

Appendix B

Recommendation	Impact	Management Comment	By whom	Progress
Financial Sustainability				
<p>In the efforts to improve savings performance against target the Council should explore ways to:</p> <ul style="list-style-type: none"> Encourage focused discussion by the PASC on specifically under delivering savings schemes in 2022/23. Undertake public consultation on the savings programme. Learn from successful delivered schemes via post implementation reviews. Savings under-delivery historically has been attributed to the Communities ASC team and therefore finance officers should work directly with that team, in a targeted and collaborative manner, to focus on specific savings that can be generated from high unit cost services within this directorate that are not currently being addressed. Focus on identifying recurring savings which can impact each of the four years of the MTFS. 	<p>Due to the track record of under-delivery of savings in recent years and expected under delivery in 2022/23 close and more frequent attention may be required to the progress of savings schemes in year so that action can be taken in a timely manner to respond to any under-delivering schemes. To maximise the success and achievability the Council could benefit from additional scrutiny and input to identifying savings in the initial savings of budget setting. Performing post-implementation reviews of savings after they have been achieved is a way the Council could ensure lessons are learned and opportunities to make further savings are maximised. Although ASC is a demand led service with high costs being a product of increasing numbers of service users, specific services with Social Care where unit costs are also high could exacerbate the overspends observed in this service. Ensure that savings identified cover the full MTFS term maximises potential savings across the medium term and reduces the pressure to identify additional savings each year by focussing on</p>	<p>This recommendation is taken in the spirit of continuous improvement and management action will focus on consideration of doing more of the steps already in place. For example:</p> <ul style="list-style-type: none"> PASC will continue to carefully review the financial budget setting and monitoring reports with particular attention to progress with delivering savings. As we do each year, we will continue to consult internally and with the Cabinet Member for Resources and Strategy on the best approach to engagement around Budget proposals, building on the current process of discussing and inviting all Members to contribute to including the option to run a larger public consultation on the savings proposed. The Finance Business Partnering approach will continue to be developed with learning from recent successfully delivery service changes (captured as part of service plan reporting by each Director) and improved with the business intelligence and support using data insights and performance benchmarking to effectively target risk and opportunity. 	<p>Executive Director for Corporate Resources</p>	<p>The March PASC meeting is focusing on CSC – a significant overspending and high cost service.</p> <p>The detailed savings and Budget for 23/24 were submitted for pre-scrutiny in public meetings in December and January before being moved for decision.</p> <p>Progress with delivery of savings is included in the monthly monitoring to EMT and quarterly to Members. This includes key performance data for cost drivers. The narrative on exceptions in the monitor is also changing to include an assessment of risk and planned actions.</p> <p>Service planning for 23/24, which took place in March and April, included relevant benchmarks and performance indicators to track planned actions.</p> <p>The updated MTFS presented to Members in July had a four year view, despite the limited certainty with one year government funding and delayed reforms.</p>

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	<p>identifying those which are recurring.</p>	<ul style="list-style-type: none"> • Within the constraint of local government only receiving one year settlements at present, officers will continue to work on the potential for more transformational multi-year savings options learning from the work done in the larger social care services in recent years. 		
<p>1. The Council should develop a Workforce Plan or Strategy covering all aspects of the future workforce required for the Council to fulfil its priorities and that the Council align this framework to the existing 2022/23 budget, future budgets and MTFs to ensure they are complementary. This will ensure that the future establishment is affordable and Council priorities are met within budget constraints.</p>	<p>Ensuring the Budget, MTFs and Workforce Plan are complementary of one another will ensure that the future establishment is affordable and Council priorities are met within budget constraints.</p>	<p>In the context of local authority a single plan or strategy would not be appropriate, given the varied nature of services and the skills required. However, we can identify any common themes identified and build these into the overarching People and OD strategy which sets out our vision for our people and identifies the areas we need to focus on to achieve our ambitions. Detailed workforce planning takes part in the annual service planning process supported by finance, HR and transformation business partners. The Councils service planning framework encapsulates the areas identified within the audit. We can also seek to strengthen the guidance for managers on service planning as well as the working</p>	<p>Director of HR and OD</p>	<p>The Service Planning template has been updated and the guidance for managers has been strengthened. Strategic HR Business Partners meeting with service directors to support this aspect of their planning using workforce metrics and aligned to budgetary position/savings targets.</p>

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		relationships between the relevant business partners to ensure that these three areas are appropriately aligned. Principles in relation to structural design e.g. spans of control and hierarchy fall outside of service planning, and are covered within the Council's management of change (restructure) policy.		
<p>2. Overall the Council's arrangements to secure financial sustainability are appropriate, the Council may wish to explore ways that it can make iterative improvements to demonstrate best practice financial arrangements. These could include developing actions that could be taken, at a high level, to respond should the 'worst case' scenario included in the MTFs occur and communicating this to Members. This will ensure that the Council can respond in a timely manner should any aspects of that scenario materialise.</p>	<p>The Council made a small deficit in 2021/22 and the 2022/23 financial landscape is forecast to be challenging for the Council and Local Government as a result of Covid 19 challenges not matched by additional funding, rising inflation, pay increases and the cost of living crisis which could all potentially negatively impact the year-end financial position. As such it is important that the Council has robust arrangements in place to monitor finances closely and respond to issues as they emerge.</p>	<p>Officers bring the experience of having been consistently involved in making budget reductions each year since 2010 (gross £230m to date; including £92m reinvested to reshape service delivery and meet demand), working closely with partners in the Borough and across London, and effectively managing the Council's financial security and stability, including the use of reserves. Officers will continue to develop this experience to inform the assessment of the financial risk landscape and update the risk mitigations for these risks quarterly as part of the corporate risk management strategy. The risk register is reviewed by the Executive Management Team and PASC quarterly which will provide the opportunity for actions to be</p>	<p>Executive Director for Corporate Resources</p>	<p>Risk register reviewed by the Assurance Board in February and tabled for the Audit Panel in March 2023.</p> <p>New Head of Emergency planning recruited in February and continued rehearsal and self- assessment against the agreed London wide resilience forum standards undertaken annually.</p> <p>The MTFs in July forecast that no new savings would be required in 2024/25 if the 2023/24 budget remained stable. A revised MTFs will be tabled to PASC in November to consider both the current 23/24</p>

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		agreed as necessary and scrutinised to ensure lessons and improvements are acted on.		forecast outturn and the Chancellor's Autumn Statement in October.
<p>3. The Council should continually review its risk management procedures to ensure they remain effective and fit for purpose. This could include:</p> <ul style="list-style-type: none"> • Ensuring that there is a greater level of oversight of the strategic risks impacting the Council by M&C. • Updating the format of the strategic risk register. • Working collaboratively with Internal Audit to ensure that the 2022/23 audit plan is achievable within the time and resource available. 	<p>The strategic risk register is a key mechanism for managing risk to the achievement of the Council's strategic objectives and therefore it is important that there is a clear link between those objectives and the risks being faced.</p> <p>To ensure that the risks within the register, supporting actions and scoring remain appropriate it is important it undergoes regular scrutiny at the top tier of the organisation and is included in M&C meeting papers for transparency to the entire organisation.</p> <p>The internal audit plan is key in ensuring an appropriate number and coverage of assurance reviews</p>	<p>The refreshed risk management strategy was approved by EMT in November 2022 and will be rolled out in the new year. It includes biannual reporting to the Mayor & Cabinet of the highest risks.</p> <p>Following the publication of the new Corporate Strategy in November 2022 we will refresh the risk register content in 2023 to link to objectives and align with formats in the new Risk Management Strategy.</p> <p>Members approved the 2022/23 Internal Audit plan in March 2022 which includes a resource analysis and flexible options on delivery to support the achievement of sufficient breadth and quality of coverage to deliver a robust audit opinion for 2022/23.</p>	Head of Assurance	Implementation of risk management strategy (including rollout of supporting software) to take place across 2023/24 in parallel to service planning. The new Risk Management software was presented to the ARIC in September and is being rolled out across the Council with regular review and engagement with EMT.

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<ul style="list-style-type: none"> Tracking progress against the Quality Improvement Plan developed by Internal Audit. 	<p>are undertaken in year to be able to provide an effective opinion on the strength of the Council's controls. The Audit Panel plays a key role in holding Internal Audit to account for their performance.</p>			
<p>4. Overall the Council's governance arrangements are strong and operating consistently in line with Council policies. The Council may wish to explore ways that it can make iterative improvements to demonstrate best practice governance arrangements. These could include:</p> <ul style="list-style-type: none"> Updating financial monitoring reports to include details of actions being taken on overspending services throughout the year. Ensuring that presentation of financial performance to M&C is sufficiently regular. 	<p>Strong governance is the backbone of any organisation and ensuring arrangements are as robust as possible maximises the Council's ability to make well informed decisions.</p>	<p>The Council welcomes the assurance that its governance arrangements continue to be strong and operate in line with policies. Recognising the challenge to continuously improve incremental changes will continue to be made. For example:</p> <ul style="list-style-type: none"> The financial monitoring reports which now flag the variances for key services with detail on service financial performance supported with activity details will be reviewed to include more clarity on next steps being taken. The Council will continue to report on the financial position at least quarterly and keep open the option to report by exception to M&C outside of this cycle if 	<p>Director of Finance</p> <p>Director of Finance</p>	<p>The monitoring position has been to M&C as follows:</p> <ul style="list-style-type: none"> 15th June 22 – Outturn 21/22 6th July 22 – Monitoring Period 2 5th October 22 – Monitoring Period 4 11th January 23 – Monitoring Period 7 <p>References within the report to actions being taken to manage demand pressures such as Social Care.</p> <p>The reporting in 23/24 continues to provide detail on both the areas of overspend, the reasons for this and the actions being taken by services to reduce and manage this.</p>

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<ul style="list-style-type: none"> • Undertaking effectiveness reviews of their committees to ensure that they are performing effectively against their terms of reference. • Incorporating assessments of financial performance into the appraisals of budget holders. • Investigating ways of increasing feedback response to consultations exercises. • Ensuring that Members are sighted in the lessons learned from the Financial Software IT Critical Incident. 		<p>necessary, as was done through the Covid pandemic.</p> <ul style="list-style-type: none"> • The Audit Panel, by the nature of the internal audit standards, is under a specific expectation to review its performance and report on this annually. The second phase of the Constitution review being led by the Monitoring Officer will consider whether a similar approach might be appropriate for the Council's other Committees. • The staff appraisal forms currently have fields for identifying what is being done well and what could be improved based around key objectives. The guidance will be reviewed to assess the benefit of being more specific on financial management, to supplement the detailed expectations set out in the financial regulations and procedures. • Feedback on the Budget and monitoring of the risk registers is part of the quarterly PASC work schedule but, as set out else where we will continue to look to enhance the focus and value of these discussions to generate improvement and delivery more value. 	<p>Monitoring Officer</p> <p>Director of HR and OD</p> <p>Executive Director for Corporate Resources</p>	<p>The first phase of the Review of the Constitution was considered by the Constitution Working Party (CWP), unanimously agreed by Council in November and is now in effect. Phase II of the Review has now commenced. Roundtable sessions have been arranged for information sharing and discussion.</p> <p>The 2023/24 appraisal cycle included fields to capture the following specific areas: people management, finance & equalities (where applicable). The appraisal guidance and training will be updated to make clear expectations.</p> <p>The risk register considered at PASC records the actions taken and mitigations implemented. The next financial year audit will review how the incident was handled and considered in the Annual Governance Statement as part of the financial statements. The Monitoring Officer is leading on the second phase of the constitutional review which will include the financial regulations, procedures and schemes of delegation. Following the return of</p>

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				Lewisham Homes into the Council the officer schemes of delegation were updated and published to ensure that the Council's structures were properly reflected.
<p>5. The Council should explore ways to ensure the maximum benefit is achieved from the non-financial reporting of the Council's directorates. This could be achieved via increased oversight of the non-financial KPI performance of the Council's services and directorates by Members and introducing benchmarking into all directorate KPI reports. The Council would benefit from a Council wide benchmarking strategy as opposed to an ad-hoc approach.</p>	<p>Paying equal attention to financial and non-financial performance assists Members in making informed decisions since, in most cases, non-financial underperformance directly impacts the Council's financial position.</p> <p>Comparing performance to similar organisations provides important information to assess if certain services are outliers in terms of their financial and non-financial performance, thereby identifying potential opportunities for improvement. This information is of maximum benefit if applied consistently across the Council.</p>	<p>The Council is reviewing its performance reporting to support the new Corporate Strategy adopted by Full Council in November 2022. This will develop relevant non-financial indicators to assess progress on delivery of the corporate objectives.</p> <p>As recognised, Finance and Service teams have been developing more data insights. This work will continue to ensure it is aligned for financial and non-financial data and include benchmarking where there is consistent and reliable data available.</p>	<p>Executive Director for Corporate Resources</p>	<p>The Chief Executive moved an internal reorganisation at Full Council in January 2023 to give focus to this challenge.</p> <p>The next step is a corporate report to be published by April which will then be further developed to reflect the more detailed two year service plan priorities as they are finalised in April / May.</p> <p>The Council's Corporate Performance Report was tabled to Members in September 2023 and included the publication of the new Corporate Performance dashboard on the Council's website.</p>

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<p>6. Overall the Council's arrangements for securing economy, effectiveness and efficiency are positive. The Council may wish to explore ways that it can make iterative improvements to demonstrate best practice in these arrangements. These could include:</p> <ul style="list-style-type: none"> • Developing an action plan from the findings of the LGA Peer Review to monitor success of the response to the recommendations with oversight from a relevant committee or M&C. There may be scope to incorporate the finding into existing KPI reporting as those structures are already in place. • Ensuring that a data policy is finalised as soon as possible. • Identifying how the existing governance arrangements can support delivery of the digital programme, once 	<p>Paying equal attention to financial and non-financial performance assists Members in making informed decisions since, in most cases, non-financial underperformance directly impacts the Council's financial position. Comparing performance to similar organisations provides important information to assess if certain services are outliers in terms of their financial and non-financial performance, thereby identifying potential opportunities for improvement. This information is of maximum benefit if applied consistently across the Council.</p>	<p>The Council welcomes the assurance that its arrangements for securing economy, effectiveness and efficiency remain positive.</p> <p>The Council did develop an action plan in response to the LGA peer review. Progress against these actions is currently being updated and will be reported on to Members. This is being coordinated by the Cabinet Member for Resources and Strategy.</p> <p>Digital and data strategy and policy improvements – both for services to the Borough and internally for officers' ways of working are being reviewed and improved, including the operation of the Council's leading shared service with the</p>	<p>Chief Executive</p> <p>Executive Director for Corporate Resources</p>	<ul style="list-style-type: none"> •The Council's action plan in response to its Corporate Peer Challenge has been published on our website •Each action within this plan has been allocated a Director or Executive Director to lead. •The Council has recorded progress against this action plan, and this has been shared with senior staff and Members internally, as well as with the LGA Peer Challenge Team. •The LGA Peer Challenge Team revisited Lewisham Council in January 2023, for a review of the progress made against the action plan. In their final feedback to the Council they stated "that the Council continues to be reflective and open to feedback" and "the Council has taken the peer team's recommendations from the full CPC seriously and made real progress in a number of areas." •The final summary letter from the LGA Peer Challenge Team has been published on the Council website. •Progress against the action plan will continue to be monitored, and where appropriate, actions will be incorporated into service plans. <p>The Council is currently working on a draft Data Policy that seeks to embed the principles of data accuracy, integrity and ownership across the Council; the principle aim being effective use of data to inform better decision making. At present, the Data</p>

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<p>the 2023 Digital Strategy is developed and released.</p> <ul style="list-style-type: none"> • Exploring ways that equal attention could be paid to monitoring the performance of both its key subsidiaries. 		<p>London Boroughs of Brent and Southwark.</p> <p>The reporting and monitoring of the Council's subsidiaries, which includes the main one of Lewisham Homes, will be</p>	<p>Executive Director for Housing, Regeneration</p>	<p>and Insights team have led a series of data workshops over the last 6/7 weeks to feed into the development of the Data Strategy, working with analysts, directors across the different services across the Council.</p> <p>The Council has now created and produced a Corporate Performance dashboard for Quarter 3 of 23/24 that reports service delivery against targets for key statutory indicators aligned to our Corporate Plan.</p> <p>Regarding the governance arrangements for the Digital Strategy (when launched), delivery will be reported through the Strategic Change Board, chaired by the Chief Executive which monitors the delivery of key projects across the Council. The IT & Digital Team have already set up a Technical Design Authority (TDA) that reviews, assesses and critically challenges new IT & Digital projects across the Council to ensure the solution proposed is the best approach for the service and the requirements can't be met by existing digital solutions in place. The TDA comprises of Shared Technology Service, leads from Applications, Digital and Information Governance</p> <p>The Council completed the insourcing of Lewisham Homes on the 1 October 2023, with some</p>

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		reassessed as part of the strategic decision currently before M&C on the options for the future of the company with the potential for it to be insourced.	and Public Realm	functions brought back into the Council in February and May 2023. The Monitoring Officer will be undertaking a review of the Council's governance arrangements for its subsidiaries in Q3 and Q4 of 23/24. The Council has also engaged with Government over preparation for the winding down of the PFI in 2027.