

Appendix B

Auditor's Annual Report (Value for Money) Recommendations for the London Borough of Lewisham – Year ended 31 March 2021

Ref	Category	Issue and Risk	Responsible Officer	Management Action
1	Financial Sustainability	The Council should continue its work in enhancing the understanding of the costs of general fund placements and Education Dedicated Support Grant related Education Health and Care Plans and Special Educational Needs and Disability costs across the Children and Young People Directorate. This work should lead to more accurate financial forecasting as well as assisting with developing interventions that benefit children to live more independently in the longer term.	Director of Education Services	<p>Members of the SEND service are currently working with finance colleagues on developing a more sophisticated placement/cost database to be able to make reasonable calculations and assumptions to generate profiles by age/ need/type of provision/in and out of borough placement etc.</p> <p>This will enable us to identify profiles of spend and numbers of children receiving support, to identify biggest impact areas based on opportunity for improvement and feasibility.</p>
2	Financial Sustainability	Budget Monitoring reports should clearly articulate the underlying causes for the under delivery of savings plans. Actions taken to address under delivery or proposed alternative plans should also be detailed within the report.	Director of Finance	<p>The budget monitoring process monitors the service's financial position to date and forecasts this forward for the rest of the year in comparison to the budget. If the services are under/overspending against the budget this is reported as part of the monthly monitoring report which goes to EMT.</p> <p>Within this report there is a section focussed specifically on savings progress and where services are struggling to deliver savings; finance and the services work collaboratively to find ways to mitigate/deliver them in alternative ways. Any undeliverable savings which cannot be mitigated are included within the reported financial position for each service area with an explanation of what is causing them to not be delivered.</p> <p>A further section in the report covers financial risks which are not within the reported position but may materialise over the forthcoming financial year.</p>

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3	Financial Sustainability	Complete the re-organisation of [adult] social care work and focus on continuing to improve the systems used by social care staff.	Director of Adult Social Care	<p>The review of Adult Social Care was requested by the Public Accounts Select Committee on 3rd December 2020 in response to the budget cuts proposals. A contract was awarded to Newton Europe to undertake a service-wide diagnostic, which commenced in April 2021 and concluded in June 2021.</p> <p>In September 2021, Mayor and Cabinet approved the Design and Implementation phase of the review, which included continued use of Newton Europe resource to provide the necessary capacity and capability to deliver strategic transformation on this scale. This change programme within Adult Social Care is known as Empowering Lewisham. The Design and Implementation phase of Empowering Lewisham is nearing completion and has included new ways of working, the transformation and reconfiguration of services and the transfer of sustainable skills and knowledge to our staff.</p> <p>The IT systems that support ASC have been upgraded allowing all payments to providers to go through the ContrOCC system. This has resulted in better oversight of expenditure.</p>
4	Financial Sustainability	The Council will need to continue to work with schools and benchmark the number of Special Educational Needs and Disability provisions in mainstream schools made available compared to neighbouring boroughs.	Director of Education Services	<p>Work continues on the High Needs Mitigation Plan, overseen by Schools Forum and the local area partnership board, with increasing SEND provision capacity as a key focus.</p> <p>Following 2021/22 call for expressions of interest, plans are in place to increase specialist SEND places in Lewisham primary and special schools by 90 during the 2022/23 academic year.</p>

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5	Financial Sustainability	Management have undertaken some sensitivity analysis when setting the 2021/22 budget. Management acknowledges that sensitivity analysis and scenario planning in terms of 'worst case' and 'stress testing' is an area which will need additional work going forward, to model the financial impact of Covid in the longer-term and ensure that plans are in place to make appropriate operational decisions to maintain financial stability.	Director of Finance	The current MTFP process included pessimistic and optimistic cases which effectively stress tested the likely four-year timeframe in considering the budgetary framework and what level of cuts might / would be required. This will continue throughout the year through joint working between budget monitoring, risks and pressures identification, considering the longer term impact of these for future year budgets and therefore adjusting / refining the savings / cuts targets.
6	Financial Sustainability	The Council is developing longer term solutions to meet the medium term financial challenge, but would benefit from building a longer term reserves strategy. The strategy should set out principles on the levels of reserves demonstrating how reserves are aligned with priorities and be agile enough to allow the Council to respond appropriately to changes in economic conditions.	Director of Finance	A review is being undertaken of the reserves strategy and this will initially be included within the Budget Report for 2023/24 and therefore tabled in February 2023. Going forward this will form part of the MTFS report each year.
7	Financial Sustainability	Revisions to the governance structure are required to ensure: <ul style="list-style-type: none"> • A more comprehensive oversight over the capital programme • There is a clear alignment of capital resources with corporate priorities • A robust approach to programme management • Formal oversight of re-profiling change requests. 	Director of Inclusive Regeneration	The following actions are being undertaken to address these recommendations: <ul style="list-style-type: none"> - Review of Regeneration Capital Board and Regeneration Capital Programme Delivery Board (RCPDB) Terms of Reference and reporting to ensure oversight. - Review and update of the project manager handbook guidance. - Standardisation of twice yearly capital budget re profiling in alignment with the budget setting process.

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8	Financial Sustainability	Given the uncertainty of the pandemic and current economic environment a routine re-profiling of the capital programme would be required. This needs to be complemented by detailed reporting on a scheme by scheme basis with detailed explanations explaining slippage that will assist with holding delivery managers to account for meeting project timescales.	Director of Inclusive Regeneration	Revised project highlight summary reporting will provide clearer detail of the performance of capital projects against time, cost and quality. Slippage against profile will be reviewed on a quarterly basis by RCPDB.
9	Governance	The Council should streamline the approach to risk management to ensure it is dynamic and thereby more consistency and robust centralised risk management.	Head of Assurance	We are developing a refreshed Risk Management Strategy with components currently in consultation. Our timeline has EMT approval of the new Strategy in late autumn with presentation to Members of the Audit Panel in December and full adoption to start in 2023/24. The revised strategy incorporates the findings discussed here.
10	Improving economy, efficiency, and effectiveness	The Council continue to develop and support the creation of a centralised intelligence hub, which will ensure clarity around data and insight for a more strategic reporting approach.	Assistant Chief Executive	A new corporate Insight team was created as part of the Support for Leadership restructure in July 2021, and has been in place since October 2021.

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11	Improving economy, efficiency, and effectiveness	A quarterly performance monitoring report should be provided to members to monitor and review. The Council should also consider integrated reporting using a balanced scorecard approach that will better enable management and members to understand the interrelationships between different sources of information.	Assistant Chief Executive	Quarterly EMT reporting has moved from word documents to a dashboard. The council is in the process of developing a new performance framework which will consider a balanced scorecard approach, support SLT and review performance with respective Cabinet Members routinely. In addition quarterly performance will be discussed with the Mayor and cabinet members and considered with Scrutiny Members when setting their work programmes.
12	Improving economy, efficiency, and effectiveness	The Council should take a corporate approach to identify benchmarking good practice and co-ordinate its use within the services to challenge performance.	Assistant Chief Executive	As part of the Support for Leadership restructure, the role of the corporate Performance Team is to become more focused on strategic reporting, forward planning, benchmarking and good practice. The team is currently in transition towards moving to this model, working with service areas to take ownership over operational performance reporting so the corporate team can focus on strategic reporting and benchmarking. The team will work closely with the wider service areas and Strategic Transformation & OD Business Partners to support services in making use of performance and benchmarking information to identify and improve areas for change.
13	Improving economy, efficiency, and effectiveness	For Lewisham Homes Limited and Catford Regeneration Partnerships Limited, a report on progress against action plans and mitigation strategies should be presented to Mayor and Cabinet on a more regular basis.	Director of Housing and Director of Inclusive Regeneration respectively	This will be actioned. Progress against the CRPL business plan to be reported to Mayor & Cabinet on an annual basis and regularly reviewed by Regeneration and Capital Board.