000. Additionally, £320,000 of fraud and error was identified through the National Fraud Initiative, underscoring the importance of these initiatives. Overall, the Council's commitment to fraud prevention and detection demonstrates a proactive approach to safeguarding its resources and maintaining public trust.

A

Approaches and carries out its annual budget setting process

The budget process for the Council starts in the summer of the preceding year, involving senior finance staff and departmental heads. Initial presentations include various scenarios and variables like inflation and funding levels. Departments are tasked with managing inflation and identifying savings to close the anticipated budget gap. External engagement is covered in the Equality Impact Assessment (EQIA), such as consultations on day care service redesign. The Council follows the Local Government Finance Act 1992 by consulting non-domestic ratepayers, though their rates are set by the government. Financial sustainability concerns, particularly regarding the HRA, have been documented. The Treasury Management Strategy focuses on affordability while maintaining an under-borrowed position to minimize risk. The Council's projected debt is expected to rise, but it remains within sustainable limits. Capital financing charges for both the General Fund and HRA are aligned with revenue expectations. CIPFA's Financial Resilience Index indicates the Council's debt is low-risk, though interest payable is slightly higher, but not a significant concern.

G

Governance



We considered how the Audited Body:

Commentary on arrangements

Assessment

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

The Council's financial monitoring and reporting processes are robust and well-structured, allowing for real-time access to budget data through BI dashboards. With a formal revenue monitoring cycle occurring quarterly, departments are held accountable for their budget variances through detailed appendices that outline explanations and action plans. This thorough approach is reinforced by discussions at departmental management meetings, ensuring a consolidated view for the Senior Leadership Team and Cabinet. Reports are designed to be accessible, featuring executive summaries and appendices that connect budget variances to non-financial metrics, enhancing the understanding of financial performance.

The Council's treasury management strategy remains prudent, focusing on low-risk investments and borrowing practices that are well-aligned with its current financial capacity. However, the challenging financial landscape ahead may require reassessment of these strategies. Capital monitoring reports presented to Cabinet offer insight into the general fund and Housing Revenue Account, although the complexity of slippage reporting could be simplified for better clarity. Engagement during Cabinet meetings illustrates a proactive approach to managing variances and mitigating risks, demonstrating accountability among directors.

In summary, the Council maintains a comprehensive framework for financial oversight, enabling it to navigate fiscal challenges while supporting essential services for the community.

G

Governance



We considered how the Audited Body:

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

Commentary on arrangements

From our review of the Cabinet papers, key decisions are supported by sufficiently detailed papers to ensure that sufficient challenge and debate can be demonstrated and there is no clear evidence of inappropriate decision making occurring at a Cabinet level. For transparency, there is a 'forward plan of Key Decisions' at the end of every Cabinet meeting, which is a rolling list of Key Decisions which the Cabinet and individual Cabinet Members planned to take in the coming months.

The Policy and Oversight Board oversees the Council's overview and scrutiny function. In 2023/24 this was delivered through six Policy and Accountability Committees (PACs), covering all major service areas who met once a quarter. The PACs in 2023/24 were: Children and Education Policy and Accountability Committee; Climate Change and Ecology Policy and Accountability Committee; Health and Adult Social Care Policy and Accountability Committee; Housing and Homelessness Policy and Accountability Committee; Social Inclusion and Community Safety Policy and Accountability Committee & The Economy, Arts, Sports and Public Realm Policy and Accountability Committee.

The membership of the Policy and Oversight Board includes the Chairs of each of the PACs and an Opposition Member. The PACs have cross-cutting remits designed to reflect the Council's key priorities and objectives. They are each comprised of five elected non-executive Members. Committees were also able to co-opt Members who had a particular expertise or direct knowledge of the service user perspective to assist with their work. Co-optees were usually non-voting although the parent governor and diocesan representatives on the Children and Education PAC are entitled to vote on education matters.

Committee members had access to the list of Key Decisions, which assists in the development of work programmes and the identification of forthcoming key executive decisions deserving closer scrutiny and input.

There is no evidence of inappropriate 'tone from the top'. Cabinet meetings include healthy debate and challenge, with detailed contributions from Executive Directors. The Chair welcomes comment from the wider Cabinet. The Section 151 officer is part of the executive leadership team and has access to Cabinet for effective communication, advice and decision making.

The Council has an effective Audit Committee in place which met four times during 2023/24. The attendance and skill mix of its five members is considered good.

In the prior year we made three recommendations in regard to the Audit Committee. These actions are in progress and are outlined in appendix C: 'Follow up of prior recommendations', together with future proposals. We will revisit these in 2024/25.

Assessment

A

Governance



We considered how the Audited Body:

Commentary on arrangements

Assessment

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

The Council has a range of officers who are responsible for ensuring and monitoring compliance with statutory standards, such as the Monitoring Officer and the Section 151 Officer. During our review we are not aware of any instances where officers or elected members have not complied with the necessary standards. The SLT assurance board is the key mechanism for monitoring of compliance at a Council-wide level. This comprises of Directors and Associate Directors from across directorates, with assurance reports being presented which included performance across a suite of performance indicators around compliance and specific issues.

The Council formally reviewed the Constitution and presented it to the Full Council on 28th February 2024. This aligns with the Monitoring Officer's annual requirement to ensure the Constitution remains effective. The Constitution is updated as needed throughout the year. It outlines how the Council operates, makes decisions, and follows procedures to conduct business efficiently, transparently, and accountably. This review shows the authority's commitment to maintaining high operational standards.

Requirements and guidance for accepting and disclosing gifts and hospitality (both for members and officers) are set out within the Council's constitution.

The Council has arrangements in place to ensure officers and members are making declarations of interest. At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter.

In March 2024, there was a significant award in a tribunal matter. The Council are appealing the decision. This was a result of the liability judgement (2022), which related to an unfair dismissal claim for a member of staff who worked with the authority in 2017 - 2018. A number of lessons learned have since been implemented, including:

- Absence management training workshops for managers.
- A rolling two-year programme of disability, equity and co-production training which is mandatory for all staff.
- Reinforcement of the Council's employee assistance programme and wellness centre, and the launch of a new mobile app, providing staff with confidential 24/7 access.

Continued...

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Governance



We considered how the Audited Body:

Commentary on arrangements

Assessment

Continued from previous page...

The procurement strategy aligns corporate goals with services and capital projects through commercial partners. In February 2023, the Council presented the Sourcing Strategy 2022-26 as its procurement guideline. This strategy aims to enhance how the Council sources goods, works, and services for residents' best outcomes. It complements the Council's governance documents, including the Constitution, Contract Standing Orders, Financial Regulations, Code of Conduct Policies (for Officers & Members), Anti-Bribery Policy, Corporate Anti-Fraud and Corruption Strategy, and Gifts and Hospitality Policy. These documents are available on the Council's website for stakeholders to access and understand.

In addition to the overarching Sourcing Strategy, the Council typically develops individual procurement strategies for significant proposals submitted to Cabinet. The Procurement and Commercial team operates under the Strategic Director of Finance and currently comprises five employees.

Since April 2022, the procurement function has undergone a substantial improvement process. We recognise that significant efforts have been made to assess the organisation's status concerning supplier payments and existing contracts, in preparation for the implementation of the Procurement Act.

The Contract Assurance Board (CAB), led by the Assistant Director of Procurement and Commercial, includes representatives from all departments. CAB reviews high-value contracts to ensure they align with Council priorities. The Advisory Hub focuses on large procurements, developing governance processes, updating documentation, and providing organization-wide training. The team regularly reports a forward plan for significant contracts over £213k to the SLT.

The Council has a solid grasp of smaller contracts too. In 2023/24, the procurement team reconciled all supplier payments with existing contracts, showcasing their dedication to managing contracts. They continue this effort with annual reconciliations. This exercise has resulted in more waivers being identified albeit for much smaller values.

The procurement team monitors performance indicators, including tracking waivers, off-contract spend, and contract performance, to ensure accountability and continuous improvement. These metrics are reported to CAB. In 2023/24, there were 130 waivers, valued at £18.4m, compared to 103 waivers worth £35.3m in 2022/23. Previously, it was recommended that the Council should aim to reduce the number of tender waivers and focus more on competitive tendering to enhance value for money through the procurement process. This recommendation has been met; the Council has also extended its efforts to include smaller-valued contracts.

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

G

Improving economy, efficiency and effectiveness – commentary on arrangements



We considered how the audited body:

Commentary on arrangements

Assessment

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

In May 2022, the Full Council established the Policy and Oversight Board to oversee the Council's overview and scrutiny function, which is delivered through the Policy and Accountability Committees (PACs). This board has oversight of finance, resource utilization, performance management, and the creation and monitoring of new policy development via the PACs. In September 2022, the Cabinet adopted the Business Objectives 2022/23 plan, which included a commitment to develop a longer-term plan. This led to the creation of the Corporate Plan, which was presented to the Cabinet in December 2023. The Corporate Plan aims to guide the strategic operation of the Council and clearly articulate the Council's key ambitions to residents, partners, staff, and regulators.

The Strategic Leadership Team (SLT) holds strategic oversight of the Corporate Plan's delivery, which is regularly monitored by the Council's Policy and Programme Management Office. The Plan includes a set of outcomes that describe the changes and improvements the Council aims to achieve. These outcomes will serve as the basis for future reporting on the Plan's delivery to the Cabinet on an annual basis. The Council's Policy and Accountability Committees may also oversee and scrutinise the Plan's delivery as needed. During the 2023/24 period, performance monitoring was conducted against both the old Business Objectives and the new Corporate Plan on a quarterly basis.

As of April 2024, there were five red-rated performance indicators, including new stage 1 and stage 2 complaints, average time to assess benefits claims for changes in circumstances, repeat Child Protection Plans, and homeless prevention. An improvement recommendation was made to consider publicly reporting on performance indicators to ensure openness and transparency. This recommendation is being implemented as part of the new Corporate Plan and will be reviewed in the 2024/25 period.

The Council is continuously comparing itself against other local government organisations to improve its performance. They have the third lowest council tax in the country and are one of a few councils to abolish home care charges. Additionally, they have funded the largest-ever number of council-funded police. Business Intelligence (BI) reviews the LGA Inform benchmarking tool to inform wider performance management work, such as reporting to Performance Boards and designing performance management frameworks¹. Performance Boards, often chaired by a member of the Strategic Leadership Team (SLT), receive benchmarking information periodically.

Services regularly benchmark costs and performance against similar bodies as part of business cases, investment plans, and service strategy development. The Council subscribes to CFO Insights to assess performance against other similar councils.

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 – commentary on arrangements



We considered how the audited body:

Commentary on arrangements

Assessment

Evaluates the services it provides to assess performance and identify areas for improvement	<p>The Council reports on their Revenue Budget and Council Tax Levels annually, with the latest report in February 2024. Recently, the council abolished home care charges, provided free school breakfasts, established a Law Enforcement Team, maintained weekly bin collections, and ended bailiff use for Council Tax debt. They have the third lowest Council Tax in the country and have cut or frozen it in five of the last nine years. Their progressive Council Tax Support Scheme reduces the burden on the most vulnerable. The Local Authority emphasises financial efficiency by ensuring spending aligns with priorities, questioning expenditures, and achieving results within budgets.</p>	G
Housing Services	<p>The Council focused on enhancing the Housing department and reinstating trust with its residents. They have taken significant steps to better services and respond to issues highlighted by both residents and the Housing Ombudsman. The Chief Executive leads a regular task group, comprising representatives from various Council Departments, to supervise the improvement plan. During the 2023/24 period the Council underwent an investigation by the Housing Ombudsman, which identified areas needing improvement. They have accepted the Ombudsman's findings and recommendations, showcasing their commitment to ongoing enhancement. Their proactive efforts are already showing positive outcomes, and they are dedicated to fully implementing the Ombudsman's recommendations.</p> <p>In preparation for the Social Housing (Regulation) Act 2023, the Council is actively updating its policies and procedures to meet the new national consumer standards. This proactive effort not only ensures compliance with regulatory mandates but also aims to improve the quality of services provided to residents. Additionally, external auditors Pennington Choice have granted the Council's Housing Services "reasonable assurance" in the key compliance areas of Gas, Asbestos, Fire, Electrical, Water Hygiene, and Lifts, which are components of the consumer standards. Focus on housing repairs has driven major service improvements. In March 2024, the Cabinet decided to change the contract for responsive repairs. A new pilot at White City Estate aims to better meet residents' needs by directly managing repairs.</p> <p>The Housing service has improved in handling complaints, achieving 98% and 99% response rates for Stage 1 and Stage 2 complaints. Despite this, complaints remain high. To tackle this, the Council has set up a 'Complaints Improvement Board' to reduce complaints through strategic actions. Additionally, the Repairs contact centre has boosted its service by raising call answer rates to 97%, cutting wait times to 1 minute, and improving customer experience with expert engagement. While there have been advancements, the Council acknowledges that much work remains. They are committed to collaborating with residents to improve the housing service. We are pleased to note that on 25 October 2024 the Council received a letter from the Housing Ombudsman who confirmed that all ten recommendations of their P49 report have now been met and completed. The progress they have made sets the stage for further development and this will be reviewed in 2024/25.</p> <p>This criteria has been marked red due to the service performance in Housing which is covered within the key recommendation.</p>	A

Improving economy, efficiency and effectiveness – commentary on arrangements



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

Collaboration is essential for providing numerous local authority services. The Council has upheld robust partnership arrangements with key stakeholders and continues to do so in 2023/24.

The Policy and Oversight Board, along with the Policy and Accountability Committee Chairs, presented their Annual Report for 2023/24 to the council in July 2024. This report highlights the key responsibilities of the PACs, which include scrutinizing decisions made by partner organisations in the interest of the Borough's residents. The reports are detailed, linked to central Council Values, and cover issues that occurred during the period, decisions made by partner organizations, and various activities to support residents.

Performance of partnerships is monitored within appropriate Council departments and overseen by the Strategic Leadership Team (SLT) on a monthly basis. While the Council does not publicly report performance with all partners, information is exchanged within certain partnerships. An example of such partnership working is the Hammersmith & Fulham Local Safeguarding Children's Partnership, which was highlighted in the previous year's report and continues to be a focus in 2024/25.

The Council's commitment to partnership working is evident in their collaboration with key external partners in health, education, and across the private, voluntary, and independent sectors. The new Corporate Plan, adopted in December 2023, reaffirms this commitment and outlines the Council's strategy to tackle the biggest challenges facing communities. The Council also participates in the North West London Integrated Care System (ICS), collaborating under the Integrated Care Partnership to implement the North West London Care Strategy.

Additionally, the Council has launched various initiatives to support the borough's economic recovery and improve residents' health. These include partnerships with Imperial College London and the NHS to address air quality and a new pilot program at White City Estate to manage housing repairs directly. The Council also focuses on recruitment challenges by partnering with the London Innovation and Improvement Alliance and other organisations to attract and retain social workers.

G

Improving economy, efficiency and effectiveness – commentary on arrangements



We considered how the audited body:

Commentary on arrangements

Assessment

The Council has a comprehensive approach to identify and manage key contracts where it procures or commissions services, ensuring that expected benefits are realised.

The Council's procurement strategy (known as the Sourcing Strategy 2022-26) communicates the procurement approach to the rest of the Council and commercial partners. This Strategy 2022-26 was presented at the February 2023 Cabinet meeting. It outlines the overarching strategy to improve how the Council sources goods, works, and services to secure the best outcomes for residents. This strategy sits alongside the Council's operational governance arrangements, including the Constitution, Contract Standing Orders, Financial Regulations, Code of Conduct Policies, Anti-Bribery Policy, Corporate Anti-Fraud and Corruption Strategy, and Gifts and Hospitality Policy.

The Contract Assurance Board (CAB) meets weekly and includes representatives from all departments. This forum allows stakeholders to discuss procurement strategies, awards, contract variations, and modifications for items over £100k, ensuring alignment with Council priorities. The procurement team also performs a yearly reconciliation of supplier payments and contracts to maintain a corporate grip on all contracts in operation.

The Council monitors performance indicators, including tracking waivers, off-contract spend, and contract performance, to ensure accountability and continuous improvement. These metrics are reported to CAB. In 2023/24, there were 130 waivers valued at £18.4m, compared to 103 waivers worth £35.3m in 2022/23. The Council aims to reduce the number of tender waivers and focus more on competitive tendering to enhance value for money through the procurement process.

The Council's Procurement and Commercial team, under the Strategic Director of Finance, focuses on very large procurements. They have developed processes to help understand governance, process maps, updated documentation, and provided training to the whole organisation. The team reports a forward plan to the Strategic Leadership Team (SLT) regularly, focusing on significant contracts above £213k.

The Procurement team works in conjunction with the Legal team to conduct forums and training sessions focused on contract management. These sessions address new regulations, best practices in contract management, and evaluation processes to ensure compliance and enhance procurement methodologies.

A Procurement Act Working Group has been established, which includes the Director of Audit, Fraud, Risk and Insurance, the Head of Internal Audit, and the Risk and Assurance Manager. They attend the meetings to contribute, provide advice, and offer constructive challenges when necessary.

Continued...

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

G

Improving economy, efficiency and effectiveness – commentary on arrangements



We considered how the audited body:

Commentary on arrangements

Assessment

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

Continued from previous page...

The Council are not involved in significant commercial ventures. They presently have three active limited companies and are part of two Joint Ventures. The associated governance arrangements were presented to Cabinet in June 2024 which also covered the monitoring of the performance of these companies. SLT also receive regular reports on the work of companies which then proceed to Cabinet. Internal updates are also raised quarterly at Commercial Board. This closes the recommendation from the previous year.

The Council has developed a comprehensive capital strategy, as detailed in the Annual 4 Year Capital Programme Report to Cabinet/Council in February of each year. This strategy is supported by other arrangements, including the Development Board and S106/CIL Board, which meet bi-monthly. Additionally, a new Corporate Capital Board, chaired by the Assistant Director of Finance, was established in 2023/24 and meets quarterly to ensure the delivery of programmes. The capital strategy from the 2024/25 budget report and annual treasury report for 2024/25 demonstrates an integrated approach to capital management. This closes the recommendation from the previous year. Future capital projects are being evaluated using the Treasury Green Book Model, which aims to enhance capital budget planning.

G

**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
IR1 We recommend that the Council should include scenario planning as part of developing their annual Budget.	Improvement	Financial sustainability	2024/25 Budget presented to the February 2024 Cabinet	By considering the integration of scenario planning, the Council could strengthen its financial resilience and adaptability, ensuring a more robust and forward-looking financial strategy.	<p>Actions: Council will implement scenario planning within their MTFS model, starting with the 2026/27 process.</p> <p>Responsible Officer: James Newman</p> <p>Executive Lead: Sukvinder Kalsi</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.

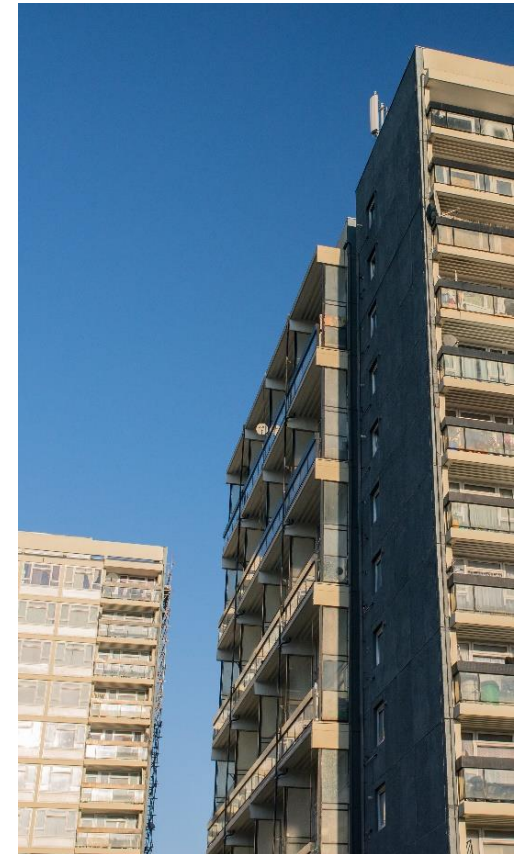
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records 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><u>Housing Revenue Account:</u></p> <p>a. We recommend that the Council takes urgent steps to return the HRA to making operating surpluses sufficient to cover existing borrowing requirements and to start building up HRA general reserve balances.</p> <p>b. We recommend that the Council sets a target level of minimum HRA general reserve balances, expressed as a number of month's HRA expenditure and aims to meet this target in a specified number of years.</p>	Key	Key recommendation (Financial sustainability) Raised November 2023	<p>a. Following on from the steps taken during 2022/23, the base deficit of £1.4m from 2023/24 has been wholly eliminated for 2024/25. A rent increase of 7.7% from 1 April 2024 (in line with September 2023 CPI plus 1%) together with the discontinuation of a temporary provision from reserves made during 2023/24, was necessary to protect the long term resilience of the HRA. The balanced budget set for 2024/25 is providing a strong foundation from which to make contributions to the HRA General Reserve in the coming years as the financial operating environment allows.</p> <p>b. The key strategic housing financial objective is to maintain the long-term financial resilience of the HRA and the 10-year Business Plan aims to maintain general balances equivalent to 5% of annual spend. The initial target minimum balance of £5m was met and exceeded during 2023/24 with a balance of £5.4m by 31 March 2024 in the HRA General Reserve (with another £6.2m in earmarked reserves). A 5% target for the HRA General Reserve is equivalent to £5.3m based on the 24/25 gross expenditure budget for the HRA of £106.7m. This is equivalent to 0.6 months of gross expenditure. The Council suggests that this could be used as the minimum requirement for the HRA General Reserve balance going forward with a target to achieve 1 month (currently £8.9m) within the next four years. This aspect is now resolved.</p>	<p>In progress – needs to be sustained in 2024/25</p> <p>Yes</p>	<p>There has been significant improvement over the last six months however, we would like to see the new processes embed in 2024/25.</p> <p>We will revisit these recommendations as part of the 2024/25 VfM work.</p>

*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?	
<u>Housing Revenue Account:</u>						
1	Key recommendation (Financial sustainability)	November 2023	c. The Council has optimised the position in terms of income generation for tenant service charges (full cost recovery) and for Council homes rental income (with use of the 5% rent flexibility for relets). A review of other non-regulatory fees (including commercial income, garage rents, advertising hoardings, management fees) will be undertaken to ensure that income from all housing assets is optimised for the HRA. This aspect is now resolved.	Yes	There has been significant improvement over the last six months however, we would like to see the new processes embed in 2024/25. We will revisit these recommendations as part of the 2024/25 VfM work.	
			d. We recommend that this financial model is used to demonstrate plans for returning the HRA to a position of financial sustainability and to demonstrate how both legally required works and new build aspirations might be funded and paid for. We would expect the financial business plan to allow reporting of various scenarios and for projections to be supported by extensive sensitivity analysis and stress testing.	d. The current 10-year financial business plan is being revised as part of the annual budget setting process and this will take into account the Council's latest plans to deliver both legally required works and affordable housing as well as demonstrate plans for a financially resilient, sustainable HRA. The report presented for Cabinet approval in February 2025 will include the results and implications of analysis and stress testing of key sensitivities.		In-progress
			e. We recommend that a comprehensive exercise is undertaken to improve the quality of stock condition survey data. If all team members visiting homes are involved in validating existing records and updating stock condition data, this will give rise to a sense of ownership and increase confidence in the stock condition survey data amongst team members. This needs to be supported by appropriate technology.	e. The new stock condition surveys are almost complete and work has already begun to analyse the findings. This information will be used to develop the next Asset Management Strategy (2025-2030) which is expected to be completed in the new year. This will then enable a revised 5 year capital programme to be devised and this is expected to be finalised in the autumn of 2025. This aspect is now resolved.		Yes

*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>Service Performance in Housing:</p> <p>2 The Council should continue on its improvement journey with the operational performance of its housing service to ensure it is meeting a minimum core service standard.</p>	<p>Key recommendation (Improving economy, efficiency and effectiveness)</p>	<p>November 2023</p>	<p>The governance arrangements established in 2023/24 have been continued and enhanced in ensuring delivery of the improvement journey for both operational and financial performance. voids performance is reported on regularly at Service Improvement Board and the average level of income loss from voids has improved markedly in recent months with the average number of void properties reducing from an average in 23/24 of 320 to an average for the 24/25 financial year to date of 250. We are pleased to note that on 25 October the Council received a letter from the Housing Ombudsman who confirmed that all ten recommendations of their P49 report have now been met and completed.</p>	<p>No</p>	<p>There has been significant improvement over the last six months however, we would like to see the new processes embed in 24/25.</p> <p>We will revisit these recommendations as part of the 2024/25 VfM work.</p>

*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?	
Savings:						
1	a) The Council should identify and develop savings early in the budget process to ensure appropriate prioritisation and the necessary level of rigour commensurate with the forecast budget gaps. At present, the Council is forecasting a 2024/25 budget gap that would involve a £18m use of reserves if no additional savings or income generation plans are devised. The Council do not anticipate the materialisation of the need to use reserves as they are relying on developing savings plans. The issue is that 2024/25 is soon approaching and there are currently a lack of developed savings schemes from which to close the budget gap. We recommend reporting clearly the intention to iteratively develop and identify savings so as to provide assurance that the budget gap will be mitigated.	Improvement	November 2023	The Savings Programme (£2.9m for 2023/24) is now considered at the Finance SLT as part of the in year financial performance reporting. It is also being reported separately in the CRM Reports to Cabinet for 2023/24 (with a RAG rating system). This will be continued and replicated at Departmental DMTs.	Yes	No
	b) The Council should implement a single, consolidated and regularly updated mechanism that tracks its savings plans. This should include the savings that have been agreed, how they will be monitored and the extent to which they have been achieved. The savings should also be built into the authority's annual budget and medium-term financial plan.					
	c) Savings must be publicly agreed and approved by Members and progress against savings plans alongside any variances of deviation from those plans must be publicly reported to Members.					

*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?
2 The Council should review and evaluate how it sets its capital budget. Consideration of this will enable it to set more realistic budgets going forward.	Improvement	November 2023	<p>The Council has a strongly developed capital strategy (as set out in the Annual 4 Year Capital Programme Report to Cabinet/Council in February of each year). This is supported by other arrangements (including the Development Board, S106/CIL Board) and a new Corporate Capital Board has been established in 2023/24 (Chaired by AD Finance) to ensure delivery of programmes. Future capital projects are being evaluated using the Treasury Green Book Model and this is intended to improve capital budget planning.</p> <p>Capital strategy from 2024/25 budget report and annual treasury report for 2024/25, which evidence an integrated approach to capital.</p>	Yes	No

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

Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
<p>Risk management:</p> <p>3 a) We recommend that the Council implement a regular, mandated annual review of its Risk Strategy.</p> <p>b) The Council should consider the number of risks reported on the Corporate Risk Register (CRR).</p> <p>c) We recommend that the Council include a new column in its Corporate Risk Register (CRR) setting out the key controls and assurances for each risk. Though this function is currently being fulfilled by the 'Current position' column, we believe that it would add greater clarity if users were able to point to the key controls and assurances in place to seek assurance that the Council is mitigating the risk.</p>	Improvement	November 2023	<p>The Risk Strategy is being reviewed and arrangements will be put in place for Annual Review and endorsement by Assurance SLT. The current risks reported on the CRR have been reduced (but it is important that these are comprehensive and reflect the strategic risks that are being faced by the Council).</p> <p>a) Risk strategy being drafted and will be presented to SLT Assurance in Autumn 2024 and then to Audit Committee in Q4.</p> <p>b) The CRR is reviewed on a quarterly basis with the number of risks having been reduced significantly. SLT Assurance are satisfied that the right risks are held on the CRR.</p> <p>c) CRR continues to be reviewed and will be presented to SLT Assurance in the Autumn and then on to Audit Committee.</p>	Partially	Yes

*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?	
Audit committee:						
4	a) We recommend that the Council enshrines in its Constitution the separation of executive roles and Audit Committee membership and include that it will institute the rule that a period of two years should elapse before a councillor who previously held a senior policy role joins the Audit Committee in line with CIPFA's guidance Audit Committees: Practical Guidance for Local Authorities and Police (2022). b) We recommend that the Council considers the merits of appointing appropriately qualified independent members to the Audit Committee. c) We recommend that the Council reports annually on how the Audit Committee has complied with the position statement, discharged its responsibilities and include an assessment of its performance.	Improvement	November 2023	a) The Review of Effectiveness will commence with a workshop with the Audit Committee in the Autumn 2024 and the outcome reported to the Committee in Q4. b) A paper will be presented to SLT Assurance on this in November 2024 and the outcome of this paper considered as part of the Review of Effectiveness workshop with the Audit Committee. c) An annual report of the Audit Committee will be prepared for the 2024/25 municipal year and annually thereafter.	No	Yes
5	The Council should ensure consistent monitoring of the work of its companies at senior leadership level.	Improvement	November 2023	SLT now receive regular reports on the work of the companies which then proceed to Cabinet. Internal updates are also raised quarterly at Commercial Board.	Yes	No

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

Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
6 The Council should consider publicly reporting on performance indicators to ensure openness and transparency.	Improvement	November 2023	<p>Assurance on progress against strategic objectives including performance indicators is intended against the new Corporate Plan in early 2025. It remains the case that the Council widely reports its performance to residents/ employees/ government departments/ regulatory bodies through existing statutory duties and requirements. Considerable information is already available through nationally published statistics (including OfLog).</p> <p>Reporting against corporate performance has not been added to the forward plan of Policy Oversight Board. It was requested at SLT that further consideration be given to this reporting.</p>	No	Yes
7 The Council should consider how it can reduce the number of tender waivers, in favour of a greater focus on competitive tendering, to better safeguard VfM through the procurement process.	Improvement	November 2023	<p>The Council has about 100 contract waivers per year. The requests to waive contract standing orders are evaluated at the weekly Contract Assurance Board (and services are specifically requested for justifications and demonstration of value for money). The vast majority of waivers are below procurement threshold requests, and it is important to consider that potential re-procurement costs for low value contracts may not represent value for money. The new forward plan of procurement will assist further in the year ahead.</p>	Yes	No

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

Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
2020-21 IR5 The Council should report capital outturn against the planned capital budget from the start of the year and ensure the budget more accurately reflects the expected capital spend in year	Improvement	September 2022	Capital outturn is now measured against capital budget throughout the year	Yes	No
2020-21 IR7 The Council should review and improve the governance arrangements for the companies in which it has an interest, including clarifying the role of the Commercial Revenue Committee.	Improvement	September 2022	Covered by 2022-23 IR5 above	Yes	No
2020-21 IR8 The Council should ensure that performance against the Council's strategic objectives are reviewed by Cabinet in public meetings to facilitate openness and transparency and to enable public scrutiny.	Improvement	September 2022	Corporate Plan went to December 2023 Cabinet	Yes	No
2020-21 IR9 The Council should develop a clear data quality strategy and supporting policy	Improvement	September 2022	Data quality policy approved by SLT in April 2024 and disseminated to the organisation. Internal audit will include a data quality audit in the 2024/25 audit programme	Yes	No
2020-21 IR11 The Council should define its significant partnerships and develop a register that identifies the contribution that partnerships make to the Council's corporate objectives.	Improvement	September 2022	The partnership register reflects the contents of the related parties list in the statement of accounts. We report on our wholly owned companies twice yearly to SLT and Cabinet, and contractual monitoring of other related parties is done through other mechanisms within the organisation, e.g. the 3SIF programme, a grant giving programme for the third sector.	Yes	No

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

