Interim Auditor's Annual Report on Dover District Council

2021/22 & 2022/23

March 2024

Contents

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement. Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:

Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).

Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Our commentary on each of these three areas is set out on pages 16 to 32 Further detail on how we approached our work is included in Appendix B.

Executive Summary

Executive summary

Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria. 2020/21, presented on the 31st October 2022, was the first year that we reported our findings in this way. The NAO have issued guidance to auditors which states that a commentary covering more than one financial year can be issued where it is more efficient and effective to do so. We have decided to report a combined commentary on the Council's arrangements for 2021/22 and 2022/23 because of the delay in undertaking audits for these two years. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below. An executive summary summarises the main findings and recommendations and then there is further detail in the main body of the report

Criteria	2021/22 Auditor Judgment	2022/23 Auditor Judgment
Financial sustainability	Significant weakness in arrangements identified resulting in two key recommendations and two improvement recommendations	Ongoing significant weakness in arrangements identified resulting in two key recommendations and two improvement recommendations carried forward from 2021/22..
Governance	Significant weakness in arrangements identified resulting in two key recommendations and two improvement recommendations	Ongoing significant weakness in arrangements identified resulting in two key recommendations and two improvement recommendations carried forward from 2021/22.
Improving economy, efficiency and effectiveness	No significant weakness in arrangements identified but one improvement recommendation raised.	No significant weakness in arrangements identified but one improvement recommendation raised.

No significant weaknesses in arrangements identified or improvement recommendation made.

No significant weaknesses in arrangements identified, but improvement recommendations made.

Significant weaknesses in arrangements identified and key recommendations made.

Executive summary

Financial sustainability

Dover District Council's financial management arrangements over the periods 2021/22 and 2022/23 have been significantly impacted by problems arising from the implementation of a new financial ledger system in October 2020 (Tech One) which has added to the challenges and delays to the audit process arising from COVID-19 pandemic. Notwithstanding the financial ledger implementation issues and the impact on producing the accounts, the Council has been able to manage its finances on a day-to-day basis over this period. The Council has not been able to produce definitive financial outturn information for 2021/22 and 2022/23, however officers have produced a financial monitoring report to Cabinet for 2021/22 and quarterly monitoring and a draft outturn report for 2022/23. The 2021-22 monitoring report showed the Council to be reporting an estimated £1.06m underspend on the General Fund Revenue Budget, resulting in a £0.150 deficit following the transfer of 1.2m to project reserves. The draft 2022/23 outturn is forecasting a £27k underspend. The reported outturn for both 2021/22 and 2022/23 provides some assurance that the underlying financial performance is positive. It is important to note, however, that all financial information produced since February 2021 is not supported by audited financial statements and as such could be subject to further change.

Looking at 2023/24 and into the medium term, in common with the local government sector in general, the Council faces a challenging financial position. Potential funding shortfalls are projected to rise to a cumulative deficit of £3.13m by 2027-28 (latest forecast included in budget and Medium term Financial Plan (MTFP) for 2024/25 in February 2024). This deficit rises to £7.13m if the Port Health Authority deficit is included. This is a very significant challenge on a net budget of circa £20m - £22m per annum in the period and will require careful planning and management. Discussions with the Head of Finance, have confirmed that savings targets have been difficult to deliver to date, especially with the pressures post Covid and under the current economic climate. Savings are expected to come from both the transformation programme, which is currently being reconfigured to focus on service review, but also through the budget process.

The Council is maintaining a smoothing reserve of £4m to help it manage and mitigate the risk and the volatility of the budget and to enable it to take a measured approach to mitigating the forecast pressures. Based on current forecasts (a deficit of £3.13m by end 2027/28 or £7.13m including the Port Health Authority funding deficit) the Council might need to be able to rely on its reserves balances to help it manage the significant funding pressures looming. The Council is aware that reserves used up in managing funding shortfalls over the next 4 years will need to be replenished. The Council does therefore need to develop plans to rebuild those reserves back such that they are in a position to be able to manage any future financial challenges. Though the Council's MTFP appears to project a deliverable financial plan, it is important to note that we are basing this assessment on information that is not currently supported by audited statements of accounts. We raise an improvement recommendation for a savings programme governance mechanism to manage and monitor the delivery of the savings the Council requires to balance its MTFP.

While we understand that many of the financial ledger implementation issues have now been resolved, a significant backlog of work has developed in regard to completing historic bank reconciliations. The ability of the Council to match accounting transactions in the ledger to real cash inflows and outflows in its bank accounts is a fundamental financial control, which has not been operating effectively since October 2020. In addition, a historic backlog has also developed around the correct treatment of VAT which has prevented the Council from submitting VAT returns on a timely basis and has prevented it from recovering significant amounts of VAT due from HMRC that have accumulated over the period. As a result of the bank reconciliation and other issues, the Council is still not able to produce auditable financial statements for 2020/21 or for subsequent years. In the absence of audited accounts there is an underlying lack of assurance on Council's financial sustainability in the figures reported to Cabinet since October 2020. We acknowledge that the Council has allocated some additional resource to resolving the issues with the Tech One system, that progress has been made and that the finance team are hopeful of completing the process within the first half of 2024. However, we remain concerned that these issues remain unresolved over three years after the original implementation due to a lack of a robustly managed and time limited recovery programme, in addition to an ongoing lack of sufficient resources and skills being applied to the issue. We acknowledge that this has been made harder by significant staff turnover and recruitment challenges. We also note a lack of reporting to Cabinet over the period which may reflect a lack of appropriate prioritisation and focus on the issue. This represents a significant weakness in arrangements for 2021/22 and 2022/23 and we have included a **key** recommendation to address this.

We are also concerned that in the challenging financial context faced by the Council, the in-year reporting of financial performance to Cabinet for the whole of 2021/22 and 2022/23 is not sufficient to provide members with the information they need to understand and provide effective financial governance. Over the period, high level forecast outturn figures were provided quarterly as part of the performance update to Cabinet. However, there was a lack of detailed quarterly financial analysis of forecast outturn against budget across each Council directorate, narrative explanations of variances and mitigating actions, and performance against savings plans. The reports also lack detail on the corporate resources available to manage pressures. We raise a further significant weakness on this point and have raised a key recommendation to help the Council address this.

Executive summary

Governance

In our 2020/21 Interim VfM report we noted that the new finance general ledger system (Tech One) had been introduced in 2020/21, that this had not been straight forward and the Council was addressing the subsequent delay to the preparation of 2020/21 accounts. In this review we found that problems have persisted and have yet to be fully resolved with the consequence that statutory accounts for 2021/22 and 2022/23 have not been prepared and the audit of 2020/21 accounts has been further delayed. This has added to the challenges arising from impact of the delays to the 2019/20 preparation of accounts and delays to the delivery of the external audit programme originally caused primarily by the COVID-19 pandemic and further exacerbated by issues with capacity and resources within the finance team and external audit team. We note that the problems with the ledger system highlighted in this report under financial sustainability, and the fact that 2020/21 audit has not been completed, have affected the Council's capacity to produce financial statements in each subsequent year. However, despite the challenges we feel that it was incumbent on the Council to prepare draft accounts and for each financial year, based on the available financial information, in order to fulfil its statutory obligations and not to do so reflects a further significant weakness in arrangements. We have therefore made an additional key recommendation that the Council should, as a matter of urgency, produce auditable draft accounts for 2021/22 and 2022/23 and in due course for 2023/24, based on the available financial information and ensure a robust audit trail to support them.

We note that the planned Internal Audit review of the new Tech One system in 2020/21 was deferred and a post implementation review by Internal Audit was in progress at that time. At this stage we withheld judgement on the extent of the issues and the process followed. As part of our work for 2021/22 and 2022/23 we considered the findings from the Internal Audit report and the follow up of this work (October 2023). Internal Audit had used the Tech One Implementation as part of a wider review of evidence commenting on project management in general. The report raised a number of concerns that included highlighting general weaknesses in the way in which project risk management was being conducted alongside a number of other weaknesses in arrangements. The original report (Dec 2022) made one 'critical' and five 'high' priority recommendations, in addition to a number of other recommendations. These highlighted the need to improve deficiencies in regard to programme governance and risk management, and the appropriate use of specialist expertise to support the programme in addition to making sure that programmes were supported with sufficient management capacity. We note that as at October 2023, the critical and high priority recommendations had not been implemented by the agreed delivery dates and Internal Audit had escalated this via the Governance Committee. We note that some progress has been made since this point in improving access to experienced support from experienced programme managers, but that the majority of the recommendations are still in progress.

We therefore consider that the Council's arrangements to deliver key strategic programmes such as the Tech One implementation were deficient in 2021/22 and 2022/23 and that this reflects a significant weakness. We have raised a key recommendation (see page 12) to ensure that the deficiencies identified by the Internal Audit team are adequately addressed and that their recommendations are fully implemented and embedded.

The Council had appropriate Internal Audit arrangements during 2021/22 and 2022/23. The service was effective and assessed the adequacy of internal controls, reporting regularly to the Governance Committee. There is room for improvement with regard to Governance Committee arrangements (see improvement recommendation 5). Governance committee attendance has been an issue as some members have had low attendance. Governance Committee is a critical component of the Council's governance arrangements and it is important that it is fully attended so the correct level of scrutiny can be applied. We also note that there is no independent member on the Governance Committee and this goes against CIPFA and the Redmond report recommendations. We do acknowledge it can be difficult at times to fill these roles but include an improvement recommendation (see improvement recommendation 4) to address this. We note there is a new membership of the committee and urge the Council to ensure full attendance of this important committee moving forward.

The Council continues to monitor its strategic risks via review by the Corporate management team on a quarterly basis.

Executive summary

Improving economy, efficiency and effectiveness

Overall, the Council has adequate arrangements to deliver economy, efficiency and effectiveness.

During the past year we are pleased to note that the Council has developed a new procurement strategy. The strategy establishes how the Council will conduct its procurement activity in an ethical, efficient, economic, and effective procurement manner that will reflect both national and local policies/priorities and aligns with the National Procurement Strategy (NPS) for Local Government in England 2022. We have noted an area for improvement in terms of the Council's reporting of tender waivers but acknowledge that the new strategy should also help in this regard (see improvement recommendation 6) .

The Council continues to have very good relationships with a number of partners including Kent Fire and Rescue, Kent Police, Kent & Medway Integrated Care Board, Kent County Council, Kent Housing Group, Department of Works and Pension, NHS and the voluntary sector. The last named was especially helpful during Covid as the relationships were already well established so the Council was able to quickly mobilise its Emergency Management team and work closely with the voluntary organisations to deal with the emerging pandemic.

The Council's Housing stock was brought back in house in 2020 and since then it has worked hard to improve the stock on behalf of its residents. We note that compliance levels and procedures are now at the required level and have received sign-off from the Social Housing Regulator and the Council has developed a Housing Revenue Account (HRA) business plan for 2024/25. This includes a 14-year capital investment programme of restorative measures as well as working towards its housing stock becoming carbon neutral by 2050 (as per the Climate Change Emergency report to cabinet on 4th November 2019).

An emerging issue which, though not occurring in the years to which this audit report refers (2021-22 and 2022-23), is still worthy of note as a risk moving forward, is the withdrawal of funding by DEFRA for the Dover Port Health Authority which the Council manages. £2.5m funding has been withdrawn in 2024/25 out of £3.7m previously budgeted and the remaining £1.2m id to de withdrawn in 2025/26. This is a significant level of funding for the Council to find and will require serious focus for the Council in managing its future finances. The withdrawal of funding was only recently communicated in December 2023. A report to Cabinet has stated that, "If the DEFRA funding is not restored, or severe corrective action is not taken to reduce expenditure on services, the Council's position could become untenable and trigger a s114 report".

2021/22

We are unable to complete our financial statements audit as the Council is unable to produce accounts.

2022/23

We are unable to complete our financial statements audit as the Council is unable to produce accounts.

Key Recommendation (KR1)

Financial sustainability

Key Recommendation 1	The Council must urgently develop and execute a recovery plan and a project team that should incorporate: • Adequate project management capability, finance team capacity and appropriate expert advice along with a resource budget. • Clear lines of accountability. • An accelerated timetable for completion. • Regular reporting to Cabinet on progress. • Resolution of any ongoing deficiencies with the Tech One Ledger system configuration • Completion of bank reconciliations up to date. • Steps to clear the backlog of outstanding VAT returns.
Why/impact	The Council is not able to demonstrate financial resilience in the absence of audited financial statements from 2021/22 onwards. The medium-term plan, including the projections surrounding the medium-term gap (the cumulative budget deficit forecast up to 31st March 2028), the forecast reserves balance and all budget monitoring information is currently using data that cannot be supported by audited financial statements since 2020/21.
Auditor judgement	Significant weakness and key recommendation
Summary findings	The Council has been slow to address issues arising from the financial ledger implementation in October 2020. We acknowledge that the Council has allocated some additional resource to resolving the issues, progress has been made and that the finance team are hopeful of completing the process within the first half of 2024. However, we remain concerned that these issues are unresolved over three years after the original implementation due to a lack of a robustly managed and time limited recovery programme and the loss of key members of staff involved in the project, in addition to an ongoing lack of sufficient resources and skills being applied to the issue.
Management Comments	Additional resources have been allocated to the finance & accountancy teams to support the activities above. The Strategic Accountant is supporting his team in focusing on the completion of the bank reconciliation backlog, which is reconciled up to February 2021. A far greater understanding of the reconciliation differences and the detailed processes has been gained through working together with the Income team to understand the system interactions and how the data from the different systems interfaces. It is anticipated that the bank reconciliation for 2020/21 will be completed by April 2024. External resource for the VAT backlog has also been utilised with claims being submitted up to September 2022. The resource has designed and implemented new automated review and checking processes to enable the existing team to keep the work up to date in the future. It is anticipated that the claims will be brought up to date by Q1 of 2024/25. An interim post has been employed to focus on incorporating the audit queries for the 2020/21 accounts and to publish the 2021/22 and 2022/23 in order to have a clear set of opening balances for the existing team to be able to produce the 2023/24 accounts in accordance with the statutory deadline (31st May 2024). Finally, the majority of the historic vacancies have now been filled in the team, with the last post expected to be recruited within the next week or so. This is the first time in a couple of years that the team has been at full capacity and so it is anticipated that the progress being made so far will be sustained and that improvements to the system will continue.

Key Recommendation (KR2)

Financial sustainability

Key Recommendation 2	The Council should review the level of detail and develop more comprehensive financial performance information within the quarterly performance report to Cabinet. In doing this the Council should review and consider how other councils present this information (e.g. other Kent Districts).
Why/impact	If Cabinet are not being provided with sufficient financial performance information it will not be in a position to fulfil its governance responsibilities and ensure that officers are delivering a sustainable financial position and that appropriate mitigating action is taken where necessary.
Auditor judgement	Significant weakness and key recommendation
Summary findings	Over the period, high level forecast outturn figures were provided to Cabinet quarterly as part of the performance updates. However, there was a lack of detailed quarterly financial analysis of forecast outturn against budget across each Council directorate, narrative explanations of variances and mitigating actions, and performance against savings plans. The reports also lack detail on corporate resources available to manage pressures.
Management Comments	During 2023/24 the financial monitoring has returned to a more detailed level of monitoring by budget managers, working with the Accountancy team. The level of information included in the performance report was recently reviewed and the current format was part of that review and agreed as a suitable level of reporting. More detailed reporting is provided to CMT for their awareness and action if required. The Head of Finance & Investment will liaise with her Kent colleagues to review and compare the level of reporting provided across the county.

The range of recommendations that external auditors can make is explained in Appendix C

Key Recommendation (KR3)

Governance

Key Recommendation 3	The Council should as a matter of urgency, produce auditable draft accounts for 2020/21, 2021/22 and 2022/23 and then in due course for 2023/24, based on the available financial information and ensure a robust audit trail to support them.
Why/impact	The Council has not been able to meet its statutory duty to produce its financial statements from 2020/21 onwards by the prescribed deadlines.
Auditor judgement	Significant weakness and key recommendation
Summary findings	As a result of the implementation issues around the Tech one system and staffing challenges compounding the delays to accounts production and audit caused by the COVID-19 pandemic, the Council has not been able to produce financial statements since 2020/21.
Management Comments	Additional resources have been recruited. The updated 2020/21 accounts, taking into account the proposed audit amendments, have been published on the website. The 2021/22 accounts are being finalised and are anticipated to be published by 31st March 2024. Once complete the 2022/23 accounts will be finalised and published early in the 2024/25 financial year.

The range of recommendations that external auditors can make is explained in Appendix C

Key Recommendation (KR4)

Governance

Key Recommendation 4	The Council must implement all the recommendations proposed by Internal Audit to prevent future projects from suffering similar implementation issues to the Tech One project. In particular, the Council must ensure that appropriate project management, expert advice, change management and delivery capacity resources are put in place. In addition, strong governance and oversight arrangements should be put in place that includes regular reporting to members that covers both pre and post implementation activity.
Why/impact	Major strategic programmes and projects are often complex and difficult implement. If they are not provided with appropriate governance and project management and lack the investment of appropriate resources to ensure safe delivery, the outcome can be financially and reputationally damaging and can impact on services to the public.
Auditor judgement	Key recommendation
Summary findings	The Council did not run an effective delivery programme for the Tech One Implementation and Internal Audit have raised a number of Critical and High Priority recommendations to help the Council avoid similar problems in future. These recommendations were originally Issued in December 2022, but have yet to be fully implemented.
Management Comments	Alongside the project management concerns raised it is important to note that the system was implemented during the national lockdowns and after the resignation of the project lead. The decision to continue to go live with the new system was made taking into account many factors including delays already incurred due to lockdown, the previous system licence expiry and additional costs that would be incurred to extend its use and the risk of delay resulting in a handover at year-end rather than mid-year. The review of the corporate project process has been delayed due to staff and resourcing pressures in the relevant team. This is now being revisited and it is expected that the review will be completed and new processes put in place early in 2024/25. As an interim measure update reports for all major projects are now being presented to Corporate Management Team every two months.

The range of recommendations that external auditors can make is explained in Appendix C

Opinion on the financial statements

Audit opinion on the financial statements

The Council has yet to issue a draft set of accounts for 2021/22 and 2022/23 (due to the impact of the delay in completion of the 2020/21 audit and uncertainty over opening balances). However, it is clear to us that the issues within the finance team are deeper than the additional workload associated with servicing a delayed audit. The finance team is clearly stretched, has experienced some turnover in key personnel and difficulties recruiting interims to fill the gaps in the team. References to concerns in budget reporting and other financial management arrangements is also raised in our governance report.

The 2020/21 external audit has been significantly delayed. We commenced the financial statement audit in January 2023 and worked on the audit through until 20 April when we paused to work on NHS audit. Progress up to April was impacted due to delays in appropriate responses to audit queries to multiple sections of the financial statements. On pausing the audit in April, we shared an outstanding audit query log that included queries over the data migration work for the ledger transfer; resolution of errors identified in land and building revaluations; unavailability of bank reconciliation statements; and transactional listings for debtors and creditors to allow samples to be selected.

As at the end of February 2024, the Council's Finance Team states it has responded to the outstanding queries, but the cash and bank reconciliation remains work in progress. The Audit Team has yet to work through the responses to the audit queries. We have not been able to draw a conclusion on a number of these areas and it is uncertain whether they will impact on the reserves available to the Council.

The Department for Levelling Up, Housing and Communities has recently consulted on establishing a statutory backstop of 30 September 2024 by which all outstanding audit opinions will have to be issued. If auditors have not concluded their audit work at this point, a qualified or disclaimer opinion will be issued. Officers consider further input into the 2020/21 audit is not cost effective and there remains a risk it would not be finished before the statutory backstop. Subject to ratification by the Governance Committee, we will not devote any further audit resource to the 2020/21 audit and will issue a disclaimer opinion. We have been unable to commence the audit of the 2021/22 and 2022/23 financial statements due to the delays in the 2020/21 audit. There is not enough time until the government's statutory backstop to start and finish the 2021/22 and 2022/23 financial statement audits. A disclaimer audit opinion for both years will be issued.

Use of auditor's powers

Opinion on the financial statements Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the Council's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local Council accounting in the United Kingdom 2021/22	The Council has yet to issue a draft set of accounts for 2021/22 (due to the impact of the delay in completion of the 2020/21 audit and uncertainty over opening balances).
Statutory recommendations Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly	Not applicable
Public Interest Report Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.	Not applicable
Application to the Court Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.	Not applicable
Advisory notice Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the Council or an officer of the Council: • is about to make or has made a decision which involves or would involve the Council incurring unlawful expenditure, • is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or • is about to enter an item of account, the entry of which is unlawful.	Not applicable
Judicial review Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an Council, or of a failure by an Council to act, which it is reasonable to believe would have an effect on the accounts of that body.	Not applicable

Key Findings from our VfM Review 2021/22

Financial sustainability

We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- identifies all the significant financial pressures that ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Financial Planning and Managing Pressures

The years 2021/22 and 2022/23 have been a challenging period for the Council in terms of its medium term financial planning. During 2021/22 the Council continued to experience the financial impact of Covid. In 2022/23 a number of new financial pressures arose as a result of a sharp downturn in economic conditions both in the UK and globally that significantly increased the magnitude of inflationary pressures from the early part of 2022/23, beyond what had been projected when the budget was set. Dover also has its own unique challenges being the gateway to Europe and being a Port Authority. Specific issues such funding for the Port Health Authority, traffic congestion and the fallout from Brexit have impacted the Council significantly and differentiates it from most other councils in the UK.

Assumptions underpinning revenue budgets for 2022/23 and over the medium term, which were agreed in February 2022, were revised following the significant economic challenges and cost increases affecting the global economy. In particular, employment costs for direct employees and those of providers, homelessness, premises costs (energy inflation), transport costs (fuel inflation) and of the general impact of inflation on the purchase of goods and services, including suppliers passing on additional costs or renegotiating contract prices. Some of the most significant levels of inflation are being experienced in the construction and this impacts on capital programmes.

In our discussions with the Corporate Management Team (CMT) at their meeting on 23rd May 2023 it is clear they are aware of these pressures and have reacted to manage them. The Council has positioned itself to manage the pressures moving forward by controlling in year expenditure in 2022-23 and identifying approaches to dealing with future funding challenges.

Overall, inflation and other factors have also led to significant increases in the Council's projected Medium term Financial Plan (MTFP) funding gaps (£3.131m funding gap in period in 2024/25 to 2027/28 – note this deficit rises to £7.131m if the Port Health Authority deficit is included). The Council has recently submitted its 2024/25 budget proposal and revised its MTFP in the light of the Local government funding settlement in December 2023. We note that other than in regard to the Port Health Authority funding challenge, the 2024/25 budget is balanced. The Council is proposing the remaining gap to be funded from the smoothing reserve approved in the 2022/23 budget process.

The MTFP is kept under regular review and the latest position (as of February 2024) is shown in the table below.

FOUR YEAR REVENUE BUDGET FINANCIAL PROJECTION

2023/24 Projected Outturn £000		2024/25 Proposed Budget £000	2025/26 Forecast £000	2026/27 Forecast £000	2027/28 Forecast £000
19,666	**Net Budget Requirement**	**19,973**	**19,973**	**19,973**	**19,973**
	Corporate Adjustments				
-	Salary inflation and increments including impact on National Insurance and Pensions		956	1,665	2,384
-	Pension Backfunding (Triennial Valuation from 23/24)		49	100	153
-	Contract inflation		204	345	488
-	Average other expenditure inflation impact		593	1,008	1,431
-	Average income inflation impact		(721)	(1,291)	(1,877)
0	**Total Corporate Adjustments**	**0**	**1,081**	**1,825**	**2,579**
19,666	**Total Forecast Budget Requirement**	**19,973**	**21,053**	**21,798**	**22,551**
	Financed By :-				
8,562	Non-Domestic Rates Income	9,109	9,109	6,984	7,175
238	Revenue Support Grant	254	262	267	272
909	Services Grants / Funding Guarantees	1,412	1,455	2,547	2,045
	Council Tax Income				
55	Collection Fund Surplus	91	91	91	91
	Tax rate increase (3% annual increase)				
	Base increase (1% per annum)				
8,321	Total Council Tax Income (incl s.31 grant)	8,763	9,112	9,470	9,837
645	New Homes Bonus	346	0	0	0
18,730	**Total Financing**	**19,975**	**20,028**	**19,358**	**19,420**
936	**FORECAST NET DEFICIT**	**(2)**	**1,025**	**2,440**	**3,131**
	Cost of maintaining the current Port Health Service	2,800	4,000	4,000	4,000
936	**FORECAST NET DEFICIT INCLUDING PORT HEALTH**	**2,798**	**5,025**	**6,440**	**7,131**

The Council's forecast outturn for 2023/24 is a deficit of £0.9m which it plans to fund via its smoothing reserve (as reported in the Budget 2024/25 submission to Cabinet in February 2024). There are still savings to be identified for future years but the Council is aware of this and putting in place a programme to deliver the appropriate level of savings. In our view the Council has demonstrated via its financial planning that it is well aware and alert to all the prevailing pressures on its finances and has regularly updated its planning accordingly.

Financial sustainability

Savings plans

Any savings required have been managed via service heads who have played their part in ensuring that any funding shortfalls can be mitigated by financial savings identified ahead of the budget year in question. Moving forward the Council faces a challenging financial position as its potential funding shortfalls are projected to rise to a cumulative deficit of £3.131m by 2027-28 (latest forecast included in budget and MTFP for 2024/25 in February 2024 – deficit is £7.131m if the Port Health Authority deficit is included.) This is a very significant challenge on a net budget of circa £20 - £22m in the period and will require careful planning and management. Discussions with the Head of Finance have confirmed that savings targets have been difficult to deliver to date, especially with the pressures post Covid and under the current economic climate. Savings are expected to come from both a revised transformation programme, but also through the budget process. They are managed and monitored by the Head of Finance and her team. No formal governance mechanism is in place bar the regular high level reporting on progress to CMT and Cabinet, which does not include sufficient detail. The expectation is that there will be a revised mechanism to oversee the savings programme in future.

The Council had established a transformation programme to manage the delivery of the savings but we note that this is now being reconfigured to focus more on service review. The diagram below illustrates the key workstreams

As well as governance around the new service review programme it will be important for the Council to quickly establish a formal savings monitoring governance process as this is a critical tool in ensuring delivery of the required savings to balance the Council's finances in the medium term.

Improvement Recommendation 1: As a priority the Council should establish a formal savings programme governance mechanism to manage and monitor the delivery of the savings the councils requires to balance its MTFP.

Managing Financial Resilience and Reserves

CIPFA has commented that councils should be particularly wary about using reserves to deal with shortfalls in current funding. Where such action is to be taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to long term. Advice should be given on the adequacy of reserves over the lifetime of the MTFP and should also take account of the expected need for reserves in the longer term. As noted previously, 2022/23 was a particularly difficult year in which to plan Council finances. The Council has a relatively strong reserves position and it is using them to smooth funding shortfalls in the short term. The Council's most recent forecast reserves position (March 2024) is shown in the table below:

Ref	Earmarked General Fund Reserves (Forecast 2023/24 - 2027/28)	Balance 2022/23 £000	Contribution 2023/24 £000	Application 2023/24 £000	Balance 2023/24 £000	Contribution 2024/25 £000	Application 2024/25 £000	Balance 2024/25 £000	Contribution Future Years £000	Application Future Years £000	Balance Future Years £000
1	**Special Projects & Events**	**(26,146)**	(1,018)	13,511	**(13,652)**	(620)	1,466	**(12,807)**	0	6,674	**(6,132)**
2	**Periodic Operations**	**(9,720)**	(46)	1,527	**(8,239)**	(197)	2,558	**(5,877)**	(164)	5,166	**(875)**
3	**Regeneration**	**(2,465)**	(379)	1,299	**(1,545)**	(668)	283	**(1,930)**	0	263	**(1,666)**
4	**Smoothing Reserve**	**(4,000)**	0	1,150	**(2,850)**	0	0	**(2,850)**	0	0	**(2,850)**
5	**ICT Equipment & Servers**	**(1,709)**	(115)	469	**(1,355)**	0	796	**(559)**	0	0	**(559)**
6	**Business Rates & Council Tax Support**	**(5,164)**	(226)	0	**(5,390)**	0	768	**(4,621)**	0	0	**(4,621)**
7	**Operational and Fee Income Reserve**	**(4,495)**	0	0	**(4,495)**	0	2,801	**(1,693)**	0	1,693	**0**
	Earmarked Reserves Total	**(53,698)**	(1,783)	17,955	**(37,525)**	(1,484)	8,672	**(30,337)**	(164)	13,797	**(16,704)**

Financial sustainability

Managing Financial Resilience and Reserves (continued)

Despite the challenges, the Council's forecast reserves position remains positive, however we note that by 2027-28 a cumulative General Fund deficit of £7.131m is forecast. The smoothing reserve of £4m has been established to help deal with these types of financial pressures and this reserve position at the end of the current year is still well within generally accepted guidelines in terms of a % of net revenue spend (£4m reserve on net spend of circa £20-£22m in the period concerned = 18-20%). However, as the Council will need to use its reserves balances to help it manage the significant funding pressures looming, it needs to be aware that reserves used up in managing funding shortfalls over the next 4 years will need to be built back up so they can retain that financial resilience. The Council does therefore need to develop plans to rebuild those reserves back such that they are in a position to be able to manage any future financial challenges.

Improvement recommendation 2: The Council should focus its Medium Term Financial Strategy on delivering a sustainable financial position while reducing reliance on reserves and rebuilding them to strengthen financial sustainability beyond 2023/24

Financial Monitoring

All financial information produced since March 2020 is not supported by audited financial statements, and as such could be subject to further change. This means that there is a risk that budget outturns could be incorrect as the budgeting process each year is based on this unvalidated information. This has the potential to change the financial position and may mean inappropriate decisions are being taken. We note that the Council is undertaking checks to make sure that the impact on the underlying position is mitigated and any changes are likely to be relating to technical accounting adjustments only.

Additionally, we are concerned that in the challenging financial context faced by the Council, the in-year reporting of financial performance to Cabinet for the whole of 2021/22 and 2022/23 is not sufficient to provide members with the information they need to understand and provide effective financial governance. Over the period, high level forecast outturn figures were provided quarterly as part of the performance update to Cabinet. However, there was a lack of detailed quarterly financial analysis of forecast outturn against budget across each Council directorate, narrative explanations of variances and mitigating actions, and performance against savings plans. The reports also lack detail on corporate resources available to manage pressures. We raise a further significant weakness on this point and have raised a key recommendation (see page 10) to help the Council address this.

Financial Performance in 2021/22

The net General Fund budget for the year was £19.473m and the Council delivered a deficit (after an additional transfer of £1.2m to project reserves) of £150k.

Financial Performance 2022/23 to date

The net General Fund budget for the year was £17.423m and the Council delivered a surplus of £27k for the year.

Financial Performance 2023/24 to date

The net General Fund budget for the year was £19.861m and the Council is forecasting a deficit of £0.936m as at the end of quarter 2 (September 2023) forecast to be funded from the smoothing reserve.

Borrowing Position

The Council's borrowing position in its latest Treasury Management annual report (presented to Governance Committee in September 2022 and the Cabinet in November 2022) is shown in the table below in terms of the Council's capital financing requirement (CFR). This is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources.

	31.3.21 Actual £000
General Fund CFR	65,267
HRA CFR	73,726
Total CFR	**138,993**
Less: Usable reserves	(90,805)
Less: Working capital	(13,875)
Net borrowing	**34,313**

Financial sustainability

Capital investment

The 2021/22 capital programme approved in March 2021 totalled c.£75m and incorporated some significant projects including the renovation of Dover Tall Hall (Maison Dieu), regeneration projects for Dover Town Centre and the Fastrack project. The year end position for the programme had a total project value of c.£74m.

The 2022/23 capital programme approved in March 2022 totalled c.£68m and incorporated some significant projects including the renovation of Dover Tall Hall (Maison Dieu), regeneration projects for Dover Town Centre and the Fastrack project. The year end position for the programme had a total project value of c.£98m, mainly due to the addition of the Levelling Up project for the Dover Beacon project, alongside additional investment in Fastrack, the Maison Dieu and normal project movements.

The 2023/24 approved budget & MTFP includes a capital programme of £98m for the GF, £6.8m for the HRA capital works programme and a £63m housing development programme.

We recognise in line with councils across the UK, that in the past two years in particular the economic and inflationary pressures exceeded what could reasonably have been projected when the Council has been setting and managing budgets. While the general macroeconomic picture appears to have slowly improved the Council will need to continue to adapt and strengthen its financial planning processes to address the heightened level of financial challenge expected to persist over the medium term.

Ongoing issues arising from the Tech One Ledger system implementation

The Council's financial management arrangements over the periods 2021/22 and 2022/23 have been significantly impacted by problems arising from the implementation of a new financial ledger system in October 2020 (Tech One). Our discussions with management and review of relevant information indicated that significant issues with the system configuration continued for a significant period after implementation. However, we note that many of the issues have now been resolved as a result of further engagement with the supplier and the purchase of a support package. The extent of the problem was partly mitigated by the use of a separate system for payroll that was unaffected, and the ongoing use of another separate system for income which also continued to function. The difficulties arose in the initial transfer of data immediately following implementation and the interface between the income system and the new ledger, including the automated bank reconciliation function.

This created a significant backlog of items posted to the wrong codes and unreconciled items that had to be corrected by a manual process, primarily impacting on the bank reconciliation process and the correct coding of VAT. We are informed that following an upgrade of the income system in 2023, many of the issues with the interface were resolved. Officers are now confident that income matching is now operating correctly, but there remains a substantial backlog of corrections that needs to
be processed in order to enable the bank reconciliations to be completed for the period from October 2020 to date.

We note that the finance team report that good progress has been made with the historic bank reconciliations and the VAT processing backlog following the recruitment of additional staff. We understand that capacity issues in the finance team have significantly slowed progressed in clearing the backlogs. Further details on the specific issues are as follows:

- **Bank reconciliations** – these have not been finalised since the final quarter of 2020-21. It appears that the issue with the bank reconciliations is that the interface between the Income system (AIM) and the new system was not working correctly and was not accurately coding income items into the Tech One system. The introduction of a new Income system, Pay360, has now resolved the income coding issues as it includes the same income codes that are in the Tech One system. However, the historical reconciling differences still remain to be resolved.
- **VAT coding** - There is also an issue with the Income system interface with the Tech One system incorrectly allocating VAT codes to certain transactions. For example, it is incorrectly coding some income transactions as Exempt or Zero-rated when they are not either of those categories.
- **VAT Returns** – As a direct result of the VAT coding issues the Council's VAT returns have not been submitted for 2 years with up to £3.85m VAT remaining unclaimed (the Council is a net gainer re VAT). HMRC is refusing to pay the Council the money it is owed until the Council has rectified the system issues which have been preventing it providing VAT returns in a timely manner. The Council also has a VAT return (from March 2023) which requires them to make a payment to HMRC but this is in abeyance until they have reached agreement with HMRC about payment of the outstanding VAT reclaim income due. Although the Council has not yet been fined for non submission of VAT returns it has incurred borrowing costs as a result of this so this has had a detrimental financial effect on the Council's finances.

Financial sustainability

Tech One Ledger system implementation (Continued)

In summary, we remain concerned that these issues are unresolved over three years after the original implementation due to a lack of a robustly managed and time limited recovery programme, in addition to an ongoing lack of sufficient resources and skills being applied to the issue. We also note a lack of reporting to Cabinet on this issue over the period which may reflect a lack of appropriate prioritisation and focus on the issue. This represents a significant weakness in arrangements for 2021/22 and 2022/23 and we have included a **key** recommendation on page 9 of this report to address this.

Conclusion

The Council continues to operate in a financially and operationally challenging environment. Its financial planning both in the short and medium term is on a sound footing with prudent assumptions being built into both. However, we have included a caveat on all figures in the light of the Council's ongoing issues with the Tech One implementation and related inability to present its statutory accounts for the past 2 years and with the 2020/21 audit not yet complete. We have raised a significant weakness relating to this and have recommended that the Council urgently develop and execute a recovery plan and a project team to rectify the issues. We also comment on the quality of financial monitoring and recommend the Council reviews the level of detail and develops more comprehensive financial performance information within the quarterly performance report to Cabinet.

Improvement recommendation (IR1)

Financial sustainability

Recommendation IR1	As a priority the Council should establish a formal savings programme governance mechanism to manage and monitor the delivery of the savings the councils requires to balance its MTFP.
Why/impact	Monitoring and keeping track of savings identified in the transformation programme and via service budget holders is critical in ensuring the council can manage its finances in the long term. Appropriate governance mechanisms need to be in place to ensure this is done
Auditor judgement	Improvement recommendation
Summary findings	The Council does not yet have a formal mechanism for managing and monitoring its savings targets.
Management Comments	The reporting of budget variances and savings has progressed since the periods covered in this report. The 2023/24 quarterly budget monitoring reports included clear updates on progress against the savings targets included in the budget. The 2024/25 budget does not include a separate savings plan. Savings proposals are incorporated into service budgets and will be monitored as part of their normal quarterly monitoring process. Forecast budget changes will be report to CMT and Members through the quarterly budget monitoring reports.

The range of recommendations that external auditors can make is explained in Appendix C

Improvement recommendation (IR2)

Financial sustainability

Recommendation IR2	The Council should focus its MTFP on delivering a sustainable financial position while reducing reliance on reserves and rebuilding them to strengthen financial sustainability beyond 2023/24.
Why/impact	The reserves position at the end of the current MTFP cycle is still within generally accepted guidelines in terms of a % of net revenue spend though the Council is aware that reserves used up in managing funding shortfalls over the next 3 years will need to be built back up so they can retain that financial resilience. Pressures in the next 3 years are significant so the Council does need to develop plans to rebuild those reserves back such that they are in a position to be able to manage any future financial challenges.
Auditor judgement	Improvement recommendation
Summary findings	While the Council's reserves position is relatively strong, future pressures indicate that they will come under much stress and they need to be refreshed to ensure continuing financial resilience.
Management Comments	The 2024/25 budget and Medium Term Financial Plan delivers a balanced 2024/25 budget and recognises the risks, uncertainties and unknowns faced across the sector in balancing future year positions. The Section 151 Officer's Section 25 report accompanying the 2024/25 budget raised a number of concerns regarding the operation of DLUHC and DEFRA. The auditor's report does not recognise that without a reasonable local government settlement and responsible behaviour by DEFRA, resolution of the resulting financial pressures and extreme stress will require devasting service reductions to address. The report also neglects the extreme pressures from homelessness and the "cost shunt" arising from Kent County Council (KCC) as supported housing costs are transferred from KCC to the council. These issues, alongside macro-economic factors and many other causes, are why councils which have behaved reasonably in the past are now issuing s114 notices.

The range of recommendations that external auditors can make is explained in Appendix C

Governance

We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Programme management

In our 2020/21 Interim VfM report we noted that a new finance general ledger system Tech One was introduced in 2020/21 and this was not straightforward, resulting in a delay to the preparation of the 2020/21 accounts. The problems persisted and have yet to be resolved with the consequence that statutory accounts for 2020/21, 2021/22 and 2022/23 remain unaudited. We note that deficiencies in the project to implement the Tech One ledger are likely to have directly contributed to the subsequent problems with the ledger system highlighted in this report, which have prevented the Council from producing auditable accounts for 2020/21 and in subsequent years. We have highlighted our concerns about the absence of a concerted post implementation project to ensure that the issues with the ledger system were addressed promptly and allocated appropriate resource and capacity. We also raise a key recommendation that the Council urgently addresses this and produces up to date accounts as soon as possible (see page 11).

A planned Internal Audit review of the new Tech One system in 2020/21 was deferred and a post implementation review by Internal Audit was in progress at that time. At this stage we withheld judgement on the extent of the issues and the process that the Council followed. As part of our work for 2021/22 and 2022/23 we considered the findings from the Internal Audit report on post implementation and the follow up of this work (October 2023). Internal Audit had raised a number of concerns about the management of the project to deliver the system. This included highlighting general weaknesses in the way in which project risk management was being conducted and documented and some common project governance weaknesses. The original report (Dec 2022) made one 'critical' and five 'high' priority recommendations, in addition to a number of other recommendations. These highlighted the need to improve deficiencies in regard to programme governance and risk management, and the appropriate use of specialist expertise to support the programme in addition to making sure that programmes were supported with sufficient management capacity. We note that as at October 2023, the critical and high priority recommendations had not been implemented in full by the agreed delivery dates and Internal Audit had escalated this via the Governance Committee.

We therefore consider that the Council's arrangements to deliver key strategic programmes such as the Tech One implementation were deficient in 2021/22 and 2022/23 and that this reflects a significant weakness. We have raised a key recommendation (see page 12) to ensure that the deficiencies identified by the Internal Audit team are adequately addressed and that their recommendations are fully implemented and embedded.

Risk management

The Corporate Risk Register (CRR) identifies and records the strategic risks that may affect both the delivery of core functions and the delivery of the Corporate Plan. All corporate risks have been assigned mitigation measures which enable the Council to take the appropriate approach to managing them. Risks are identified and assessed on an ongoing basis throughout the year.

The Corporate Management Team (CMT) sees the high-level corporate risks on a quarterly basis and the risk register in its entirety on an annual basis. Heads of service review their risks on the CRR on a quarterly basis making adjustments as appropriate. The Governance Committee has a clear role in ensuring the effectiveness of the Council's risk management arrangements. Cabinet also reviews risks in more detail.

Governance

We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Budget Setting

As with previous years, the Council have effective budget setting arrangements in place. Budgets are discussed with budget holders, heads of services, the CMT and other relevant stakeholders before committee approval. The Council has taken into account a wide range of factors in its financial planning and has reflected these in its financial plans. The process starts in May each year with initial thoughts on budgets and ideas for savings discussed with Heads of service and the CMT. From September the Finance team accountants work with their designated heads of service to develop and agree the budget figures before these are presented in draft to CMT and Cabinet in November/December. Then the final budget proposal is presented to Cabinet and signed off in February/March. This is a typical cycle of budget setting in Local Government in our experience.

Budgetary Control

Budgetary control has been exercised at a high level with the Head of Finance monitoring and reporting significant variances at CMT and Cabinet. The financial position is reported in summary via the quarterly performance reports. These have evolved through the 2021/22 and 2022/23 financial years. In these past two financial years, budget holders have not been as involved in the reporting process though it is important to note they have still had responsibility for managing their budgets. The rationale for high level central monitoring is partially down to the implementation of the new Finance system which has had its problems as we highlight in this report. Plans are in place now for budget holders to take more ownership and accountability for budget performance and training has been provided on the new system. It is important that the Council expedites this process and increases involvement in the whole of the budgetary control process of its budget holders, moving to a system of regular (at least quarterly) budget monitoring and reporting.

Informed Decision Making

The culture around decision making and 'tone from the top' in the Council is sound and our attendance at the May CMT meeting confirmed there is a shared and appropriate level of accountability for all matters finance from the whole of the CMT.

The decision making process allows for stakeholders to be properly informed and allows for challenge and transparency. As per the Constitution, committees are given the space to be properly informed before making decisions through professional advice from qualified consultants and public engagement as needed. The format of committee meetings allows space for check and challenge; the discussion of any decisions that need to be made stand as distinct agenda items and opinions are captured in the meeting minutes. In addition to this, the Overview and Scrutiny Committee holds the power to scrutinise any decision made by committees and hold decision-makers to account. Finally, the report template for committee decisions requires consideration of all stakeholders which allows for informed decision-making.

Audit Committee Effectiveness

The purpose of the Audit Committee (AC) which at Dover DC is titled the Governance Committee (GC), is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements at the Council. The Committee's role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence that those arrangements are effective. There are no statutory requirements that determine the composition of the GC.

The GC at the Council comprises seven members. CIPFA's recommendation in Audit, Standards & Governance Committees: Practical Guidance for Local Authorities and Police (2022) is authorities should strive to have no more than eight members, the Council is therefore following the recommendation.

Governance

CIPFA guidance emphasises the importance of the separation of executive roles and the membership of the GC. Where an authority has a cabinet system of governance, including a member of the cabinet on the committee is discouraged. We have compared the membership of the GC with the members of the Cabinet to ensure a clear separation. We can confirm that no members of the Cabinet are also members of the GC, in line with the guidance.

CIPFA has recently updated its guidance on Audit Committees (published 2022). Supporting a recommendation by the Redmond Review, CIPFA recommends the Audit/Governance Committee includes two co-opted independent members for the following reasons:

- to supplement the knowledge and experience of elected members in specific areas such as financial reporting;
- to provide continuity outside the political cycle;
- to help achieve a non-political focus on governance, risk and control matters.

We note that there are currently no independent members on the Council's GC.

Improvement recommendation 3: The Council should consider including an independent member with accounting experience to the Governance (Audit) Committee.

Governance Committee has seen intermittent attendance from certain members of the committee. One member attended only 2 of 9 meetings in the 2-year period and another 4 out of 9. The Governance Committee is a critical part of governance and it is important that it is fully attended so the correct level of governance can be applied. We note there is a new membership of the Committee and urge the Council to ensure full attendance of this important committee moving forward. We also note the importance of members having access to training to help them discharge their role. We note that induction training does take place and is repeated every 4 years. However, there is no on-going programme to ensure that training is refreshed more frequently, that more focused training is available on specific topics (e.g. risk management, local authority accounting) and that members are kept abreast of developing financial or legislative issues over time. This is especially important because although members are not expected to be subject matter experts, they are required to provide effective governance and scrutiny, within an increasingly complex and challenging financial environment.

Improvement recommendation 4: The Council should encourage full attendance at the Governance Committee and ensure that members are provided with sufficient on-going training opportunities to support them in their governance role.

Legislative and Regulatory Standards

The Council has clear mechanisms in place to meet necessary standards including cultural, legislative and regulatory. In reference to cultural standards, the Council's Code of Conduct sets out the behaviours expected of staff members, including openness, transparency, personal ownership and engagement, which are aligned to the public sector Nolan principles. In reference to legislative and regulatory, the Constitution outlines the framework for monitoring compliance with legislation, and the Council has a Monitoring Officer who is responsible for upholding and reporting on the compliance of the Council's activities.

The Constitution also contains clear policy for staff around gifts and hospitality and guidance on what does and does not need to be disclosed or registered. Staff are responsible for their own declarations and are free to seek guidance from the Monitoring Officer. Councillor declarations are publicly available via the Council website.

Internal Audit

The Internal Audit service is provided by the East Kent Audit Partnership (EKAP) which was formed in October 2007. EKAP completes a rolling programme of work to cover a defined number of days each year. As at the 31st March each year there is undoubtedly some "work in progress" at each of the partner sites; some naturally being slightly ahead and some being slightly behind in any given year.

The original audit plan for 2021-22 included a total of 23 projects. EKAP worked closely with the s.151 Officer, CMT and the Governance Committee to ensure the projects undertaken continued to represent the best use of resources. As a result of this liaison some changes to the plan were agreed during the year, including a minor change due to EKHR being brought back in house. A few projects (8) were pushed back in the overall strategic plan, to permit some higher risk projects (8) to come forward in the plan and to finalise (6) projects from the 2020-21 plan. The total number of projects completed was 23, with 6 being WIP at the year-end to be finalised in April.

Governance

Internal Audit (Continued)

The 2021-22 Annual report gave the following opinions in the key areas of review

- Corporate Governance - the Head of Audit Partnership is satisfied the Council complies with Corporate Governance guidance
- internal control - The Head of Audit Partnership is satisfied the Council can place assurance on the aspects of the systems of control tested and in operation during 2021/22.
- Risk Management - It was concluded that the Council continues to fail to comply with Best Practice with regards to Risk Management and specifically Member engagement with its Corporate Risks. This was due to two of the risks not including any Risk Score, Mitigation, Implementation date or Responsible Owner

The 2022-23 Internal Audit Plan included 31 audits plus 10 audits brought forward from 2021-22 to complete. Five of these audits were deferred, 4 were postponed to 2023-24, 1 was a work in progress at year end and the remainder were finalised. Having delivered 99.61% of the agreed audit plan days, sufficient work had been undertaken to support the opinion. The 2022-23 Annual report confirmed that the majority of reviews had received a substantial or reasonable assurance and there were no major areas of concern that gave rise to a qualified opinion.

Conclusion

In the light of the Council's inability to present its statutory accounts for the years 2020/21 onwards we cannot conclude that the Council's governance arrangements are adequate but rather they represent a significant weakness. We also consider that the Council's arrangements to deliver a key strategic programme such as the Tech One implementation were deficient in 2021/22 and 2022/23 and that this reflects a further significant weakness. We have raised a further key recommendation to ensure that the deficiencies identified by the Internal Audit team are adequately addressed and that their recommendations are fully implemented and embedded. Other areas of governance such as Internal Audit arrangements and the Council's approach to risk are adequate.

Improvement recommendation (IR3)

Governance

Recommendation IR3	The Council should consider including an independent member with accounting experience to the Governance Committee.
Why/impact	CIPFA guidance and the Redmond Review (2020) recommend the committee includes two co-opted independent members.
Auditor judgement	Improvement recommendation
Summary findings	The audit Committee does not include an independent member on it
Management Comments	The Council is aware of the non-statutory guidance on Audit Committees published by CIPFA in 2022 following the Redmond Review. While recognising the intent behind the suggestion in the CIPFA guidance that two co-opted independent members be appointed to Audit/Governance Committees, it should be noted that Dover District Council is not an outlier in Kent by not having appointed any independent members to its Governance Committee. It is a matter of fact that the nature of representative democracy is cyclical with the composition of the council, and by extension the Governance Committee, potentially changing at each election. However, while this could be seen as affecting continuity of membership we prefer to see it as a strength, in bringing new viewpoints and fresh challenge to the governance process. The Council is of the view that where challenge has been required it has been provided by the members of the Governance Committee in an informed manner and it is difficult to see what the difference would be if there had been one or more independent members appointed to the committee. Additionally, the members of the Council are ultimately accountable for the performance of the Council at the ballot box in a way that an independent member would not be. In summary, we do not see a demonstrable benefit in appointing independent members, particularly in the absence of any evidence of deficiency in the work of the existing or previous Governance Committees.

The range of recommendations that external auditors can make is explained in Appendix C

Improvement recommendation (IR4)

Governance

Recommendation IR4	The Council should encourage full attendance at the Governance Committee and ensure that members are provided with sufficient on-going training opportunities to support them in their governance role.
Why/impact	Scrutiny and challenge of key areas of the Council's operations such as Internal Audit and risk management are critical to effective governance of the Council. Where meetings are not fully attended there is a risk that this may not be fully and properly scrutinised and challenged. We note that induction training does take place and is repeated every 4 years. However, there is no on-going programme to ensure that training is refreshed more frequently, that more focused training is available on specific topics (e.g. risk management, local authority accounting) and that members are kept abreast of developing financial or legislative issues over time. This is especially important because although members are not expected to be subject matter experts, they are required to provide effective governance and scrutiny, within an increasingly complex and challenging financial environment.
Auditor judgement	Improvement recommendation
Summary findings	Attendance at Governance Committee has been patchy with two members not attending 50% of the meetings in a 2-year period. This potentially impacts good governance unfavourably.
Management Comments	In respect of attendance at meetings, it is acknowledged that in the period 2021/22 and 2022/23, one member only attended 2 out of a potential 10 meetings and only arranged for a substitute to attend on 1 of those 8 occasions they were absent. However, it should be noted that 4 out of 7 members had a 70% or greater attendance record for those years. The year-to-date 2023/24, with a largely new membership of the Governance Committee, has seen a significant improvement in the attendance situation with 3 members of the current Governance Committee having attended 100% of the meetings available and only 1 member having an attendance rate below 60%. To ensure that the improved level of attendance continues the matter of non-attendance by members of the Governance Committee will be raised with political group leaders in efforts to avoid a repeat of the 2021 – 2023 attendance levels. The Council's Constitution sets out in Article 13 (Decision Making) at paragraph 13.09 that only members (and substitutes) who have received the appropriate training may serve on Governance Committee. The content of this training is set out in the appendix to Article 13. Additionally, Article 2 (Members of the Council) contains the job description for the Chairman of the Governance Committee which includes provision for undertaking training as required. The training once undertaken is valid for the remainder of the Council's term with new training undertaking by all Members following the whole council elections every four years. The dates for the Governance Committee training post-election are set out in the induction pack and take the form of two evening training sessions (one on finance and one on governance). The training requirement also applies to substitute members and the initial training sessions for the Governance Committee are open to any councillor to attend. If a Member is for any reason unable to attend the scheduled training, then additional training will be provided. This may be either a full repeat of a training session or an individual training session with senior officers (Heads of Service or Strategic Director level) depending on the number of Members who need to be trained. If any member of the Council outside of the induction process requests that training be provided to enable them to sit on the Governance Committee, this will be provided by officers as required.

Improving economy, efficiency and effectiveness

We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives

Financial & Performance Information

The Corporate Plan for the period covered by this report (2021-22 and 2022-23 financial years) provides the overarching strategic direction for the Council from 2020-2024. It was developed against the Council's Budget and Medium-Term Financial Plan, to drive investment in Council services, and the growth of the local economy. The Corporate Plan sets the vision for the District from which all the Council's plans and service objectives flow. Some ambitions in this Plan have a longer delivery timescale than the life of the Plan, however progress made in this cycle of the plan sets the direction for future work. The corporate objectives are presented on an equal basis and not in priority order.

The Council has recently developed a strategic performance dashboard which uses both financial and non-financial information. The dashboard is supported at a more operational level by business plans for each department, these contain the service areas objectives (linked back to the Corporate Plan), actions, all performance information that is collated for the service area and staffing/structure information. Portfolio Holders are required to sign off their service areas business plan for the year. The new strategic performance dashboard focuses more on trends than targets and has been redesigned and relies now more on pie charts and graphs to present its information. It is early days in the evolution of the new performance reporting regime so too early to properly assess it. This will be something we will return to in the 2023-24 VfM audit.

The Council has, in November 2023, updated its Corporate Plan which now includes 5 main commitments:

1. Improving our housing.
2. Growing our economy.
3. Protecting our environment.
4. Supporting our communities.
5. Modernising our Council.

Service evaluation

The budget process involves a rigorous assessment of services and heads of service are involved in that process and asked to review their services annually and determine how they can support the council's financial savings objectives while at the same time maintaining service performance. In addition, the Council's revised transformation programme will be critically evaluating all services and considering other ways to deliver them as or more efficiently. Officers expect this to result in potentially radical changes to service delivery.

Port Health Authority

Dover is the statutory Port Health Authority for imported food, infectious diseases and public health controls at the port of Dover and the channel tunnel. It protects and secures the border through the critical delivery of national biosecurity, food safety, infectious disease, and public health controls. This responsibility brings with is specific challenges, including the need to manage increased traffic flow and its role as a port health authority for imported food.

As part of this role extra checks on pork products have been funded by the Department for Environment, Food and Rural Affairs (DEFRA). The department announced in December 2023 that it is withdrawing 68% (£2.5m out of £3.7m) of the funding from the Council in 2024/25 and the remaining 32% (£1.2m) in 2025/26.

The Chief Finance (S115) Officer's section 25 report to Cabinet within the 2024/25 budget papers stated that *"If the DEFRA funding is not restored, or severe corrective action is not taken to reduce expenditure on services, the Council's position could become untenable and trigger a s114 report"*. In summary, this may pose a significant risk to the Council's finances in the medium term and while it is not specific issue for the period covered by this report (2021-22 and 2022-23) it is a risk to be considered as part of our 2023-24 review.

Improving economy, efficiency and effectiveness

Housing

The Council took its stock of housing back in house in 2020 having outsourced the provision prior to that to the East Kent Housing (EKH) Almo. The in-house teams are now established and operational. Much of the work has been completed including:

- compliance levels and procedures are now at the required level and have received sign-off from the Social Housing Regulator:
- disaggregation and implementation of computer systems: and
- embedding and development of the smooth running of the new service.

The Council has also developed a new HRA business plan to help to forecast the cash flow needed for the Council. This includes a 14-year capital investment programme of restorative measures as well as working towards its housing stock becoming carbon neutral by 2050 (as per the Climate Change Emergency report to cabinet on 4th November 2019).

The Council like many others has faced a number of challenges over the past year. Increased regulatory requirements around electrical safety and damp and mould regulations represent a significant challenge but in general, performance in managing the housing stock has improved significantly after the insourcing with reductions of 50% in cost achieved in the period post insource. This is in spite of the Council finding that on taking back control of the housing stock it was in poor condition and the remedial work required was significant. This has subsequently put a strain on the Council's Housing Revenue Account (HRA). A stock condition survey is now planned for the 2024/25 financial year to properly and fully assess its housing stock.

The HRA business plan has been built to assess the impact on future modelling of the HRA cashflow for both future major projects and future increased spend on improvements in the housing stock. The plan evaluated and confirmed that a 3-year profiled spend on capital investment is an affordable approach to support the restorative measures required. The business plan will be reviewed within 2024/25 to assess the ongoing impact of the current restorative works, future spending plans, the impact of the macroeconomic environment and other relevant factors on the long-term viability of the HRA.

Procurement, Commissioning and Contract Management

The Council has recently updated its procurement strategy and it was signed off at Cabinet in July 2023 after being reviewed by CMT in June. The strategy establishes how the Council will conduct its procurement activity in an ethical, efficient, economic, and effective procurement manner that will reflect both national and local policies/priorities by:

- meeting the Council's operational requirements delivering value for money;
- supporting the Council's Corporate Plan and other adopted Council strategies and plans;
- aligning with the National Procurement Strategy (NPS) for Local Government in England 2022.

Procurement is structured into defined areas within the Council, with both central and devolved procurement functions. Low value/low risk purchasing activity is conducted locally amongst service areas, with the responsibility for professional advice, corporate systems, procedures, and overall procurement responsibility residing with the Procurement Team. This mixed approach to procurement seeks to ensure the benefits of local knowledge and service delivery expertise are complemented by centrally established controls, processes and procedures that are consistent and proportionate in their approach. Whilst the devolved budget enables responsible officers the remit to determine whether they wish to purchase goods, services or works, having made that decision they will follow any established procurement policies, procedures, and guidance to support this Strategy.

Procurement operates a very small procurement team (3 staff, 2.5 FTE) and they work as a centralised team providing expert guidance as well as ensuring the Council's contracts register is kept up to date. The Council has also updated its contract standing orders in 2022. There is a clear procurement pipeline so there is clarity about the procurements expected in the next 12-18 months. The Council has very few commercial ventures. It has recently managed the purchase, build and outsource of Dover Leisure Centre which is now run by "Places for People Leisure Services" on behalf of the Council. The Council managed the procurement and the project to get the centre up and running and has in effect outsourced the operation of the leisure centre to "Places for People".

Improving economy, efficiency and effectiveness

Procurement, Commissioning and Contract Management (Continued)

The Council has had a relatively high number of tender waivers in the past two years though this has started to reduce, 43 in 2021/22 to 35 in 2022/23. There is no formal process for tender waivers to be reviewed by the Governance Committee though there is a system generated prompt which means that all procurements over £15k require sign off by the Procurement team. It is good practice for tender waivers to be shared with Governance Committee periodically.

Improvement recommendation 5: The Council should introduce a formal process for tender waivers to go to Governance Committee for their information and challenge.

Partnership Working

The Council has very good relationships with a number of partners including Kent Fire and Rescue, Kent Police, Kent & Medway Integrated Care Board, Kent County Council, Kent Housing Group, DWP, NHS and the voluntary sector. The last named was especially helpful during Covid as the relationships were already well established so the Council was able to quickly mobilise its Emergency Management team and work closely with the voluntary organisations to deal with the emerging pandemic.

In terms of shared services the Council has taken a pragmatic rather than dogmatic approach and has been sceptical of shared services except where it can see real value. Where the shared service is politically charged, the Council tends to retain this in house but for services which may not be as sensitive to public scrutiny or where they know the delivery partner is capable they have entered into shared service arrangements. The Council operates the following service delivery partnerships:

- Internal Audit - East Kent Audit partnership (EKAP)
- Revenues and Benefits – Civica
- Customer Services – Civica
- Refuse Collection and Street Cleansing (DDC, FHDC, KCC)
- Payroll (DDC, TDC & CCC)

Conclusion on Improving Economy, Efficiency and Effectiveness

The Council has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources. We have assessed the arrangements concerning the 3E's and raised no indications of significant weaknesses in the arrangements.

Improvement recommendation (IR5)

Improving economy, efficiency and effectiveness

Recommendation IR5	The Council should introduce a formal process for tender waivers to go to Governance Committee for their information and challenge.
Why/impact	An important control in the procurement process is the check and challenge on tender waivers to ensure these are justifiable and that they do not represent a circumventing of procurement policy. The Governance Committee is a key part of this process.
Auditor judgement	Improvement recommendation
Summary findings	Tender waivers do not routinely go to Governance Committee
Management Comments	The Council acknowledges the recommendation but does not consider that the proposal would add value to the process or be an effective use of limited resources. The Procurement Manager & Section 151 Officer (or his nominee) check and challenge all waiver requests submitted across the Council to ensure that there is not a circumventing of the procurement process. It is felt that a retrospective review by the Governance Committee would bring limited benefits as the decision to waiver will have already been made and the procurement undertaken. The number of waivers has reduced year on year as indicated in the report (43 in 2021/22 to 35 in 2022/23) and is on track to reduce further for the current financial year to a total of 24 waivers (to date).

The range of recommendations that external auditors can make is explained in Appendix C

Follow-up of Prior year Improvement recommendations (AAR)

Financial sustainability

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	A workforce plan or people strategy , aligned to the corporate plan and MTFP should be prepared, formally approved and circulated to appropriate officers.	Improvement	Sept 2022	There is a clear workforce shortage which is affecting both the public and private sector across the country, particularly in respect of professional roles. Having a workforce plan in place does not ensure that the Council will have sufficient staff to deliver services. Nonetheless, the Council is fortunate in maintaining a low level of staff turnover, largely due to our commitment to becoming and remaining an employer of choice. Furthermore, we have a robust Authority to Recruit system which aims to ensure resources are correctly directed to those parts of the organisation where they are most needed to maintain service delivery.	Yes	No
2	The Council should enhance its approach to risk management by: - reviewing The risk management framework - Reporting risk to members on a regular basis - Reducing the number of risks in the risk register so only significant risks are included. - Adding additional information, such as sources of assurance and future actions planned by management to fully mitigate risks and causes of risk, to the Council's risk registers Provide risk training to officers and members	Improvement		It is accepted that the risk management framework is due for review and this work is programmed for early 2023. • The Corporate risks that remain high after mitigation are reported to Cabinet and Overview & Scrutiny Committee on a quarterly basis as part of the Strategic Performance Dashboard. The first such report went in October 2022 and was fully considered by both sets of Members. The full risk register is reported to the Governance Committee on an annual basis. • As part of the review of the risk management framework, the Council will consider the number of risks within its register • As part of the review of the risk management framework, the Council will consider what information is included on the risk register • Risk management training is currently being provided as part of the Council's insurance service	Yes	No

Follow-up of Prior year Improvement recommendations (AAR)

Financial sustainability

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
3	An independent external assessment of the Internal Audit service should be undertaken in the 2022/23 audit year either by a full external assessment, or a self-assessment with independent external validation.	Improvement	Sept 2022	The results of the March 2020 self-assessment against the Public Sector Internal Audit Standards (PSIAS) resulted in an action plan to achieve compliance. The four s.151 Officers acting as the EKAP Client Officer Group, continue to be content to rely on the self-assessment process for the PSIAS and not commission an External Quality Assessment (EQA). The lack of which, is disclosed to the Governance Committee and reported in the Annual Governance Statement.	Yes	No
4	Consideration should be given to the formal review of counter fraud policies and strategies and the introduction of document control folios. By document control folios, we mean a front page that records who prepared the document, when, when it was approved and when it is due for review with subsequent updates added to give a record of the history of documents over time. The introduction of pro-active fraud work should also be considered.	Improvement	Sept 2022	We are happy to review the use of document control folios and the need for more pro active fraud work. We would also bear in mind that most fraud is prevented / detected by whistleblowing and management controls rather than pro-active audit or other work	Yes	No

Follow-up of Prior year Improvement recommendations (AAR)

Financial sustainability

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
5	Services should be undertaken a programme of benchmarking reviews to identify best practice including data analysis and observation of alterative service models.	Improvement	Sept 2022	It is considered that a council wide benchmarking programme would be ineffective for the following reasons: The current volume and scope of openly available benchmarking data is greatly reduced making simple data collection more onerous. The last major exercise in benchmarking by the council was by participation in the "Kent Price Book". This exercise was undertaken by all Kent districts working closely together to provide data on a range of services and costs for benchmarking and comparison purposes. The exercise was undertaken at considerable expense in terms of staff time and demonstrated that without long-term engagement and process benchmarking to make data more and more consistent, the outcomes are unreliable and of little value. However, it is acknowledged that benchmarking can be a useful tool in reviewing specific service areas and that working with colleagues in other authorities to identify better / best practice can be effective. It is anticipated that the proposed Transformation Programme will incorporate benchmarking for relevant service areas.	Yes	No
6	A data strategy should be prepared, formally approved and circulated to appropriate officers.	Improvement	Sept 2022	This recommendation is not considered to be a proportionate requirement for an organisation of this size. The Council does, however, recognise the importance of data and it is anticipated that reviewing the management and use of data will form part of the Transformation Programme, In order to support this the council is in the process of recruiting a Data Analyst post to help use data to drive continuous improvement of service delivery and value for money.	Yes	No
7	A procurement strategy aligned to the National Procurement Strategy for Local Government in England should be prepared, formally approved and circulated to appropriate officers.	Improvement	Sept 2022	Agreed: A Procurement Strategy is currently being drafted and will be presented to Members at Cabinet Meeting 6th February 2023. The Council has defined contract standing orders included in the Constitution which define the procurement process required for defined levels of spend.	Yes	No

Appendices

Appendix A – Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

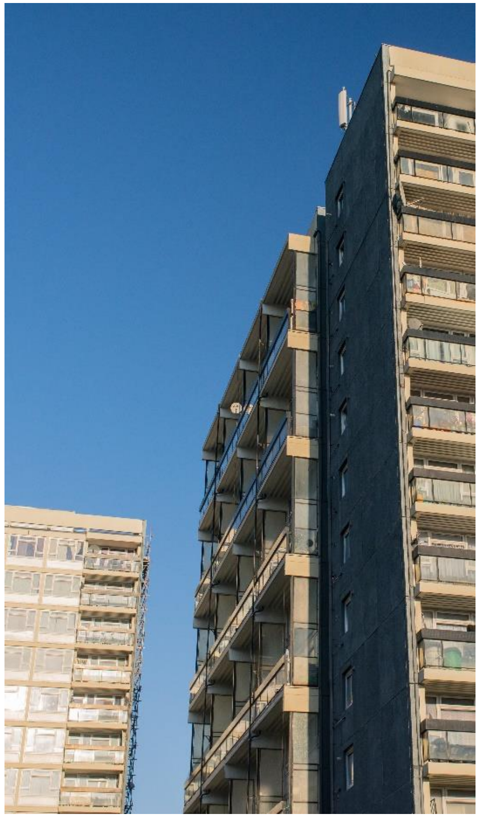
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. to do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local Council accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B – An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	Yes	Pages 9 to 12
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	Pages 21-22, 27-28 and 32