

## **RESPONSE OF THE CHIEF EXECUTIVE TO THE SECTION 114 (3) NOTICE ISSUED BY THE SECTION 151 OFFICER ON 7TH JUNE 2023**

### **Executive Summary**

This report provides the Chief Executive's response to the Section 114 (3) Notice issued by the Section 151 Officer and Interim Director of Finance. Specifically, it summarises actions now recommended and work undertaken by Officers and Members over the last six months and more recently with the Commissioning Team and Officers within the Department for Levelling Up, Housing and Communities (DLUHC).

It is recognised that the Improvement and Recovery Plan will require significant review and enhancement with support and engagement of the Commissioning Team as it currently does not provide sufficient pace and scale to address the issues of the Council as represented by the Section 114 (3) Notice and the intervention directed by the Secretary of State relating to the Council's failure in meeting its Best Value Duty.

The Improvement and Recovery Plan that is a requirement of the intervention from the Secretary of State is being formed. The Key Lines of Enquiry that are being used to develop the details of the Plan are provided within Annex A of this report.

The challenges facing the Council are unprecedented and as such will require close engagement between chief officers of the Council and the Commissioning Team: the prospect of this engagement is welcomed to surmount the challenges that lie ahead. Accordingly, the Commissioning Team will have a critical role in supporting the designing of the plan and oversight and assurance on its delivery. The Improvement and Recovery Plan will need to be jointly owned by Officers and Members and be the primary focus of the Council moving forward in order to drive the transformational change required to support recovery. This report highlights the need for Members to take some difficult decisions now that will enable the Council to operate with a substantially reduced revenue budget.

The report also acknowledges that the Council will require significant financial support from Government. Following consideration of this report, the Council will need to approach Government to explore the prospect of financial support and to seek views on the provision of such support.

### **RECOMMENDATIONS to Council**

The Chief Executive recommends to Council that:

- (a) actions be established that will bridge the Council's budget gap of £9m in 2024/25 that will be presented as planning assumptions in the Medium Term Financial Strategy report to the 13<sup>th</sup> July 2023 meeting of the Executive;
- (b) it be noted that expenditure controls will remain in place beyond the Section 114 Notice and will remain a feature of how the Council conducts its business for some years;
- (c) a revised Budget may need to be prepared and received by Council in the late summer to receive budget proposals to take savings early to assist with balancing the Budget in 2023/24 and 2024/25;
- (d) it be noted that a Financial Recovery Plan is being developed by the

Section 151 Officer in liaison with the Corporate Leadership Team and the Commissioning Team;

- (e) the Medium Term Financial Strategy and Plan be reported quarterly to the Executive and Council moving forward;
- (f) actions be established to bring the Housing Revenue Account (HRA) back into balance and to create a 30 year business plan;
- (g) an assets disposals strategy, alongside a Commercial Strategy, be developed to optimise the returns from the disposal of the Council's and Companies' assets for the benefit of the "public purse" in the context of the need to pay off debt; and
- (h) Government be approached to explore the prospect of financial support.

## 1.0 Introduction

- 1.1 On 7<sup>th</sup> June 2023 the Council's Section 151 Officer and Interim Director of Finance issued a Notice under Section 114 (3) of the Local Government Finance Act (1988). This is because, in the view of the Section 151 Officer, the expenditure of the Authority incurred (including expenditure it proposes to incur) in 2023/24 is likely to exceed resources (including sums borrowed) available to it to meet that expenditure. The detail of the Section 114 (3) Notice are attached at Appendix 1 to the main covering report.
- 1.2 Within the Section 114 (3) Notice the Interim Director of Finance states that there is no prospect that the Council will balance its budget in 2023/24, 2024/25 or the successive years without external intervention on a very large scale.
- 1.3 The Section 114 (3) Notice lays out the stark financial position facing the Council. Against the core funding of £16million available in the 2023/24 financial year the Council faces a deficit of £1.2billion. The scale of the deficit faced by the Council is unprecedented and will require both immediate and ongoing concerted action by Officers and Members over a number of years in order to return the Council to a path of financial and operational sustainability and recovery. This will include an ongoing framework of intervention from Government.
- 1.4 The appointment of Commissioners by the Secretary of State is welcomed and is embraced by the Council. The Commissioning Team's work in the Non-Statutory review phase, conducted through January and February this year, showed their comprehensive understanding of the situation in Woking and the challenges the Council will face for its recovery.
- 1.5 Whilst the Section 114 (3) Notice focuses on the Council's borrowing and investments due to the size of their impact, confidence in the Council and its governance and decision making will not be established unless it is seen and evidenced that the Council has taken all steps to deliver a balanced budget and has a strategy and plan to manage within the resources available to the Council and bridge the £9m savings gap from 2024/25.
- 1.6 The plans the Council will need to adopt to bring the Council's General Fund and HRA budgets back into balance will have a significant impact on the Communities of Woking. These actions need to be considered at the earliest opportunity and the initial headline proposals will be referenced in the Council's Medium Term Financial Strategy report to the 13<sup>th</sup> July meeting of the Executive.
- 1.7 Given the financial position of the Council, it is critically important to approach Government to explore the prospect of financial support and to seek views on the provision of such support. The Section 114 (3) Notice makes it clear the Council has no means of funding the financial deficit on its own. The solutions that will need to be developed will be complex, innovative and far reaching in their impact. These solutions are not immediately known and will require a level of collaboration and engagement with Government that is commensurate to the complexity of the challenge.
- 1.8 The Council should expect to have to divest in its assets and investments in order to contribute to the funding of recovery and sustainability of the Council's finances and reduction of its debt liability. This will in part be managed through a Commercial Strategy ensuring that it is strategically driven and supported by strong economic and market insight. This is part of the process of building confidence in the Council and its ability to make and take decisions that work for the overall interests of the "public purse."

- 1.9 The recovery plans will require upfront investment and this can only be supported and provided based on sound evidence based business cases that show the benefits and returns from any further investments. The Council should expect these investment requirements to have rigorous independent oversight and scrutiny through the Commissioners as well as the Council's Overview and Scrutiny function.
- 1.10 Arising from the size of the deficit identified, the recovery of the finances of the Council are not fully within the Council's gift to resolve. In no way does this abdicate the Council's responsibility to deliver a Recovery Plan and deal with the implications of this recovery. It does however inform the approach the Council needs to take and places an additional premium on working in consultation and in partnership with the whole of government and its agencies in order to develop a response and proposals that are focussed on providing the best value outcomes.
- 1.11 The recovery challenge is unprecedented and will require a significant step change in the Council's approach to delivering change and managing and governing its commercial interests.
- 1.12 In recognising the need to deliver a recovery plan at the scale and pace required, the Council will need to secure the necessary additional capacity, skills and capability to support this recovery.
- 1.13 Whilst the Council will rightly focus on the future and recovery, it also has a responsibility to ensure it learns the lessons from the past and the decisions and actions that have contributed to the challenges now facing the Council. This will be in the interests of the public and communities of Woking. The Chief Executive with the support of the S151 Officer has therefore requested its new incoming auditor for the 2023/24 financial year, Grant Thornton LLP, to undertake a Value For Money Review of the decisions relating to the Council's Investment Strategy under their audit Code of Practice responsibilities. The report produced will be a key component of the Council understanding the lessons and taking accountability. Without this understanding and accountability it will be significantly more challenging to build the required level of momentum behind the recovery and improvement plans.
- 1.14 The recommendations from the Chief Executive within this report:
- have been carefully considered in consultation with and taking appropriate advice from the Commissioners, and
  - are provided in recognition that the Commissioners may direct actions they reasonably require in order to gain assurance on the delivery of its Best Value Duty.
- 1.15 This report describes some high level context and background to the Section 151 Officer and Interim Director of Finance's decision to issue a Section 114 (3) Notice and sets out actions the Council has already taken over recent months to discover and understand the scale of the issues and address some of the immediate challenges and mitigate risk. The report continues to describe additional actions required to deliver an Improvement and Recovery Plan sufficient to meet the Directions from the Secretary of State and the requirements of the Section 114 (3) Notice.

## **2.0 Background**

- 2.1 On 25<sup>th</sup> May 2023 the Secretary of State for Levelling Up, Housing and Communities made Directions, under section 15(5) and (6) of the Local Government Act 1999 ("the Act"), in relation to Woking Borough Council.

- 2.2 The Directions implement an intervention package which is attached at Appendix 3 to the main report. In the case of Woking, the Secretary of State is exercising his powers under Section 15(11) of the Act to give a Direction without complying with the requirement at Section 15(9) to give the Council an opportunity to make representations about the Directions and the findings of the External Assurance Review (published 25 May 2023) that has informed them, as he considers the failures of the Council's compliance with its best value duty in respect of the functions specified in the Directions sufficiently urgent.
- 2.3 The intervention package is formed of actions the Council is directed to take, and powers over Council functions to be enacted by Commissioners.
- 2.4 The Secretary of State has appointed the team that undertook the Non-Statutory Review as the Commissioners based on their individual knowledge and experience in local authority leadership, governance, and commercial development.
- 2.5 The Secretary of State envisages that most decisions will be carried out by the Council, but with the oversight of the Commissioners: they will uphold proper standards and due process and recommend action to the Council. The Secretary of State's intention is that the powers he is providing to the Commissioners be used to ensure that the Council takes the necessary steps to achieve the best possible outcome for Woking residents and the public purse. The exercise of these functions should enable the Commissioners to make sure that the Council has made sufficient improvement within the next five years to be able to comply with its best value duty on a sustainable basis.
- 2.6 The Directions require the Council to take certain actions:
- Agree an Improvement and Recovery Plan to the satisfaction of the Commissioners, within six months, with resource allocated accordingly. This should draw upon the contents and recommendations of the External Assurance Review published on 25 May 2023. The Plan is to set out measures to be undertaken, together with milestones and delivery targets against which to measure performance, in order to deliver rapid and sustainable improvements in governance, finance and commercial functions, thereby securing compliance with the best value duty. The minimum requirements from an Improvement and Recovery Plan are included in the Directions issued by the Secretary of State and specifically the Directions which set out the action the authority is required to take.
  - To report to the Commissioners on the delivery of the Improvement and Recovery Plan after three months, six months and thereafter at six-monthly intervals, or at such intervals as Commissioners may direct.
  - To undertake in the exercise of any of its functions any action that the Commissioners may reasonably require to avoid, so far as practicable, incidents of poor governance, poor financial governance or financial mismanagement that would, in the reasonable opinion of the Commissioners, give rise to the risk of further failures by the Council to comply with the best value duty.
- 2.7 The response from the Chief Executive to the Section 114 (3) Notice will be established within the Directions given by the Secretary of State and specifically the required Improvement and Recovery Plan and oversight from the Commissioning Team.

### **3.0 Improvement And Recovery**

- 3.1 The Section 114 (3) Notice is part of the Council's Recovery. The Council has been reporting that it is in the territory of a Section 114 for the last six months and has therefore

been preparing and planning financial recovery. The non-statutory review undertaken earlier this year recognised the progress in the work on the Council's Recovery whilst also finding that this recovery in the most part remains in its infancy and concerted and extended efforts are required to enable sustainability .

- 3.2 In the Chief Executive's response below, and through the contents of this report, importance has been placed on highlighting the Council's journey of discovery and recovery. A high degree of self-awareness will be critical for establishing realistic and deliverable improvement plans.
- 3.3 The Council is requested to consider an integrated Improvement and Recovery Plan that is cognisant of the recommendations of the Council's Section 151 Officer and interim Director of Finance, and Directions made by the Secretary of State, and proposes to deliver a Plan that can:
- form the basis of reporting to Council, Commissioners and the Secretary of State; and
  - incorporates the support, oversight and expertise of the Commissioners.
- 3.4 A Recovery Programme Board has been established and will be strengthened going forward to bring pace to the Improvement and Recovery Plan. The work underway includes:
- An independent report from the Chartered Institute of Public Finance Accountants (CIPFA) Solutions into the Council's loan portfolio arrangements to its companies and the provisions it was making to repay loans has been procured and received, the results of which are described in the Section 114 Notice. This report is currently being finalised.
  - Sought external advice to support and develop a Commercial (Investment and Development) Strategy will the aim of guiding the Council's response to delivering the best returns for the "public purse".
  - Developing an Organisational Development and Change plan to support the Council and its managers reconfigure services so they can be managed within the financial resources available to the Council.
  - Establishment of a process to undertake gateway reviews of every service and every budget in the Council in order to establish Minimum Viable service levels and options for savings and income growth in the General Fund budget.
- 3.5 Earlier in March this year Council approved flexible use of capital receipts funding to support the Improvement and Recovery Plan and resources are being put in place against this approval.

#### **4.0 Future Actions Required**

- 4.1 The delivery of a suite of Improvement and Recovery activity will need to provide a comprehensive response to the Section 114 (3) Notice and reporting to the Secretary of State on how the Council will meet its Best Value Duties.
- 4.2 Attached at Annex A is a Schedule that brings together the expectations established by the Secretary of State for an Improvement and Recovery Plan (The 9 Headline actions (in Bold)) and the recommendations from the Review Team following the Non-Statutory Review over January-February 2023. These will form the Key Lines of Enquiry for the Improvement and Recovery Plan. These lines of enquiry align the minimum expectations

established by the Secretary of State, through his Directions, with the recommendations from the Non-Statutory Review.

- 4.3 The Improvement and Recovery Plan will form the basis of the 3 (three) and 6 (six) monthly reporting back to the Secretary of State and the Council's Medium Term Financial Strategy report, starting with the report to the 13<sup>th</sup> July 2023 meeting of the Executive and 20<sup>th</sup> July 2023 meeting of the Council.
- 4.4 Following the Secretary of State's intervention and appointment of a Commissioning Team on 25<sup>th</sup> May 2023, Officers of the Council are looking to work with Commissioners at pace to establish the ways of working that will enable the Council to produce and deliver its Improvement and Recovery Plan.
- 4.5 The recommended actions below from the Chief Executive are key to responding to the Section 114 (3) Notice and driving recovery. They will form a key component of the Improvement and Recovery Plan:

### **Financial Recovery**

#### ***Recommend:***

***It be noted that a Financial Recovery Plan is being developed by the Section 151 Officer in liaison with the Corporate Leadership Team and the Commissioning Team.***

***The Medium Term Financial Strategy and Plan be reported quarterly to the Executive and Council moving forward;***

- 4.6 The principal elements of the Finance Recovery Plan comprise:
  - a. Further definition of the Minimum Revenue Position, Asset Impairment and other input variables to enable the overall deficit to be adopted for financial accounting and planning purposes.
  - b. Re-modelling and adjustment of prior year financial statements (Prior Period Adjustments) as part of a review of accounting policies and procedures.
  - c. The establishment of a regular timetable for financial reporting and budget setting and review.
  - d. A review of treasury operations generally.
  - e. A review of the capital planning methodology.
  - f. Maintenance and improvement of suitable expenditure controls into the medium term.
  - g. Management of the Council's balance sheet.
  - h. Improvements in the quality of working papers, documents and reconciliations through establishment of new standards for these materials.
  - i. Development of financial skills within the Council.
  - j. Design and consultation on the structure of the Finance Directorate at a suitable juncture moving forward.
  - k. A review of the Council's management of insurance.

## **Meeting the Budget Shortfall in 2024/25**

### ***Recommend:***

***Actions be established that will bridge the Council's budget gap of £9m in 2024/25 that will be presented as assumptions in the Medium Term Financial Strategy report to the 13<sup>th</sup> July 2023 meeting of the Executive***

***It be noted that expenditure controls will remain in place beyond the Section 114 Notice and will remain a feature of how the Council conducts its business for some years.***

***That a revised Budget may need to be prepared and received by Council in the late summer to receive budget proposals to take savings early to assist with balancing the Budget in 2023/24 and 2024/25.***

- 4.7 A programme to identify savings to bridge the £9m budget gap has been in place through March to June to identify the "minimum viable position" of service provision. This has incorporated an extensive review across all Council services and activity. The output from this programme will be reported in the Medium-Term Financial Strategy report to the 20<sup>th</sup> July 2023 meeting of Council.
- 4.8 Later in the Municipal Year Council should expect to receive proposals to manage the budget shortfall that:
- Recognises that the Council will no-longer be able to afford to deliver the current range of services or maintain some services at existing levels and significant rationalisation of the current service offer will be required to live within a substantially reduced financial envelope.
  - Reduces the staffing establishment of the Council in the context of the above.
  - Prioritises services that deliver our statutory obligations as a borough council to protect the most vulnerable residents.
  - Transforms remaining services to ensure that they are as efficient and cost effective as possible, continuously benchmarking cost against our peers.
  - Maximises and leverages the resources within the community and of our partners including the private and third sector.

## **Strategic Assets Disposals Programme**

### ***Recommend:***

***An assets disposals strategy, alongside a Commercial Strategy, be developed to optimise the returns from the disposal of the Council's and Companies' assets for the benefit of the "public purse" in the context of the need to pay off debt.***

- 4.9 The Council owns a large number of property assets that sit in either the General Fund or owned by the ThamesWey Group and Victoria Square Woking Limited. The Council has been increasing its asset base over a number of years in order to deliver regeneration priorities and generate commercial income to support an enhanced suite of service provision. There is little evidence of any material asset disposal activity
- 4.10 The Council historically has not adopted a strategic approach to asset management. Prior to 2022/23 there was no strategic asset management plan and limited corporate landlord visibility over the whole of the Councils assets. This has meant that the Council



has limited insight into the condition of its assets and it has only been able to adopt a reactive, rather than proactive and planned, maintenance programme.

- 4.11 A Strategic Asset Management Plan needs development. The Plan needs to drive out the value from any retained asset estate and inform a strategic disposals programme that can generate capital receipts to both reduce the debt liability and create some capacity to invest in the retained assets.

### **Commercial Strategy governing a portfolio of disinvestments and investments**

#### ***Recommend:***

***An assets disposals strategy, alongside a Commercial Strategy, be developed to optimise the returns from the disposal of the Council's and Companies' assets for the benefit of the "public purse" in the context of the need to pay off debt.***

- 4.12 The Commissioning Team has a lead member for commercial activity. This reflects a finding from the Non-Statutory Review in respect of the Council's capacity to manage the scale of the financial and commercial risks it is facing. The Team are providing support to this workstream and are being introduced to and engaged with the work streams activity.
- 4.13 In May 2023 the Council commissioned expert multi-disciplinary consultancy advice on a Commercial (Investment and Development) Strategy. This will incorporate strategic options for completing its key regeneration schemes in the Town Centre and Sheerwater.
- 4.14 This advice is being sought for the Council as the investor in the Sheerwater and Town Centre regeneration schemes and informs the client-side strategic oversight of its shareholding in the associated regeneration companies through the development of a Commercial (Investment and Development) Strategy.
- 4.15 The work with the commissioned support from the appointed consultants will need to deliver:
- A strategic options plan for completing a regeneration scheme within Sheerwater to enable evaluated options to be taken forward.
  - A Commercial (Investment and Development) Strategy that will drive the best outcomes from its town centre investments.
  - Options supported by financial appraisals.
- 4.16 Further to the delivery of the Commercial (Investment and Development) Strategy, the Council is strengthening its "Client Side" capacity and capability through strengthening the Shareholder Liaison Service (SLS) and quality of support to the Shareholder Advisory Group (SAG).
- 4.17 There is an urgent need to conclude the review and rationalise the number of Companies the Council has established and delivers its activities through. To this end a review is commencing and proposals will be brought forward to Members within the next 6 months to ensure that companies that are no longer required are dissolved or maintained following a thorough and searching review process.
- 4.18 Through the Department for Levelling Up, Housing and Communities (DLUHC), the Treasury Department of Government have established a significant gateway process for Woking for any further borrowing requirements to be managed through. This requires:

- A timetable for borrowing draw down requests.
  - Analysis of borrowing requirements identifying purpose and justification.
  - An extended timetable to enable enhanced due diligence and review.
- 4.19 Support has been put in place to assist the Council's companies to provide commercial insight driven evidence to the Council, as funder, to support the further requests they have for drawing down funding (for legitimate capital spend on assets). Short term company cash flows are now required and are being developed as a key requirement.

### **Sustainable Housing Revenue Account**

#### ***Recommend:***

#### ***Actions be established to bring the Housing Revenue Account (HRA) back into balance and to create a 30 year plan.***

- 4.20 The Housing Revenue Account is currently relying on reserves to balance its budget, which is not sustainable going forward. An initial piece of work has been undertaken which suggests a shortfall of circa £1.3 million for 2024/25, but further work is required to validate these figures. There are insufficient reserves remaining to cover this.
- 4.21 Housing and Finance officers have worked together to develop key actions that will feed into a high level recovery plan, which will be presented to the Executive in July 2023. An experienced HRA Accountant has been appointed. This role is focussing on interrogating the current HRA Operating Account to ensure it is sound and then developing a robust 30-year HRA Business Plan.
- 4.22 In addition, there are pressures on capital budgets in terms of the Housing Asset Management Plan (AMP) due to the lack of historic investment in the Council's Housing Stock. The focus of the AMP for 2023/24 is on compliance works, for example, fire safety remedial works. The Council will need to consider some strategic vacant property disposals to support this investment going forward and to recommence a Decent Homes programme.
- 4.23 Consideration will need to be given for the HRA to be able to recover any historic overcharging by the General Fund.

### **Engagement with Government**

#### ***Recommend:***

#### ***Government be approached to explore the prospect of financial support.***

- 4.24 The Section 114 (3) Notice confirms that on the basis of the estimated financial deficit of £1.20bn to March 2024, the Council will need to acquire financial support on a very large scale. The Council has no means of funding the financial deficit and must therefore approach Government to explore the prospect of financial support and to seek views on the provision of such support.

## Key Lines of Enquiry

*[S] short term 6 months [M] medium term 12 months [L] long term 2 years*

This Schedule brings together the expectations established by the Secretary of State for an Improvement and Recovery Plan (The 9 Headline actions (in Bold) listed below) and the recommendations from the Review Team following the Non-Statutory Review over January-February 2023 (The 25 bullet points aligned to the Improvement and Recovery Plan framework established by the Secretary of State).

The Key Lines of Enquiry below are being used to align with the recovery and improvement activity already under way in the Council to this framework.

The Key Lines of Enquiry that will inform the Improvement and Recovery Plan will form the basis of the 3 and 6 monthly reporting back to the Secretary of State and the Council's Medium Term Financial Strategy report starting with the report to the July meeting of the Executive and Council.

### **(1) An Action Plan to achieve financial sustainability**

- Based on the report findings, that the Secretary of State considers the appropriate mechanism to support and challenge the Council to give it the best opportunity to resolve its financial and commercial position. [S]
- That the Council consolidate the recently introduced spending controls with rigour. [S]
- Develop a clear budget planning timeline that aligns the work on service redesign, savings, consultation timescales and implementation. [S]
- Work to close the several outstanding annual accounting years as soon as possible. This will require high level discussion between DLUHC, the external auditors BDO and the Council. [S]
- Prepare a 30 year Housing Revenue Account (HRA) Business Plan and takes steps to ensure the current HRA is in balance. [S]
- Ensure that the FFTF change programme urgently realises savings and embeds a culture of service redesign. [S]
- Review the provision of earmarked reserves and update the earmarked reserves for the current planned use of reserves. Ensure HRA reserves are separately accounted for and not included in the General Fund balance and that the HRA earmarked reserves do not fall into a negative position. [S]

### **(2) An Action Plan to ensure the Council's capital, investment and treasury management strategies are sustainable and affordable**

- Review the Council's position on subsidy/state aid and best consideration with regard to its wholly owned companies and review and reassess the legal position of the structure of company financing arrangements. [S]
- Further assess the impairment risk to the Council loans. [S]

### **(3) A strict debt reduction plan**

*This plan will be a product of the combination of the actions identified in this schedule with particular reference to the asset management strategy; development of a Commercial Strategy; Strengthening the Council's resourcing of commercial; legal and financial capacity and capital investment and treasury management strategies.(S-M-L)*

### **(4) Compliance with Financial Management guidelines – updated MRP policy**

- Review and agree an approach to implement the expert advice on MRP treatment and the approach to any potential loan impairments. [S]
- Ensure the accounting treatment is correct for MRP, the treatment of receipts in the capital adjustment account and impairment. [S]

### **(5) An action Plan to reconfigure services**

- Define and implement an organisational design programme to support new ways of working and the Fit for The Future (FFTF) change programme. Ensure the change programme includes an analysis of skills and capability for the future needs of the Council. [M]

### **(6) Resourcing Plan to support Recovery – capacity; capability; skills**

- Strengthen staffing capacity and capability across the Council particularly in Finance, Legal and Commercial as part of the FFTF change programme. [M]

### **(7) An action plan to strengthen financial and commercial functions**

- Develop a long-term commercial strategy to consider external partnering which could include all Council assets. [S to L]
- Develop a small client team to oversee Victoria Square and other strategic developments. [M]
- Continue the review of the Constitution and pay particular attention to the content of reports to inform decision making, in particular the appropriate management of risk. Ensure that future reporting includes detail on alternative options, external tax and legal advice and appropriate commercial risk analysis. [L]
- Strengthen the Shareholder Advisory Group with independent external advisors. [S]
- Develop the reporting content from the Shareholder Liaison Service to the Shareholder Advisory Group with particular emphasis to commercial risk analysis. [S]

### **(8) An action plan to secure value for money in dealing with the financing of and strategies for companies**

- Develop a small client team to oversee Victoria Square and other strategic developments. [M]
- Seek tax advice on company structures and financing and to ensure best consideration duties are met. [S]

- Continue to review the Council-owned companies to evaluate fitness for purpose. [S to L]

**(9) An action plan to secure continuous improvement**

- Implement the planned redesign of the system for management information to better inform decision making. This should include asset management, ICT, financial information and reporting, the integration of finance information and performance reporting. There is a need to streamline reporting to avoid constant updates to the Medium-Term Financial Plan.[S]
- Review the scrutiny function and establish a regeneration scrutiny panel which would discuss regeneration schemes in public (on the understanding that some commercial information may need to be restricted to the public). Review the number and function of the member-only working groups and reduce the number of meetings overall. [L]
- Conduct the planned assessment against the Financial Management Code. [S]
- Review the decisions to acquire land during the period 2015-2019 regarding valuation, shareholder direction, legal advice, VfM and general governance of such decisions. [M]