Review Date: 17th – 18th March 2015
Report date: September 2015

Executive Summary and Recommendations

Review Summary

- The council has improved its financial management including the budget setting process during the last two years and has achieved the necessary budget savings. However, there is a need for the organisation to demonstrate greater confidence, ensure it has the necessary capacity deployed in the right areas and accelerate the delivery of change and improvement. There needs to be a corporate approach to transformation, long-standing issues need to be addressed and all commissioners (cabinet members) should engage more closely with the budget process.

- While the council’s financial reserves are lower than those of most comparable authorities, they are still sufficient to provide the opportunity to introduce ‘invest to save’ approaches; the implications of the establishment of a new ‘delivery vehicle’ for Children’s Services need to be considered fully; and the housing revenue account offers opportunities but there is a need for a housing strategy that would inform the effective use of the available resources.

- The emergence of the council’s ‘five year plan’ has been welcomed, providing a sense of direction. However, the plan is at a very high level and there is a desire for a narrative to be produced to help people to better understand what the council stands for and where it will focus its efforts in the future.

- There is scope to improve financial accountability, delivery and reporting. With 75 per cent of council expenditure tied up in contracts it is vital that existing contracts are managed effectively and future contracts are effectively established. While the council has identified a structural solution this is still in the process of being implemented and thus the issues have still not been addressed.

Recommendations
The principal recommendations from the review and a summary of the actions the Council is undertaking in response are set out below:
Recommendation – Develop a narrative that underpins the five year plan

Council response – With the process of C&D review of the different outcomes, Outcome Based Budgeting taking place at present, the 5 Live communications plan and the embedding of the 5YP in corporate reporting, e.g. balanced scorecard, cabinet papers etc, sessions with Heads of Services and managers and inclusion in the Management Development Programme. Progress on the narrative is being made. The test of this will be in the longer term as the 5YP is refreshed and outcomes assessed over a longer period of time as to whether they are delivering; however it is recognised that a formal narrative would be helpful. We intend to prepare this as part of the review and roll forward of the 5YP planned for this autumn.

Recommendation – Swiftly implement the structural solution to the contracts management issue

Council response – New Assistant Director, Commercial & Procurement commences work at the Council in early October. One of the key priorities for the new post-holder will be to address the contract management issue

Recommendation – Establish a corporate transformation programme including establishing a Transformation Board

Council response – Established. Meeting on a monthly basis and corporate Programme Management Office being set up to provide oversight of all transformation work including delivery of the 5YP, to be operational by end of October
## Action Plan

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Benefits to be gained</th>
<th>Action</th>
<th>Responsible officer / member</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinforce project management, commissioning and contracting and 'invest to save' on the basis that it is self-financing.</td>
<td>The council has placed a significant amount of work including a significant proportion of its budgets with external contractors. However, there is potential to increase the value for money gained through these contracts by improving the council's project management and commissioning capacity. This is something that the council has already recognised and is starting to address. The council should also identify opportunities to 'invest to save' thus securing long-term increases in value for money.</td>
<td>Work is underway on major contracts being re-commissioned. Separate commissioning and procurement related boards have been established. Invest to Save bids are coming through to support this activity, though the overall position of the Council’s finances makes it much more difficult to provide one-off funding without a clear business case setting out the savings being returned to the Council</td>
<td>Roger Parkin / Sarah Richards / Rob Anderson</td>
<td>November 2015</td>
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<td>Integration of financial and performance reporting.</td>
<td>Performance reporting could be improved through better integration of finance, performance and other information to inform future decision making.</td>
<td>Undertaking a review of the integration of performance and financial information provided as part of the second point above.</td>
<td>Joseph Holmes / Rob Anderson</td>
<td>February 2016</td>
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<td>Reinforce the finance function and strengthen the role of each department's Finance Manager</td>
<td>While each directorate already has a named Finance Manager there is a need to increase the capacity and influence of those officers.</td>
<td>Review of structure to be undertaken in time for implementation in 2016-17</td>
<td>Joseph Holmes / Rob Anderson</td>
<td>December 2015</td>
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<td>Make better use of the Commissioners' and Directors' (C&amp;D) meetings to oversee the budget process.</td>
<td>There is a need for elected Members to become more involved in the budget process and to achieve more ownership. At present budget papers are presented at these meetings but there is a lack of challenge. It would be appropriate for Members to use these meetings to make an informed challenge to the budget in a meeting that is outside of the formal budget decision process.</td>
<td>Proposal to utilise part of the C&amp;D meeting on the 30th September to focus on the first ‘closing the gap’ draft looking over the next four years. Members to challenge the options being presented and identify any areas where they feel need to be explored further. Use Budget Simulator output and second draft of ‘closing the gap’ plans to challenge assumptions later in the Autumn</td>
<td>Joseph Holmes / Rob Anderson</td>
<td>September 2015</td>
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