

# Birmingham City Council

## City Council

12<sup>th</sup> October 2023



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**Subject:** **Response to Statutory Recommendations from External Auditors Grant Thornton**

**Report of:** **Councillor John Cotton, Leader of the Council, and Deborah Cadman, Chief Executive**

**Report author:** **Fiona Greenway, Interim Director of Finance and Section 151 Officer**

Does the report contain confidential or exempt information?  Yes  No

### 1 Executive Summary

- 1.1 On Friday 29th September 2023, the Council's External Auditors Grant Thornton issued Statutory Recommendations to the Council under Schedule 7 of the Local Audit and Accountability Act 2014. These recommendations are contained with the report titled 'Birmingham City Council External Audit 2020-21 to 2023-24' and can be found within Appendix 1.
- 1.2 This report addresses the twelve statutory recommendations contained within the External Auditors report. Within this paper the Council outlines the steps that will be taken against each of the recommendations, identifies accountable owners for delivery of these steps both from an Officer and Member perspective, and then

provides an overarching recommendation to accept and acknowledge the recommendations issued by the External Auditors.

- 1.3 Delivery against these recommendations is crucial for financial sustainability and effective governance for Birmingham City Council. The issues raised within the External Auditor's report are significant enough to have caused them to use their statutory powers. Addressing these recommendations will re-affirm a basis for sound financial management and effective governance within the Council and provide a platform from which we can address the broader challenges facing the Council and City as a whole.

## **2 Recommendations**

- 2.1 Full Council is recommended to:

- 2.1.1 Acknowledge and accept the statutory recommendations presented by External Auditors Grant Thornton;

- 2.1.2 Commit to the implementation of these recommendations to safeguard the City's financial sustainability and governance;

- 2.1.3 Accept the proposed action plan, with responsible Officer and Responsible Members, and track delivery of the action plan in line with the deadlines for each recommendation;

- 2.1.4 Consolidate the actions from this report into the improvement plan, as detailed in the Secretary of State's directions;

- 2.1.5 Propose that the Chief Executive responds to the External Auditor with the contents of this report and the proposed action plan as a formal response to the issued recommendations; and,

- 2.1.6 Agree that the Audit Committee receives updates on progress against the recommendations and actions within this report on a regular basis.

## **3 Background, considerations and proposals**

### **A. Background – Statutory Recommendations**

- 3.1 Statutory Recommendations under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 refer to formal advice issued by the External Auditor. These recommendations require the Council to discuss and respond publicly to the report.
- 3.2 Recommendations are aimed at improving financial management, governance, or operational practices within a Council. Statutory Recommendations carry significant

weight, promote transparency and accountability for the Council, and advocate for best practice in local government.

3.3 Upon receipt of Statutory Recommendations, a Council must complete the following actions:

3.3.1 **Acknowledge Receipt and Respond for Factual Accuracy** – Draft statutory recommendations were received by the Council on Friday 15th September 2023. A period of consultation until Wednesday the 25th of September was granted to all parties in receipt of the draft recommendations to respond based on factual accuracy. This period has now closed, and consultation has completed.

3.3.2 **Consideration and Evaluation** – Following receipt of the published recommendations on Friday 29th September 2023, the Council needed to consider fully the content of the recommendations, reviewing the issues raised, and develop an appropriate proposed course of action as a response. The outcome of this is within this report.

3.3.3 **Response** – The Council must respond formally in writing to the External Auditors who issued the recommendation. The basis of this response will be this report, and recommendation 2.1.4 provides the basis on which the Council will respond to the auditors.

3.3.4 **Publication** – The Council's response, alongside the original recommendations, should be made public and published on the Council's website. The recommendations have been published on our Council website, alongside this report on CMIS. If agreed, this report as well as the proposed action plan will be published alongside the statutory recommendations.

3.3.5 **Follow-Up** – If the Council agrees to implement the recommendations and supporting action plan, delivery of these actions should be tracked to completion. Formal updates should be provided to the External Auditors, as well as published on the Council website.

## **B. Background – Context to the Statutory Recommendations**

3.4 The receipt of these Statutory Recommendations comes against a backdrop of challenges faced by the Council. The substance of these challenges is contained within other Council reports, as well as the External Auditor's Statutory Recommendations themselves. Within this paper we will outline the issues at a high level, with a reference to the External Auditor Statutory Recommendation number.

3.5 **Equal Pay** – The Council is facing a significant Equal Pay (EP) challenge, with a potential liability of between £650m-£760m. The Council must agree a Job

Evaluation (JE) methodology which closes off this liability by 1st April 2025, alongside finding an appropriate mechanism for funding the overall potential liability. This process has been ongoing for a number of months, resulting in the Section 151 Officer issuing a Section 114 report on the 5th September 2023 in relation to the historic liabilities, and the Monitoring Officer issuing a Section 5 notice in relation to indecision and the Section 151 Officer issuing a supplemental Section 114 notice on the 21st September 2023 in relation to the future liabilities. *Equal Pay is considered within Statutory Recommendations 1, 2, 3, and 4.*

- 3.6 **Oracle Implementation** – The Council went live with a new Oracle Enterprise Resource Planning (ERP) system in April 2022. The costs of this implementation have increased from the original budget of £38.7m agreed in March 2021, and there continues to be concern around the completion of the Safe and Compliant phase of the implementation to enable effective Financial Management across the Council. *Oracle Implementation is considered within Statutory Recommendations 5, 6, and 7.*
- 3.7 **Savings and Other Financial Pressures** – The Council has a in-year budget challenge of £87.4m for 2023/24, against which the Council is developing a Financial Recovery Plan to address the in-year savings and future year savings gap. This financial challenge, alongside the potential Equal Pay liability, poses a significant challenge to the financial stability of the Council. *Savings and Other Financial Pressures is considered within Statutory Recommendation 8.*
- 3.8 **Financial Sustainability** – In light of the challenges outlined within 3.5-3.7, the External Auditor has expressed concern around the financial sustainability of the Council. *Financial Sustainability is considered within Statutory Recommendations 9 and 10.*
- 3.9 **Governance and Management Capacity** – Following the External Auditor's engagement with the Council, observations have been made around the governance arrangements in relation to decision making, the interactions between Officers and Members, and the challenges Leadership of the Council are facing. *Governance and Management Capacity is considered within Statutory Recommendation 11.*
- 3.10 **Statutory Accounts 2020/21, 2021/22, and 2022/23** – The External Auditor has not yet been able to sign off prior year accounts for 2020/21 and 2021/22 due to

outstanding issues. The External Auditor has also not yet received draft accounts for the 2022/23 financial year, due to ongoing challenges with the Oracle ERP system. *Statutory Accounts 2020/21, 2021/22, and 2022/23 is considered within Statutory Recommendation 12.*

3.11 The External Auditor also raised subsequent pieces of work which will be completed as part of their ongoing audit arrangements with the Council. This will cover governance, Oracle, and financial sustainability.

### **C. Statutory Recommendations and Actions**

3.12 The statutory recommendations from Grant Thornton are outlined below, along with the proposed actions to address them and owners for delivery of these recommendations. A consolidated action plan can be found in Appendix 2. It is recommended that Audit Committee receive regular updates and monitor progress against the following actions.

#### **3.13 Statutory Recommendation 1:**

*3.13.1 "The commencement of the job evaluation process should not be further delayed (as this would further undermine the Council's financial sustainability). As the Addendum was not signed by 11 September 2023 the Council should apply the safeguard within the CBMC report and should determine the job evaluation option it intends to follow at the earliest opportunity."*

#### **3.13.2 Council Response:**

3.13.3 We accept and are fully committed to implementing this recommendation to ensure the Council's financial sustainability and governance. These actions outline the steps through which we will effectively deliver and fulfil this recommendation:

3.13.3.1. *Commencement of Job Evaluation:* The Council will initiate the job evaluation process without further delay.

3.13.3.2. *Safeguard Application:* As the Addendum was not signed by 11 September 2023, the Council will apply suitable safeguards within future CBMC reports to address any further delay.

3.13.3.3. *Determination of Job Evaluation Option:* The Council will promptly determine the job evaluation option to follow, considering the best

interests of the organisation and its employees. The next steps for this will be decided at Full Council on 12<sup>th</sup> October 2023.

3.13.4 Responsible Officer: Director of People Services, Katy Fox

3.13.5 Responsible Member: Leader of the Council, Councillor John Cotton

### 3.14 **Statutory Recommendation 2:**

3.14.1 *"It is important that the Council reviews its previous equal pay estimates and regularly updates its estimate of the potential future liability (at least on a quarterly basis). This updated position should be reported to members on a quarterly basis."*

#### 3.14.2 Council Response:

3.14.3 We accept and are fully committed to implementing this recommendation to ensure the Council's financial sustainability and governance. These actions outline the steps through which we will effectively deliver and fulfil this recommendation:

3.14.3.1. *Quarterly Review:* The Council will establish a quarterly review process for equal pay liability estimates.

3.14.3.2. *Reporting to Members:* Regular updates on the updated equal pay liability estimates will be provided to members on a quarterly basis. This aligns to resolutions agreed by City Council on 11<sup>th</sup> July 2023.

3.14.4 Responsible Officer: Interim Director of Finance Section 151 Officer, Fiona Greenway

3.14.5 Responsible Member: Cabinet Member for Finance and Resources, Councillor Brigid Jones

### 3.15 **Statutory Recommendation 3:**

3.15.1 *"The Council should separately report the financial impact of potentially enriched roles to members as a matter of urgency and should prioritise their assessment as part of the job evaluation process. This should include a consideration of the Council's Best Value duty. Similarly, officers should provide monthly updates to members on the Council's identification of roles where task and finish has been in operation and the financial impact of this practice and confirm at the earliest opportunity that these practices are no longer operated. The Council should undertake a review of all working practices within the Council and ensure that all employees comply with their terms and conditions, including working their full contractual hours."*

#### 3.15.2 Council Response:

3.15.3 We accept and are fully committed to implementing this recommendation to ensure the Council's financial sustainability and governance. These actions outline the steps through which we will effectively deliver and fulfil this recommendation:

3.15.3.1. *Reporting Financial Impact:* The Council will separately report the financial impact of potentially enriched roles to members as a matter of urgency.

3.15.3.2. *Job Evaluation Priority:* The assessment of potentially enriched roles will be prioritised as part of the job evaluation process.

3.15.3.3. *Monthly Updates:* Officers will provide monthly updates to members on the identification of roles operating under 'task and finish,' including the financial impact.

3.15.3.4. *Review of Working Practices:* A comprehensive review of all working practices within the Council will be conducted to ensure compliance with terms and conditions and full contractual hours.

3.15.4 Responsible Officer: Director of People Services, Katy Fox

3.15.5 Responsible Member: Leader of the Council, Councillor John Cotton

### 3.16 **Statutory Recommendation 4:**

3.16.1 *"The Council should commission an independent review of the process for receiving and considering legal advice, including consideration of whether the Monitoring Officer's advice was appropriately taken into account and followed, and whether access to legally privileged information was appropriately safeguarded. If the local inquiry outlined by the Secretary of State does proceed this should be part of the wider inquiry."*

#### 3.16.2 Council Response:

3.16.3 We accept and are fully committed to implementing this recommendation to ensure the Council's financial sustainability and governance. These actions outline the steps through which we will effectively deliver and fulfil this recommendation:

3.16.3.1. *Commission Independent Review:* The Council will commission an independent review of the process for receiving and considering legal advice. It is acknowledged that if the local inquiry outlined by the Secretary of State does proceed, this should be part of the wider inquiry.

3.16.3.2. *Monitoring Officer's Advice:* The review will specifically assess whether the Monitoring Officer's advice was appropriately considered and followed.

3.16.3.3. *Safeguarding Legal Privilege:* The review will also ensure that access to legally privileged information was appropriately safeguarded.

3.16.4 Responsible Officer: Monitoring Officer, Janie Berry

3.16.5 Responsible Member: Leader of the Council, Councillor John Cotton

### 3.17 **Statutory Recommendation 5:**

3.17.1 *"The Council should set a target date for the completion of the 'safe and compliant' phase. We consider that this should be completed by 30 November 2023."*

#### 3.17.2 Council Response:

3.17.3 We accept and are fully committed to concluding the 'safe and compliant' phase of the Oracle recovery programme at the earliest appropriate time, so that we can focus our efforts and resources on the longer-term optimisation of our enterprise resource planning systems. However, at this stage we cannot be confident of concluding all necessary 'safe and compliant' work by the 30 November. These actions outline the steps through which we will respond to this recommendation:

3.17.3.1. *Readiness review:* The Council will undertake a review of the safe and compliant phase of Oracle recovery against specific criteria, in partnership with the Commissioner with responsibilities for Oracle and the External Auditor, and agree a target date to conclude this stage of the work.

3.17.3.2. *Transition to optimisation phase:* In this review of the scope of the 'safe and compliant' phase, the Council will aim to accelerate work on 'optimisation'.

3.17.4 Responsible Officer: Interim Director of Transformation, Meena Kishinani

3.17.5 Responsible Member: Cabinet Member for Digital, Culture, Heritage & Tourism, Councillor Saima Suleman

### 3.18 **Statutory Recommendation 6:**

3.18.1 *"The Council should report its outturn for 2022/23 and its current financial position by 30 November 2023. It should provide financial statements for 2022/23 for audit by 31 January 2024."*

#### 3.18.2 Council Response:

3.18.3 We accept and are fully committed to implementing this recommendation to ensure the Council's financial sustainability and governance. These actions outline the steps through which we will effectively deliver and fulfil this recommendation:

3.18.3.1. *Reporting Deadlines:* The Council will report its 2022/23 outturn and current financial position by 30 November 2023.



3.18.3.2. *Audit Financial Statements:* Financial statements for 2022/23 will be prepared for audit by 31 January 2024.

3.18.4 Responsible Officer: Interim Director of Finance Section 151 Officer, Fiona Greenway

3.18.5 Responsible Member: Cabinet Member for Finance and Resources, Councillor Brigid Jones

### 3.19 **Statutory Recommendation 7:**

3.19.1 *"The Council should consider the capacity of its senior staff to deal with the Oracle 'safe and compliant' and 're-implementation' phases alongside the other competing pressures. Additional resources should be provided to ensure that this critical project is completed at the earliest opportunity. This may include additional internal or external IT capacity and capability. In the longer term, the Council will need to ensure that it rebuilds its own IT capacity and capability."*

#### 3.19.2 Council Response:

3.19.3 We accept and are fully committed to implementing this recommendation to ensure the Council's financial sustainability and governance. These actions outline the steps through which we will effectively deliver and fulfil this recommendation:

3.19.3.1. *Capacity Assessment:* The Council will assess the capacity of its senior staff to manage the Oracle 'safe and compliant' and 're-implementation' phases alongside other competing pressures.

3.19.3.2. *Additional Resources:* Additional internal or external IT capacity and capability will be provided to ensure the critical project's timely completion.

3.19.3.3. *Long-Term IT Capacity:* The Council will develop plans for rebuilding its own IT capacity and capability in the long term.

3.19.4 Responsible Officer: Interim Director of Transformation, Meena Kishinani

3.19.5 Responsible Member: Cabinet Member for Digital, Culture, Heritage & Tourism, Councillor Saima Suleman

### 3.20 **Statutory Recommendation 8:**

3.20.1 *"The Council should provide an updated budget for 2023/24 that takes account of the 2022/23 outturn, its current financial position for 2023/24, its progress on delivering savings plans in 2023/24, and the other financial pressures impacting on the Council."*

3.20.2 Council Response:

3.20.3 We accept and are fully committed to implementing this recommendation to ensure the Council's financial sustainability and governance. These actions outline the steps through which we will effectively deliver and fulfil this recommendation:

3.20.3.1. *Budget Revision:* The Council will provide an updated budget for 2023/24, which will include progress on savings plans in 2023/24, and other financial pressures by the end of October 2023. The final 2022/23 outturn will be presented in November 2023 with a final reserve position for the 2022/23 financial year. The updated budget in October 2023 will include appropriate caveats, as needed, due to the need for additional time to present outturn in November 2023 as a result of ongoing Oracle challenges.

3.20.4 Responsible Officer: Interim Director of Finance Section 151 Officer, Fiona Greenway

3.20.5 Responsible Member: Cabinet Member for Finance and Resources, Councillor Brigid Jones

3.21 **Statutory Recommendation 9:**

3.21.1 *"The Council must now, as a matter of urgency fully support the Section 151 Officer in effectively responding to the s114 report and, specifically:*

*give full support to the development of the mandatory spending controls and savings and recovery plan.*

*identify and implement a suitable asset disposal plan; and  
continue to work with the Department for Levelling Up, Housing and Communities over the extent and timing of support that will then be required to secure the ongoing financial viability of the Council."*

3.21.2 Council Response:

3.21.3 We accept and are fully committed to implementing this recommendation to ensure the Council's financial sustainability and governance. These actions outline the steps through which we will effectively deliver and fulfil this recommendation:

3.21.3.1. *Mandatory Spending Controls and Savings Plan:* The Council will provide full support to the Section 151 Officer in developing mandatory spending controls and a savings and recovery plan.

3.21.3.2. *Asset Disposal Plan:* An appropriate asset disposal plan will be identified and implemented.

3.21.3.3. *Collaboration with the Department:* The Council will continue to collaborate with the Department for Levelling Up, Housing, and Communities to secure ongoing financial viability.

3.21.4 Responsible Officer: Interim Director of Finance Section 151 Officer, Fiona Greenway

3.21.5 Responsible Member: Cabinet Member for Finance and Resources, Councillor Brigid Jones

### 3.22 **Statutory Recommendation 10:**

3.22.1 *"Officers should put in place a formal and detailed cashflow model that focusses on when the payment of the Council's liabilities will fall due against the timing of its other cash outgoings and inflows (including the estimated funds produced from asset sales). This cashflow model should predict at what point, without Government support, the Council will exhaust its usable reserves and will no longer have sufficient finances to be able to continue to operate or would be unable to meet its financial obligations when they become due."*

#### 3.22.2 Council Response:

3.22.3 We accept and are fully committed to implementing this recommendation to ensure the Council's financial sustainability and governance. These actions outline the steps through which we will effectively deliver and fulfil this recommendation:

3.22.3.1. *Establish Cashflow Model:* Officers will establish a detailed cashflow model focusing on when the payment of the Council's liabilities will fall due against the timing of its other cash outgoings and inflows, including estimated funds from asset sales. This will be based on legal advice on the timing of potential liabilities falling due. This model will predict the point at which, without Government support, the Council will exhaust its usable reserves and be unable to meet its financial obligations.

3.22.4 Responsible Officer: Interim Director of Finance Section 151 Officer, Fiona Greenway

3.22.5 Responsible Member: Cabinet Member for Finance and Resources, Councillor Brigid Jones

### 3.23 **Statutory Recommendation 11:**

3.23.1 *"Given the significant risks facing the Council it should ensure that it cooperates with external audit in a timely and appropriate manner, and in accordance with legal requirements."*

#### 3.23.2 Council Response:

3.23.3 We accept and are fully committed to implementing this recommendation to ensure the Council's financial sustainability and governance. These actions outline the steps through which we will effectively deliver and fulfil this recommendation:

3.23.3.1. *Timely Cooperation:* The Council will ensure timely and appropriate cooperation with external audit, in strict accordance with legal requirements.

3.23.4 Responsible Officer: Chief Executive, Deborah Cadman

3.23.5 Responsible Member: Leader of the Council, Councillor John Cotton

### 3.24 **Statutory Recommendation 12:**

3.24.1 *"The EP liability model should be completed, and the 2020/21 and 2021/22 accounts should be closed by 30 November 2023."*

#### 3.24.2 Council Response:

3.24.3 We accept and are fully committed to implementing this recommendation to ensure the Council's financial sustainability and governance. These actions outline the steps through which we will effectively deliver and fulfil this recommendation:

3.24.3.1. *Completion of EP Liability Model:* The Council will prioritise the completion of the EP liability model.

3.24.3.2. *Accounts Closure:* The accounts for 2020/21 and 2021/22 will be closed by 30 November 2023, pending agreement of models presented to the External Auditors and coordination of an agreed funding strategy for the potential Equal Pay liability (which may involve discussions with DLUHC).

3.24.4 Responsible Officer: Interim Director of Finance Section 151 Officer, Fiona Greenway

3.24.5 Responsible Member: Cabinet Member for Finance and Resources, Councillor Brigid Jones

## 4 **Legal Implications**

4.1 The Council will comply with all relevant legal requirements and obligations in implementing the recommendations, including conducting independent reviews and ensuring transparency in decision-making processes.

## **5 Financial Implications**

- 5.1 The Council will allocate the necessary resources and budgets to execute the recommended actions effectively. The cost implications will be detailed in the updated budget for 2023/24.

## **6 Public Sector Equality Duty**

- 6.1 The Council will ensure that all actions taken in response to these recommendations are in line with the Public Sector Equality Duty, promoting fairness and equality for all residents and employees.

## **7 Background Papers / Appendices**

**Appendix 1:** Birmingham City Council External Audit 2020-21 to 2023-24 – External Audit report dated Friday 29th September 2023.

**Appendix 2:** Consolidated Action Plan in response to the External Audit report dated Friday 29th September 2023 – Table.

**Appendix 2: Consolidated Action Plan in response to the External Audit report dated Friday 29th September 2023**

No.	Statutory Recommendation	Council Response	Officer	Member
1	<p><b>The commencement of the job evaluation process should not be further delayed (as this would further undermine the Council’s financial sustainability). As the Addendum was not signed by 11 September 2023 the Council should apply the safeguard within the CBMC report and should determine the job evaluation option it intends to follow at the earliest opportunity.</b></p>	<p><i>Commencement of Job Evaluation:</i> The Council will initiate the job evaluation process without further delay.</p> <p><i>Safeguard Application:</i> As the Addendum was not signed by 11 September 2023, the Council will apply suitable safeguards within future CBMC reports to address any further delay.</p> <p><i>Determination of Job Evaluation Option:</i> The Council will promptly determine the job evaluation option to follow, considering the best interests of the organisation and its employees. The next steps for this will be decided at Full Council on 12th October 2023.</p>	<p>Director of People Services, Katy Fox</p>	<p>Leader of the Council, Councillor John Cotton</p>
2	<p><b>It is important that the Council reviews its previous equal pay estimates and regularly updates its estimate of the potential future liability (at least on a quarterly basis). This updated position should be reported to members on a quarterly basis.</b></p>	<p><i>Quarterly Review:</i> The Council will establish a quarterly review process for equal pay liability estimates.</p> <p><i>Reporting to Members:</i> Regular updates on the updated equal pay liability estimates will be provided to members on a quarterly basis.</p>	<p>Interim Director of Finance Section 151 Officer, Fiona Greenway</p>	<p>Cabinet Member for Finance and Resources, Councillor Brigid Jones</p>
3	<p><b>The Council should separately report the financial impact of potentially enriched roles to members as a matter of urgency and should prioritise their assessment as part of</b></p>	<p><i>Reporting Financial Impact:</i> The Council will separately report the financial impact of potentially enriched roles to members as a matter of urgency.</p>	<p>Director of People Services, Katy Fox</p>	<p>Leader of the Council, Councillor</p>

No.	Statutory Recommendation	Council Response	Officer	Member
	<p>the job evaluation process. This should include a consideration of the Council's Best Value duty. Similarly, officers should provide monthly updates to members on the Council's identification of roles where task and finish has been in operation and the financial impact of this practice and confirm at the earliest opportunity that these practices are no longer operated. The Council should undertake a review of all working practices within the Council and ensure that all employees comply with their terms and conditions, including working their full contractual hours.</p>	<p><i>Job Evaluation Priority:</i> The assessment of potentially enriched roles will be prioritised as part of the job evaluation process.</p> <p><i>Monthly Updates:</i> Officers will provide monthly updates to members on the identification of roles operating under 'task and finish,' including the financial impact.</p> <p><i>Review of Working Practices:</i> A comprehensive review of all working practices within the Council will be conducted to ensure compliance with terms and conditions and full contractual hours.</p>		John Cotton
4	<p>The Council should commission an independent review of the process for receiving and considering legal advice, including consideration of whether the Monitoring Officer's advice was appropriately taken into account and followed, and whether access to legally privileged information was appropriately safeguarded. If the local inquiry outlined by the Secretary of State does proceed this should be part of the wider inquiry.</p>	<p><i>Commission Independent Review:</i> The Council will commission an independent review of the process for receiving and considering legal advice. It is acknowledged that if the local inquiry outlined by the Secretary of State does proceed, this should be part of the wider inquiry.</p> <p><i>Monitoring Officer's Advice:</i> The review will specifically assess whether the Monitoring Officer's advice was appropriately considered and followed.</p>	Monitoring Officer, Janie Berry	Leader of the Council, Councillor John Cotton

No.	Statutory Recommendation	Council Response	Officer	Member
		<i>Safeguarding Legal Privilege:</i> The review will also ensure that access to legally privileged information was appropriately safeguarded.		
5	<b>The Council should set a target date for the completion of the ‘safe and compliant’ phase. We consider that this should be completed by 30 November 2023.</b>	<i>Readiness review:</i> The Council will undertake a review of the safe and compliant phase of Oracle recovery against specific criteria, in partnership with the Commissioner with responsibilities for Oracle and the External Auditor, and agree a target date to conclude this stage of the work.  <i>Transition to optimisation phase:</i> In this review of the scope of the ‘safe and compliant’ phase, the Council will aim to accelerate work on ‘optimisation’.	Interim Director of Transformation, Meena Kishinani	Cabinet Member for Digital, Culture, Heritage & Tourism, Councillor Saima Suleman
6	<b>The Council should report its outturn for 2022/23 and its current financial position by 30 November 2023. It should provide financial statements for 2022/23 for audit by 31 January 2024.</b>	<i>Reporting Deadlines:</i> The Council will report its 2022/23 outturn and current financial position by 30 November 2023.  <i>Audit Financial Statements:</i> Financial statements for 2022/23 will be prepared for audit by 31 January 2024.	Interim Director of Finance Section 151 Officer, Fiona Greenway	Cabinet Member for Finance and Resources, Councillor Brigid Jones
7	<b>The Council should consider the capacity of its senior staff to deal with the Oracle ‘safe and compliant’ and ‘re-implementation’ phases alongside the other competing pressures. Additional resources should be provided to ensure that this critical project is</b>	<i>Capacity Assessment:</i> The Council will assess the capacity of its senior staff to manage the Oracle ‘safe and compliant’ and ‘re-implementation’ phases alongside other competing pressures.	Interim Director of Transformation, Meena Kishinani	Cabinet Member for Digital, Culture, Heritage & Tourism,



No.	Statutory Recommendation	Council Response	Officer	Member
	<p>completed at the earliest opportunity. This may include additional internal or external IT capacity and capability. In the longer term, the Council will need to ensure that it rebuilds its own IT capacity and capability.</p>	<p><i>Additional Resources:</i> Additional internal or external IT capacity and capability will be provided to ensure the critical project's timely completion.</p> <p><i>Long-Term IT Capacity:</i> The Council will develop plans for rebuilding its own IT capacity and capability in the long term.</p>		<p>Councillor Saima Suleman</p>
8	<p>The Council should provide an updated budget for 2023/24 that takes account of the 2022/23 outturn, its current financial position for 2023/24, its progress on delivering savings plans in 2023/24, and the other financial pressures impacting on the Council.</p>	<p><i>Budget Revision:</i> The Council will provide an updated budget for 2023/24, which will include progress on savings plans in 2023/24, and other financial pressures by the end of October 2023. The final 2022/23 outturn will be presented in November 2023 with a final reserve position for the 2022/23 financial year. The updated budget in October 2023 will include appropriate caveats, as needed, due to the need for additional time to present outturn in November 2023 as a result of ongoing Oracle challenges.</p>	<p>Interim Director of Finance Section 151 Officer, Fiona Greenway</p>	<p>Cabinet Member for Finance and Resources, Councillor Brigid Jones</p>
9	<p>The Council must now, as a matter of urgency fully support the Section 151 Officer in effectively responding to the s114 report and, specifically:</p> <p>give full support to the development of the mandatory spending controls and savings and recovery plan.</p>	<p><i>Mandatory Spending Controls and Savings Plan:</i> The Council will provide full support to the Section 151 Officer in developing mandatory spending controls and a savings and recovery plan.</p>	<p>Interim Director of Finance Section 151 Officer, Fiona Greenway</p>	<p>Cabinet Member for Finance and Resources, Councillor</p>

No.	Statutory Recommendation	Council Response	Officer	Member
	<p>identify and implement a suitable asset disposal plan; and</p> <p>continue to work with the Department for Levelling Up, Housing and Communities over the extent and timing of support that will then be required to secure the ongoing financial viability of the Council.</p>	<p><i>Asset Disposal Plan:</i> An appropriate asset disposal plan will be identified and implemented.</p> <p><i>Collaboration with the Department:</i> The Council will continue to collaborate with the Department for Levelling Up, Housing, and Communities to secure ongoing financial viability.</p>		Brigid Jones
10	<p>Officers should put in place a formal and detailed cashflow model that focusses on when the payment of the Council's liabilities will fall due against the timing of its other cash outgoings and inflows (including the estimated funds produced from asset sales). This cashflow model should predict at what point, without Government support, the Council will exhaust its usable reserves and will no longer have sufficient finances to be able to continue to operate or would be unable to meet its financial obligations when they become due.</p>	<p><i>Establish Cashflow Model:</i> Officers will establish a detailed cashflow model focusing on when the payment of the Council's liabilities will fall due against the timing of its other cash outgoings and inflows, including estimated funds from asset sales. This will be based on legal advice on the timing of potential liabilities falling due. This model will predict the point at which, without Government support, the Council will exhaust its usable reserves and be unable to meet its financial obligations.</p>	Interim Director of Finance Section 151 Officer, Fiona Greenway	Cabinet Member for Finance and Resources, Councillor Brigid Jones
11	<p>Given the significant risks facing the Council it should ensure that it cooperates with external audit in a timely and appropriate manner, and in accordance with legal requirements.</p>	<p><i>Timely Cooperation:</i> The Council will ensure timely and appropriate cooperation with external audit, in strict accordance with legal requirements.</p>	Chief Executive, Deborah Cadman	Leader of the Council, Councillor John Cotton

No.	Statutory Recommendation	Council Response	Officer	Member
12	<p><b>The EP liability model should be completed, and the 2020/21 and 2021/22 accounts should be closed by 30 November 2023.</b></p>	<p><i>Completion of EP Liability Model:</i> The Council will prioritise the completion of the EP liability model.</p> <p><i>Accounts Closure:</i> The accounts for 2020/21 and 2021/22 will be closed by 30 November 2023, pending agreement of models presented to the External Auditors and coordination of an agreed funding strategy for the potential Equal Pay liability (which may involve discussions with DLUHC).</p>	<p>Interim Director of Finance Section 151 Officer, Fiona Greenway</p>	<p>Cabinet Member for Finance and Resources, Councillor Brigid Jones</p>