



Report to Audit Committee

Meeting Date – 17 September 2024

Key Decision – No

Public/Private – Public

Portfolio – Governance and Transformation

Directorate – Resources

Report Author – Chief Executive

External Assurance Action Plan

Brief Summary:

As part of the Council's request for Exceptional Financial Support in 2023/24, an external assurance review was carried out by CIPFA to provide assurance over the financial position of the Council and that all reasonable steps were being taken to minimise the need for government support. The action plan produced by CIPFA on behalf of DLUHC (now MCHLG) is attached together with the Executive's proposals.

Recommendations:

It is recommended that the Audit Committee:

- a) considers the attached proposals; and
- b) makes such recommendations as it thinks appropriate for onward consideration by Council.

Tracking

Executive:	17 th September 2024
Scrutiny:	n/a
Council:	27 th September 2024

1. Background

- 1.1. Prior to Local Government Reorganisation, the Shadow Authorities for Cumberland and Westmorland & Furness Councils each made application to Central Government for Exceptional Financial Support for their first year of operation to fund transformation and transition costs. Cumberland Council received in-principle capitalisation of £40M in 2023/24.
- 1.2. Conditional on that support was the Council agreement to an external assurance review being carried out to provide assurance over the financial position of the Council and that all reasonable steps were being taken to minimise the need for government support.
- 1.3. CIPFA was instructed to carry out the review, to include an assessment of planned transformation activity, a review of the Council's overall financial management and sustainability, a review of the Council's Capital Programme and identification of any further actions which might support delivery of financial benefits and long term sustainability following unitarisation. CIPFA was also asked to give recommendations to provide the Council with tangible actions to guide the design and implementation of an Improvement Plan to address any identified risks and/ or issues.
- 1.4. In order to complete the task, representatives of CIPFA looked at the challenges faced by Cumberland from the service performance of legacy councils, assessed the Council's assets and investments, capital programme and arrangements with Local Authority Owned Companies, and considered the Council's financial management and management of risk, financial pressures, deliverability of savings and efficiency in delivering services. Taking all of this into account, then to make an assessment of the Councils (then) current need for Exceptional Financial Support.
- 1.5. The work was done by way of desktop analysis of documentation, comparative analyses of issues such as revenue spend and indebtedness in relation to nearest neighbour authorities and interviews. Interviews were carried out in Autumn 2023 with the following:
 - Chief Executive
 - Chief Finance Officer
 - Chief Legal Officer
 - Director of Resources
 - Director of Business Change and Transformation
 - Assistant Chief Executive
 - Group Accountant
 - Group Accountant (People Services)
 - Group Accountant (Corporate incl Capital)
 - External Auditor
 - Head of Internal Audit
 - Leader of the Council
 - Chair of Audit Committee
 - Portfolio Holder (Finance and Assets)
 - Leader of the Opposition

- 1.6. Members should note that the recommendations were not shared with the Council until late May 2024, by which time a number of the actions had already been completed, having been recognised by Officers in any event as being necessary.
- 1.7. There were also a number of factual errors within the recommendations, however, these are not such as to make a material difference and, in light of the lateness of receipt, have not been corrected with CIPFA.

2. Proposals

- 2.1 As a result of the recommendations, an Improvement Plan has been prepared and is attached at Appendix 1. Officers and Members of the Executive have considered and input into this.
- 2.2 The Improvement Plan attached at Appendix 1 sets out those steps which have already been taken and those which are proposed in order to address the remaining recommendations and thereby put the Council in the best possible position to continue its transformation journey.
- 2.3 Members will note that an independent Improvement Board has been established and the Terms of Reference are attached at Appendix 2. The first meeting of the Board is planned to take place later this month.

3. Alternative options considered

- 3.1. Members may consider that some of the steps proposed are not necessary, however, should note that this will jeopardise any future requests for Exceptional Financial Support the Council wishes to submit. The recommendations are best practice by CIPFA and Officers are supportive.
- 3.2. Alternatively, Members may have suggestions for further improvement. The Action Plan will be considered by Council at its meeting on 27th September and, therefore, Members are able to make such proposals.

4. Conclusion and reasons for recommendations

- 4.1 It is recommended that the Audit Committee:
 - (a) considers the attached proposals; and
 - (b) makes such recommendations as it thinks appropriate for onward consideration by Council.

Implications:

Contribution to the Cumberland Plan Priorities - It is important that the Council engages with members of the public and Councillors ensuring transparency and clarity across the whole Council to enable it to deliver the Council's Priorities.

Relevant Risks and explain how risks can be mitigated -

Consultation / Engagement -

Legal – included within the body of the report.

Finance –

Information Governance – There are no information implications arising out of the recommendations in the report.

Impact Assessments –

Have you screened the decision for impacts using the Impact Assessment?

If you have not screened the decision using the Impact Assessment, please explain your reason. The proposed changes to the petitions scheme do not raise any impacts. If the public participation scheme is to be reviewed an analysis will be carried out at that point.

Lead Officer Contact details:

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Background papers:

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

Cumberland Constitution - [Cumberland Council \(modern.gov.co.uk\)](http://modern.gov.co.uk)

Appendices attached to report:

Appendix 1 - Improvement Plan
Appendix 2 - Terms of Reference for Improvement Board