

# LGA Finance Peer Review

Action Plan



# Action Plan

## Key Recommendations

Recommendation	Ref	Action	Lead Officer	Target Date	Comment
Consider and implement the management action needed in 2022/23 to address the in-year budget challenges	1	Tactical budget plus related options; visibility of in-year position and clarity on areas for action	Ben Jay	July 2022	Done, but concern over key elements of mitigations and lack of connection to FBPs being addressed; revised monthly monitoring to identify areas for urgent action. Cost of Living Crisis (CoLC) and associated pressures have moved goalposts on this.
Clearly articulate the budget gaps being faced by the council over the MTFS period and how the council intends to secure a financially sustainable future	2	MTFS gap is clear; mitigating actions are identified	Ben Jay	01/07/2022, but with subsequent updates	Done - update for September with revised resources assessment.  Updated in report to Cabinet in July. No approval by Council. 'Emergency' Budget for 22/23 and 23/24 in response to CoLC is an

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					option for November/December reports.
Invest time and capacity in communicating the above and embedding it across the council, and with partners	3	EMT	James Walton/ BenJay/ Nigel Newman	July 2022	<p>Done for MTFS in terms of external comms - needs to be cascaded to DMT teams and partners etc NHS.</p> <p>The revised MTFS in July is the first step. An emergency budget or if not, a new MTFS by Dec '22 will ensure a simple, clear narrative to the Council's financial position.</p>
The council should take ownership of the current situation and determine to resolve it through its own action	4	MTFS	James Walton	July 2022	<p>In-year monitoring and MTFS</p> <p>Delivered through the July MTFS and actions elsewhere in this action plan.</p>
Development of a shared financial strategy for the short, medium and long term	5	MTFS gap is clear	Ben Jay	July 2022	<p>MTFS</p> <p>Completed</p>

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Benefits realisation – ensure the organisation is prioritising realisable cashable budget savings	6	Budget management	Ben Jay/ADs	July 2022	In-year monitoring and MTFS  Bringing together the TOM work into a revised Budget Process Delivery of a balanced budget in 22/23 and 23/24 is the target.
Set out the strategy for identifying and delivering the activity for addressing the budget challenges including the PIDs and tactical savings	7	Tactical budget and MTFS; prioritise delivery into CFY, NFY, longer term MTFS and plan resources and benefits accordingly	Ben Jay	July 2022	Align to and embed within budget processes (in-year and future)  See point 6 above.
Consider the skills needed within the council to deliver the required action, including project management capacity, business case development and use of data/intelligence	8	EMT/monthly budget monitoring/MTFS	EMT/James Walton/ Sam Williams	July 2022	Pending - EMT need to prioritise PID actions for their themes for this year and next; Sam W securing PMO resources as needed; Ben to align FBP priorities to providing clear milestones and monitoring of delivery  Organisational-wide transformation programme (working title 'Machinery')

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					being put in place on the back of work with Ernst and Young (EY). Procurement in Aug '22 work completed by Oct '22 followed by expansion of programme from Jan '23 over next 3 years.
Review the council's approach to bid writing and attracting funding through the proposed 'Future Funding Team'	9	Planning for future funding team under way, but needs to progress; immediate action is to support ongoing LUF and related bids	James Walton/ Ben Jay/ EMT	December 2022	<p>Future Funding Team will provide financial expertise and support for whole Council and be the hub (but not owner) of this activity. Structure in place and recruitment commenced by Dec '22 at the latest.</p> <p>Work on 'Machinery' needed to support wholesale transformation of the Council being progressed with EY in September/October '22.</p>
Articulate how the council will look in future: its size and shape and how it will focus	10	EMT to use TOM to help describe the future state of the council – will be different with	EMT/James Walton/ Sam Williams	September 2022	See point 8 above.

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resources to deliver its Strategic Plan		more automation and increased skill mix to enable greater agility and flexibility			
Move away from transactional monitoring to risk-based monitoring and align available technical resources to priority activities	11	Budget management	Ben Jay/ADs	July 2022	In-year monitoring and MTFS  Q1 Monitor focusses on key drivers - CSC, Property, Income, Inflation
The council needs to demonstrate it is confident, capable and sustainable. This will strengthen its reputation and thus the case for additional investment	12	MTFS	James Walton	July 2022	In-year monitoring and MTFS; PID prioritisation and delivery or savings; sustainability still in question - key focus of in-year and next year planning.  This is really a combination of all the points above and below and a duplication of 14.  Work on organisational narrative being progressed with Newton Europe in October '22.

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Stronger engagement with national networks	13	SLT	AD Forum	October 2022	Often in place, but needs better articulation  Collate formal representation of national networks across SLT. Identify gaps and fill them
Be confident not passive	14	SLT	SLT	December 2022	Communication - LGA Peer review and action plan, focus on deliverables and positives. Shift in approach through MTFs and Monitoring reports Work on organisational narrative being progressed with Newton Europe in October '22. This Action Plan Revised MTFs (Dec '22) will reflect this new approach and set the basis for future years planning.

## Financial Leadership

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Presenting the 'worst case scenario' £50-60M gap, in order to strengthen the council's arguments about fair funding, is not a helpful basis for forward planning, and is in danger of undermining confidence in the council's ability to address its challenges	15	MTFS update	James Walton/Ben Jay	July 2022	Completed.
There is not a shared understanding of the budget gaps or available reserves. For clarity, a shared understanding of the most likely budget gap is needed	16	MTFS update; repeats in Sept, Oct/Nov, Jan/Feb	James Walton/Ben Jay	December 2022	Ongoing
Development of a shared financial strategy for the:					
Short term to create confidence in the council's immediate financial viability given cost pressures and the reserves position	17	MTFS updates; focus on immediate actions required; link to in-year monitoring esp. linked to inflation pressures and how those may affect CFY and NFY	James Walton/Ben Jay	December 2022	Ongoing



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Medium term (3yrs) to restore financial sustainability, implement transformational changes and legislative changes	18	MTFS update aligned to more detailed/prioritised TOM project delivery (matching delivery milestones to target MTFS years); includes scenario approach to impact of planned social care reforms (cap on cost of care; change in residential care charging regime)	James Walton/Ben Jay; also Tanya Miles/ Natalie McFall/ Laura Tyler	December 2022	Ongoing
Long term to focus on economic growth, early intervention and prevention and delivery of long term strategic plans	19	MTFS update; flag this as longer-term aim; need to begin to model scope to actually achieve this and what is required	James Walton/Ben Jay; also Tanya Miles/ Natalie McFall/ Laura Tyler	February 2023 MTFS	
Stronger engagement with national networks (such as Society of County Treasurers) will help the team better understand the national funding context, and share approaches to budget management with other councils	20	Links out to sectoral groups and networks	James Walton/Ben Jay/ Cheryl Sedgley/ Claire Spencer/ Rob Jones Also Exec Team	March 2023	To include local and national, LG and wider (e.g. ICB)

## Financial Strategy, Planning and Forecasting

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The Financial Strategy is based on old assumptions however we recognise that these will be revisited very shortly with a new in-year version of the MTFS.	21	MTFS update	James Walton/Ben Jay	July 2022	Done
The Financial Strategy is not yet clearly aligned to the Shropshire Plan or the target operating model. The plans need to meet the budget gap and resource realignment for delivery of Shropshire Plan	22	MTFS update	James Walton/Ben Jay	July 2022	Done
Urgent work is required for clarity on the in-year budget gap (and ensure this is comprehensive) and further consideration for implementing measures for addressing this e.g. spending controls	23	Ongoing MTFS updates and publicity for these	James Walton/Ben Jay	September 2022	Work highlighted above to close in-year gap. Current gap at £35m in 23/24; budget process to target recurrent savings
The emphasis on the 70+ emerging PIDs needs to focus on the cashable savings which will be delivered. This will	24	EMT prioritisation and monitoring through finance performance reporting	EMT, supported by finance to map timing of costs and benefits	September 2022	Rather than 'go/no go' decisions, actions to be framed with clear

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require RAG rating for political, reputational and operational considerations – consider optimism bias and lenses for the programme e.g. equalities, climate emergency etc					delivery milestones and exit strategies Prioritisation in 22/23 to be around closing 23/24 funding gap, out of necessity.
Project management (and aligned skills) need to be embedded with necessary capacity and resources in place to deliver. Logistical support to link savings programme through to Shropshire Plan & MTFS	25	PMO proposals being worked up	Andy Begley	September 2022	Work on 'Machinery' needed to support wholesale transformation of the Council being progressed with EY in September/October '22 followed by expansion of programme from Jan '23 over next 3 years. Project Management is part of this approach.

## Headline Opportunities

Recommendation	Ref	Action	Lead Officer	Target Date	Comment
Review Council Tax Base – discounts policy choices, growth in tax base (1% assumed, forecast growth?) and collection rate assumption/activity (97.9% - standard 98.5%)	26	Review calc	Ben Jay/ Phil Weir/ Cheryl Sedgley	December 2022	Collection rates have been upper quartile nationally and regionally for most years. Implications for deficit across major preceptors to be communicated.
Review Collection Fund surplus – c. £4m per annum (linked to above)	27	Review calc	Ben Jay/Phil Weir/ Cheryl Sedgley	December 2022	2021/22 surplus quoted, but unlikely to be per annum or in addition to other measures.  Revised projections will be incorporated in MTFS.
Core Spending Grants – change planning assumption - Core Spending Power maintained at a LA level e.g. IBCF, Social Care Grants, NHB taper down, RSDG taper down (say £30-35m)	28	Now included in MTFS	Ben Jay/ Cheryl Sedgley	July 2022	Done

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"Right sizing" budgets – create level baseline; income & expenditure; and recharges	29	Review as part of budget savings identification	FBPs to lead reviews with Directors/ADs	October 2022	EDs to ensure review of all budgets for start/stop continue etc, supported by FBPs and using 21/22 outturn info
Review the approach to concessions and discounts to ensure this is working	30	Review as part of budget savings identification	FBPs to lead reviews with Directors/ADs	December 2022	Target date dependent upon other priorities.
Review reserves plan and strategy inc. previous unspent allocations and reserves embedded in service budgets to be released for council-wide use	31	Review	Ben Jay/ Cheryl Sedgley/ Claire Spencer	February 2023	Focus is on sustainable base-budget savings initially. Work to create corporate contingencies may need to be Q4 but targeting Dec '22.
Review use of grants and capital programme - seek to optimise usage	32	Review	Ben Jay/ Cheryl Sedgley/ Michaela Probert	February 2023	Capital programme funding review de-prioritised due to CoLC impacts on revenue.
Income collection – bad debt provision £18.4m - write off or collect	33	Review	Ben Jay/ Cheryl Sedgley	February 2023	Write off will incur cost, funded from BDP, but that may then need replenishing... - need to map out consequences and schedule write offs.

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					Deb factoring business case and other options to be produced for decision.
Build capacity for strong propositions in response to national funding opportunities	34	LUF and UKSPF bids submitted	Tracy Darke	December 2022	DLUHC suggest confirmation of UKSPF is due October '22 and LUF before Christmas '22
Nevertheless... progressive policy decisions will be required	35	Budget planning for 23/24 to include 'unpalatable' choices in order that the options rejected can be mapped and that we can secure consensus on the decisions taken	EMT	December 2022	Link through to TSP, EY and Newton Europe work programmes.

## Finance Outcomes and Reporting

Recommendation	Ref	Action	Lead Officer	Target Date	Comment
Emerging concerns about the 2021/22 outturn position which reinforces the need for urgency	36	Review outturn and implications for 22/23 forecasting	Ben Jay/ Cheryl Sedgley/ Claire Spencer	September 2022	Complete. Active work around reporting to identify areas of risk and mitigations, also areas of opportunity; retain use of 'control corridor'.
For clarity on the financial position the use of the ERP system must be owned by all budget managers	37	Further training for budget holders to be arranged	Ben Jay/ Cheryl Sedgley/ Emma Walters/ Claire Spencer	December 2022	Include finance system 'hygiene' factors in DMT reporting, not just budget forecast (e.g. include aged debt, late PO stats, audit recs outstanding)
The council will want to ensure that it utilises the opportunities of all available mechanisms to harness councillor capacity and ideas to meet its challenges	38	Engagement with PFH in Oct/Nov over budget options	EMT/James Walton/ Ben Jay/ADs	February 2023	Structure financial reporting recommendations around actions - ADs to find in-year and coming year mitigations; EMT to manage overall spending within budget constraints and support prioritisation; Cabinet to provide policy steer; hold EMT

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					accountable for delivery, help develop strategic view and delivery pathways
Members need to seize the opportunity to chase performance and celebrate success	39	Engagement with PFH in Oct/Nov over budget options	EMT/James Walton/ Ben Jay/ADs	April 2023	Highlight achievements and successes within the finance report; include in member briefings Performance Reporting being developed over 2022/23 with plan for full launch in 2023/24.
Benefits realisation – ensure the organisation is prioritising realisable cashable budget savings	40	Prioritised in AD briefing on budget process and with FBP briefing on service engagement	EMT/James Walton/ Ben Jay/ADs	December 2022	New report structure; develop and embed use of SharePoint savings tracker Prevention work a target for benefits realisation understanding.
Move away from transactional monitoring to risk-based monitoring and align available technical resources to priority activities	41	Review	Ben Jay/ Cheryl Sedgley/ Emma Walters	September 2022	New report structure



## Decision Making and Governance

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The number of looked after children - more than 600 – which appears significantly higher than other comparable councils, has risen dramatically in a short period, and includes a high proportion of new cases not previously known to the council.	42		Tanya Miles/ Sonya Miller	December 2022	Longer term trend analysis, performance monitoring and action plan progressed August 2022. Demand management review, early intervention prevention strategy and Oswestry Integration Pilot being progressed. Production and delivery of Inequalities Plan and creation of CoLC Task Force.
As the single largest element of the council's cost base, it was also recognised that Adult Social Care would need to contribute significantly to the savings challenge.	43		Tanya Miles/ Laura Tyler	December 2022	Work with NHS Breaking Cycles Improved processes and predictive data analysis  Will be built into MTFS
The council will want to ensure that all councillors are provided with suitable information to	44		James Walton/Ben Jay	December 2022	MTFS - simplicity of message Transparency Scrutiny improvements

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understand the financial position.					
The council needs to avoid any situation where theoretically it anticipates it is meeting the financial challenge only to later realise that the proposals are undeliverable.	45		James Walton/Ben Jay/ EMT/SLT	December 2022	TOM, PID, Transformation, benefits realisation - robust processes, strong internal controls, effective monitoring, appropriate governance. Key work targeted from 10 Oct to 18 Nov 2022.  Work on 'Machinery' needed to support wholesale transformation of the Council being progressed with EY in September/October '22.
The council had previously determined that having an independent member as part of the Committee was not required.	46		James Walton	December 2022	New independent Member for IC to be actively recruited.

## Other

Recommendation	Ref	Action	Lead Officer	Target Date	Comment
Review of fees and charges to ensure that all tariffs are increased each year to be at a high level within the group of geographical neighbours OR reduced to secure overall higher income by providing low tariffs; securing streamlined process to flex tariff in-year to secure best overall income level	47	Review as part of budget savings identification	ADs/FBPs	December 2022	
Review of overall application of service budgets to identify services to slow, constrain, or stop	48	Review as part of budget savings identification	ADs/FBPs	December 2022	