

Recommendation	Impact	Management Comment	By whom
Financial Sustainability			
<p>1. In the continued 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.</p> <p>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.</p> <p>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.</p> <p>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 identifying those which are recurring.</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. 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>Executive Director for Corporate Resources</p>
<p>2. 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</p>	<p>Ensuring the Budget, MTFS and Workforce Plan are complementary of one another will ensure that the future establishment is affordable and Council</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</p>	<p>Director of HR and OD</p>

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<p>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>priorities are met within budget constraints.</p>	<p>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 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>	
<p>3. 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 agreed as necessary and scrutinised to ensure lessons and improvements are acted on.</p>	<p>Executive Director for Corporate Resources</p>

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Governance			
<p>4. 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. • Tracking progress against the Quality Improvement Plan developed by Internal Audit. 	<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. 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. The internal audit plan is key in ensuring an appropriate number and coverage of assurance reviews 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>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. 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. 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>	<p>Head of Assurance</p>
<p>5. 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. 	<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 necessary, as was done through the Covid pandemic. 	<p>Director of Finance Director of Finance</p>

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<p>7. 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. • Exploring ways that equal attention could be paid to monitoring the performance of both its key subsidiaries. • Identifying how the existing governance arrangements can support delivery of the digital programme, once the 2023 Digital Strategy is developed and released. 	<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 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 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.</p>	<p>Chief Executive</p> <p>Executive Director for Corporate Resources</p> <p>Executive Director for Housing, Regeneration and Public Realm</p>