

## Appendix 10 - Finance Response and Recovery Plan

Theme and Action	Responsibility	Status	Progress as at Quarter 2
<b>1. Financial Accountability - improved responsibility and accountability across budget managers, senior manager and Members and embed Finance First Culture</b>			
Revised Financial Regulations and Financial Management as key part of job descriptions and performance reviews and implementation of disciplinary processes for non-compliance and accountability.	Corporate Director of Finance and Resources	In progress	Finance Regulations have been reviewed and updated. Presented and endorsed at Standards Committee and approved by Full Council Communication and engagement with all budget holders will be undertaken to ensure all officers are aware of their responsibilities and accountabilities.
Improve financial literacy across all budget managers.	All Budget Managers	In progress	Financial Management is a key module of the Managers Pathway course. Ongoing training and development with budget managers by Finance Business Partners as part of monthly monitoring is in place but needs to be strengthened and formalised to ensure consistency in training, development and support across all services. As part of the restructure of Finance, a new Service Offer has been developed and is currently subject to consultation. The restructure will include learning and development for finance staff in a business partnering way of working as well as formal training and development for all budget managers with a focus on roles and responsibilities, understanding their budget and key drivers, accurate forecasting and managing within budget.
Stronger communication and engagement across organisation on the Financial Position and their role and responsibilities, including with SLT and Leadership Network	Corporate Directors	Ongoing	A more structured communications plan with the whole organisation on the financial position and the role they play is in place. This includes a Dedicated Web Page on the Financial Recovery with information, guidance and advice, Let's Talk Sessions hosted by the Chief Executive and Section 151 Officer and most Leadership Network and Senior Leadership Team meetings now dedicated to addressing the financial position.

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Increase capacity across the organisation for the delivery of the Financial Recovery Plan and addressing the financial emergency to be prioritised.	Corporate Directors	Ongoing	<p>Addressing the Council's challenging financial position is being treated as an emergency across the organisation but it is recognised that capacity and resources to support as well as BAU is difficult. The following actions have been implemented:</p> <p>1) Review of regular meetings and boards to either pause, operate on a reduced frequency or operate on a reduced attendance. New arrangements now in place across Directorates and Corporately</p> <p>2) Additional staff resources have been mobilised for the Financial Response/Recovery work by adding Strategic Leadership support.</p> <p>3) A focus on the delivery of existing savings before significant new savings identified.</p>
<b>2. Immediate spending controls on all non-essential spending</b>			
Recruitment Panel oversight for all non-essential recruitment activity.	Recruitment Panel	Ongoing	Recruitment Panel continues to be in place and meet fortnightly, chaired by the Section 151 officer. All agency and permanent recruitment for non-essential posts (previously only agency) are subject to approval. Only non-essential posts where there is evidence of a link to savings or income generation are approved.
Spend Control Panel for non-essential spend over £1,000.	Corporate Director of Finance and Resources	Ongoing	<p>The Spending Control Panel is in place and meets twice weekly, chaired by an independent previous Section 151 Officer on behalf of the Corporate Director of Finance and Resources. All spend over £1,000 are subject to either Director approval or Panel approval. Exceptions to this process are, the delivery of core statutory services, emergency planning or critical response arrangements, appointment of legal counsel, where approved by the Monitoring Officer, Coroners' services, health and safety matters where the risk must be addressed. For quarter 2, the panel have rejected £1m of spend that would otherwise be made.</p> <p>Internal audit review of the controls has been completed and implementation of any recommendations will be a priority.</p> <p>As a result of the Council's deteriorating financial position, tighter controls</p>

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			have been implemented - reduction in payment channels, all contracts and all reports over £25,000 are subject to Section 151 approval, Single point of governance for all of the capital programme (Strategic Capital Board) and Single point of governance for all commissioning and procurements over £160,000 (Commissioning Panel and Board).
<b>3. Improving Forecasting Accuracy and Future Demand Modelling</b>			
<p>Baseline budget assumptions for all services, initially with a focus on high demand and high spending services.</p> <p>Monthly tracking of forecast against budget assumptions (financial and non-financial) and greater use of scenario planning and benchmarking.</p>	Corporate Directors	In progress	<p>Cost Drivers in Childrens Services and Adult Social Care and Housing Services have been documented, including the assumptions made when the budget was agreed in March 2025. These have been subject to review and challenged by the Silver Recovery Group.</p> <p>Through monthly budget monitoring, actuals are examined against each of these cost drivers and forecast made based on different scenarios for the year end.</p> <p>Regular challenge sessions scheduled with updates on action plan to address any overspends through newly established Finance Recovery Board. Monthly briefings held with Cabinet Member for Finance and Service Cabinet Members for Adults and Housing.</p> <p>A similar exercise is underway to on the Strategic Property budget, which the latest forecast shows continues to be a high risk area and remaining services will be subject to similar review to identify cost drivers, accurate forecasting and mitigations to address any overspends.</p> <p>A new dashboard has been developed that tracks financial and non-financial activity information associated with all services and presented to Finance Recovery Board and CLT and ensure 'one version of the truth'.</p>

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			With most directorates still showing a pressure at Q2, spend outside budget has occurred. Any overspends have been reported to CLT and the S151 but further work is required to ensure that overspend is reported agreed before it occurs.
<b>4. Savings Identification &amp; Delivery</b>			
Review of MTFS model, assumptions and new savings identified to close the budget gap	Corporate Directors	In progress	<p>Work has commenced for 2026/27: Budget Series 2025 delivered over the course of 3 months (April to June). This was a two-day Budget Sessions each month with a focus on increasing awareness and accountability of Leadership Network and time over the Budget Series for identifying budget proposals and delivery plans for 2026/27 and beyond. There was also focus on providing assurance on the existing savings for 2025/26. New budget proposals have been presented to Cabinet in November for consultation to commence. The Draft 2026-27 Budget Proposals and 2026-2031 Medium Term Financial Strategy Report can be found here: <a href="#">(Public Pack)Agenda Document for Cabinet, 11/11/2025 18:30</a></p> <p>Ongoing review of the other assumptions underpinning the MTFS and associated budget gaps. This includes regular review of future demand and price pressures, external factors and influences to ensure a realistic budget gap is known and level of savings required.</p>

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Enhanced monthly monitoring and reporting. New savings tracker implemented to track progress against savings and changes made to deliver savings.	Corporate Directors	In progress	<p>New savings tracker has been developed, implemented and continued to be used for Q2 monitoring and reporting. This tracks both the delivery of the changes required to achieve the savings and the financial savings achieved.</p> <p>Category A projects criteria has been re-defined to ensure that projects that will receive Corporate Change are those directly linked to significant savings. As recommended by the CIPFA Resilience Review, all savings are now categorised using one of the four themes:</p> <ul style="list-style-type: none"> <li>• Service reduction / prioritisation</li> <li>• Prevention and demand avoidance</li> <li>• Efficiency and productivity</li> <li>• Commercialisation</li> </ul> <p>Additional programme management resource has been deployed to support the oversight and co-ordination of the monitoring and reporting of savings, with a programme management approach in place. . External support in in place to support the delivery of Adult Social Care savings (£7.7m) and Procurement, Commissioning and Contracts (£3m per annum).</p>
Greater use of benchmarking and best practice from other authorities to ensure all services are delivering good value for money	Corporate Directors	In progress	All services utilise benchmarking for managing their services but further work is needed to use performance and finance benchmarking to test all services for value for money.
<b>5. Reduction in Staffing Spend</b>			

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5% staff savings target achieved in full.	Corporate Directors	In progress	<p>Ongoing progress on spend reductions reported at Finance Recovery Group to address risk in delivery.</p> <p>All services are required to prepare a Workforce Plan which will need to be aligned to the budget reductions in staffing.</p>
Reduction in agency use and spend.	Corporate Directors	In progress	<p>Ongoing review of agency spend in place. All agency spend subject to quarterly review by the Cabinet Member for Finance and Resources. Latest information shows that over the last reported quarter (March 2025 to June 2025), total workforce has fallen from 4,166 to 4,101, where agency has fallen from 454 to 357 which is reduced from 527 at the same time last year. Full details are in the People Report published for General Purposes Committee in October.</p>
<b>6. External Reporting</b>			
Updated structure and format of the quarterly reports to Cabinet, OSC and Scrutiny Panels - aligning performance, financial forecast (revenue and capital) and savings.	Corporate Director of Finance and Resources	In progress	<p>Good progress continues to be made with the Quarter 2 reports. The finance report includes an overall Executive Summary, followed by detailed Directorate appendices that bring together the revenue and capital finance forecast, key activity data on the cost drivers and savings. This provides an overall picture of the financial health of each Directorate and enables a more joined up discussion at Cabinet and Scrutiny.</p> <p>The six monthly report on the Corporate Delivery Plan and performance remains as a separate report at this stage but is structured again by Directorate, providing a more holistic view on directorate position, with interdependencies more transparent.</p> <p>Future improvements will be to consolidate both reports.</p> <p>Quarterly internal reporting of Category A projects continue.</p>

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Monitoring and reporting of contingencies and financial benefits from invest to save spend.	Corporate Director of Finance and Resources	In progress	<p>Previously, contingency was utilised as a budget at the year end to contribute towards the bottom line overspend. Monitoring and reporting of the use of corporate contingency is now through an application process, approved by the Section 151 Officer and reported to the Financial Recovery Board and through the quarterly finance report to Cabinet.</p> <p>Within the budget for 2025/26, £4m of capital receipts has been assumed for spending on transformation and invest to save. A robust monitoring process has not yet been established but will be in place and reported through the Quarter 2 report.</p>
Single dashboard in place for monitoring and reporting service and corporate health indicators and 'one version of the truth'	Corporate Director of Finance and Resources	In progress	<p>Single dashboard for reporting financial forecast and cost drivers now in place and monitored by both Finance Recovery Board each month. However, further improvements to strengthen the link between cost drivers and financial forecast and use of scenario planning to be developed in Quarter 3.</p> <p>Corporate Health dashboard not yet in place but monitoring of activity related to purchasing and payment compliance is and is managed through the Purchase to Pay Group that is chaired by the Corporate Director of Finance and Resources / her representative and with issues escalated to individual Corporate Directors. Updates to be reported to the Finance Recovery Board.</p>
<b>7. Commissioning and Procurement Improvements</b>			
Full Contracts register in place and monitored through Procurement Board.	Corporate Director of Finance and Resources (as Chair of	In progress	Good progress has been made with working with individual services to develop a complete Contracts register but there remains some gaps and this is ongoing. This is also a requirement under the new Procurement Act

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	Procurement Board)		
Commissioning panel and Procurement Board established, and new gateway process established for approval of all contracts over £25,000.	Corporate Director of Finance and Resources (as Chair of Procurement Board)	In progress	Procurement Board in place and considering pipeline of all contracts due for a re-tender. Through the Commissioning Modernisation Programme a single Gateway approval process is being put in place. Commissioning Panel to be in place in the new year which will review and approve all existing commissioning arrangements. The initial focus will be on contracts within Adults, Children's and Housing.
Complete outstanding actions from the previously agreed Procurement Modernisation Programme.	Corporate Director of Finance and Resources	In progress	There are two outstanding actions associated with the Procurement Modernisation Programme: 1) Centralisation of all procurements over £25,000. Although this is now in place, it will take time to fully embed the new process and ensure services fully engage with Strategic Procurement 2) Implementation of an e-procurement system. This has now been paused pending the SAP replacement to ensure that opportunities to have a single system across finance, HR and procurement are not missed.
Review all purchasing processes to streamline, efficiencies and reduce complexity	Corporate Director of Finance and Resources	Not yet started	The Council currently has too many different ways in which payments can be made which makes it difficult to enforce compliance but also challenging for buyers who find the current processes complex and sometime unclear on the right payment method to use. This will be fully enabled through the replacement of SAP but there are a number of immediate actions that have been put in place - turning off some payment channels, improving communications and training and education for 'buyers'.
<b>8. Improve Debt Recovery - improved collection rates, reduced levels of debt written off each quarter and reduce the level of bad debts provision required</b>			



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Establishment of cross council Debt Board.	Corporate Director of Finance and Resources	To be started in Q3	A Cross Council Debt Board will be created in the second half of 2025/26 and will include representatives from all services that collect income. The Board will oversee the review of current levels of debt but also review all end to end processes with the aim of reducing the level of debt and write off.
Baseline debt by service.	Corporate Director of Finance and Resources	To be started in Q3	Current levels of debt are monitored by individual services, and this action will aim to develop one consolidated view of all debt owed to the Council, establish a single dashboard which will be monitored and reported to the Debt Board each month and quarterly to Finance Recovery Board.
Review and improvements to all end to end process.	All Corporate Directors responsible for collection of income	To be started in Q3	This action is to avoid debt and will review the end to end process of all income collection processes. The main focus is on those who 'won't pay' with the aim of improving ways to pay to make it easier and a plan for the reviews will be established, focussing initially on areas where levels of debt are higher but also at the same time to consider opportunities for cross council solutions in ways to pay channels. There is a separate project underway to support those who 'can't pay' and addressing income inequality.
<b>9. Asset Disposals - reduce the number of surplus assets, maximise use of remaining assets and increase level of capital receipts to fund the capital programme and EFS requirement</b>			
Disposals Board in place and Disposals Policy agreed and implemented.	Corporate Director of Finance and Resources	In progress	Cabinet approved in June 2025 the council's disposal policy and associated disposals pipeline. All disposals under £4m are subject to review by Disposals Board and approval by the Section 151 and all over £4m subject to Cabinet approval. Quarterly updates to Cabinet progress and annual approval by Cabinet on proposed disposals for forthcoming year.
Increase in capital receipts for surplus properties to reduce borrowing and support transformation.	Corporate Director of Finance and Resources	In progress	Given the Council's financial position, further opportunities are being explored to maximise use of the Council's operational estate, collect income due from commercial properties and disposal of any additional surplus

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			assets. This will be subject to approval through future budget setting processes.
Tracker and pipeline of capital receipts expected.	Corporate Director of Finance and Resources	Completed	Pipeline created, regularly reviewed and monitored and reported through Disposals Board and summary of progress within the Quarterly Monitoring Report to Cabinet.
<b>10. Capital Programme - reduce value of the capital programme, reduce any new borrowing and a capital programme that is deliverable (reducing the level of slippage and unnecessary budgeted borrowing costs)</b>			
Annual review of capital programme to reduce non-essential schemes and borrowing.	Corporate Director of Finance and Resources (as Chair of Strategic Capital Board)	In progress	Annual review of capital programme completed and proposed reductions are part of the budget consultation but this review needs to be ongoing given the Council's high level of borrowing.
Improved spend profiling to avoid unnecessary borrowing.	Corporate Directors	In progress	This is being strengthened as part of the 2025/26 annual review process to reduce the high levels of slippage that has been evident in previous years. In advance of agreeing the annual programme, all schemes will be subject to review to ensure that the profile of spend across the five years in the capital programme is accurate based on the latest delivery plan. In addition, all 'rolling programmes' will need to be unpinned by a schedule of planned projects or works. Planned spend remains under review as part of the Quarterly Monitoring Process and budgets adjusted accordingly based on the latest information.
New capital programme governance embedded with clear gateways for decisions	Corporate Directors	In progress	New governance structure in place for all new schemes as set out in Appendix 4 of the MTFS published in July with clear gateway approvals, consistency in decision making and full business cases approved before

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and consistency on statements and need and business cases before schemes included in the programme.			inclusion in the programme. Since the new governance and oversight was only implemented from April 2025, work is underway to review existing schemes to determine current status against the new gateway process and retrospectively apply the need for Outline and Full Business Cases.
<b>11. Reserves - identify uncommitted reserves that can be utilised as one off to fund the forecast overspend, replenish the budget planning reserve to a more sustainable level across the medium term and strengthen monitoring and reporting on the use of contingency and achievement of financial benefits of invest to save monies.</b>			
Review of all remaining reserves to transfer uncommitted allocations to 'risk and uncertainties' reserves.	Corporate Director of Finance and Resources	In progress	Review of £9.6m of Services Reserve and £10.4m of Grants Unapplied Reserves underway. Section 151 Officer has now attended all DMTs Any balances remaining within these two reserves will require a completed statement of need and use will continue to be monitored and considered annually if circumstances have changed and balances can be released. Any uncommitted balances will be utilised to fund the forecast overspend in 2025/26 and reduce the requirement for EFS. Update to be reported in the Quarter 3 Monitoring Report to Cabinet.
Replenishment of reserves for managing risks and uncertainties across the medium term.	Corporate Director of Finance and Resources	Complete	The five year Medium Term Financial Strategy and forecast budget gaps for 2026/27 onwards include an annual replenishment of the Budget Planning Reserve of £3m. This has been reversed for 2026/27 given the ongoing reliance on EFS. Affordability of this contribution will be reviewed each year as part of the budget setting process.
Align reserves strategy to risk management strategy.	Corporate Director of Finance and Resources	Not yet started	Reserves Strategy to be reviewed as part of the 2026/27 budget setting process and to be reported as part of the 2026/27 Budget Report to Full Council in March 2026.
Strengthened reporting on use of contingency and invest to save	Corporate Director of	In progress	Monitoring of corporate contingency - All use of contingency subject to approval by the Section 151 Officer. Tracker of approvals in place and reported through the quarterly monitoring reports to Cabinet.

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	Finance and Resources		Monitoring of financial benefits of 'invest to save' monies - to be developed in Quarter 3 of 2025/26 and reported as part of the Q3 finance monitoring report. Any invest to save money that has been allocated that is not delivering the agreed financial benefits will be re-prioritised.