

Appendix 10 - Finance Response and Recovery Plan

Theme and Action	Responsibility	Status	Progress as at Quarter 3
1. Financial Accountability - improved responsibility and accountability across budget managers, senior manager and Members and embed Finance First Culture			
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. The new Regulations were presented and endorsed at Standards Committee and approved by Full Council in December 2025. Communication and engagement with all budget holders planned for Q4 of 2025/26 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	<p>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. This will be put in place following the finance re-structure and the launch of the new Finance Offer in the summer.</p> <p>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.</p>
Stronger communication and engagement across organisation on the Financial Position and their role and	Corporate Directors	In progress	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 and is updated regularly, guidance and advice, updates within the bi-weekly

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responsibilities, including with SLT and Leadership Network			Leadership Network newsletter, Let's Talk Sessions hosted by the Chief Executive and Section 151 Officer.
Increase capacity across the organisation for the delivery of the Financial Recovery Plan and addressing the financial emergency to be prioritised.	Corporate Directors	In progress	<p>Addressing the Council's challenging financial position is being treated as an emergency across the organisation. The following actions remain in place:</p> <ol style="list-style-type: none"> 1) Enhanced spending controls minimising discretionary spend and tightening up on recruitment 2) Additional staff resources have been mobilised for the Financial Response/Recovery work by adding Strategic Leadership support. 3) A focus on the delivery of existing savings by the Finance Recovery Board. 4) Discussions and plans have commenced to introduce external challenge and scrutiny for the Board and expected to be fully in place from April 2026.
2. Immediate spending controls on all non-essential spending			
Recruitment Panel oversight for all non-essential recruitment activity.	Recruitment Panel	In progress	<p>Recruitment Panel continues to be in place and meet fortnightly, chaired by the Section 151 officer or her delegate. All agency and permanent recruitment for non-essential posts (previously only agency) are subject to approval. Strengthened and tighter controls are in place from 16 February 2026. Revised and reduced list of exempt roles has been agreed and new terms of reference agreed and implemented.</p> <p>A role is deemed critical when it is required to:</p> <ul style="list-style-type: none"> • directly deliver a statutory or legal responsibility where there is significant risk to the council • directly maintain public safety • directly support a recognised council emergency response • generate sufficient income or savings to justify or cover the cost of the post

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			<ul style="list-style-type: none"> • deliver a post created through an approved restructure • deliver work that is fully grant-funded. These should be fixed term only and the grant continues for the duration of the fixed term. <p>In addition, roles not deemed as critical must be held vacant for 6 months and all extensions to agency contracts will be subject to Recruitment Panel approval.</p>
Spend Control Panel for non-essential spend over £1,000.	Corporate Director of Finance and Resources	In progress	<p>The Spending Control Panel is in place and meets twice weekly, chaired by either the Section 151 Officer or 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. From February 2026, Director approvals will also be monitored and reviewed.</p> <p>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. Up to the end of quarter 3 2025/26, the panel have rejected c£690k of spend that would otherwise have been made.</p> <p>As a result of the Council's deteriorating financial position, tighter controls continue – including a 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). The Commissioning Panel has been in place since mid January 2026 and approval of new commissions is dependent on the following criteria:</p>

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			<ul style="list-style-type: none"> • Is it a statutory requirement? • Is it 100% grant funded? • Is it of financial benefit to the local authority?
3. Improving Forecasting Accuracy and Future Demand Modelling			
<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 Children’s Services and Adult Social Care and Housing Services have been documented, including the assumptions made when the budget was agreed in March 2025.</p> <p>Through monthly budget monitoring, actuals are examined against each of these cost drivers and forecasts made based on different scenarios for the year end.</p> <p>A similar exercise has been completed on the Strategic Property budget, on which the latest forecast 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 is presented to the Finance Recovery Board and CLT which ensures 'one version of the truth'.</p> <p>With most directorates still showing a pressure at Q3, spend outside budget has occurred. Any overspends have been reported to CLT and the S151 officer but further work is required to ensure that any overspends are reported and agreed before they occur.</p>

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4. Savings Identification & Delivery			
Review of MTFS model, assumptions and new savings identified to close the budget gap	Corporate Directors	In progress	<p>Work has completed for 2026/27 and the final draft budget will be presented to full Council on 2 March. Key areas of focus and improvement in preparing the draft budget includes:</p> <ul style="list-style-type: none"> • Monthly review of service pressures using the latest in year forecast, trends and forecasts for future years and scenario planning to quantify the level of risk in the estimated pressures. • Increased due diligence on savings planned for 2026/27 to provide more assurance on delivery. • Limited new savings to allow focus of capacity on delivery of previously approved savings. • Review and more accurate estimation of corporate pressures, including borrowing costs and MRP and advice of external treasury advisors. • Increased corporate contingency to £25m to manage risk and uncertainty. • Protection of General Fund reserve at £15m to manage risks and uncertainty. • Formal sign off by Corporate Directors that budgets are realistic and deliverable.

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<p>Enhanced monthly monitoring and reporting. New savings tracker implemented to track progress against savings and changes made to deliver savings.</p>	<p>Corporate Directors</p>	<p>In progress</p>	<p>New savings tracker has been developed, implemented and continues to be used for Q3 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 have 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 internally using one of the four themes:</p> <ul style="list-style-type: none"> • Service reduction / prioritisation • Prevention and demand avoidance • Efficiency and productivity • Commercialisation <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 and this remains a priority for the Finance Recovery Board. External support is in place to support the delivery of Adult Social Care savings (£7.7m) and Procurement, Commissioning and Contracts (£3m per annum).</p>
<p>Greater use of benchmarking and best practice from other authorities to ensure all services are delivering good value for money</p>	<p>Corporate Directors</p>	<p>In progress</p>	<p>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. A session is planned with CLT, SLT and Members in the new financial year to consider financial benchmarking and benchmarking against the new Local Outcomes Framework to inform the proposals for a mid year budget to be presented to Cabinet in September 2026.</p>

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5. Reduction in Staffing Spend			
5% staff savings target achieved in full.	Corporate Directors	In progress	Ongoing progress on spend reductions reported at Finance Recovery Board to address risk in delivery. All services are required to prepare a Workforce Plan which will need to be aligned to the budget reductions in staffing.
Reduction in agency use and spend.	Corporate Directors	In progress	Ongoing review of agency spend in place. All agency spend subject to quarterly review by the Cabinet Member for Finance and Resources. Agency worker (excludes day rate of £500+) headcount decreased further by 9.8% and costs reduced by 23.2% in the last quarter. As of September 2025, the Council's use of Consultants and Interims decreased from 56 to 53, resulting in a 16% reduction in costs. This continued downward trend reflects the Council's strategic commitment to reducing reliance on agency staff, strengthening workforce stability and achieving cost efficiencies. Full details are in the People Report published for General Purposes Committee in December People Report - December 2025 .
6. External Reporting			
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	Good progress continues to be made with the Quarter 3 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.

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			<p>Financial reporting on the capital programme has improved through the quarterly reports but still needs strengthening in terms of accuracy of budget and forecasting.</p> <p>Quarterly finance reporting now a standard agenda item on OSC and all scrutiny panels.</p> <p>The six monthly report on the Corporate Delivery Plan and performance remains as a separate report at this stage. Future improvements will be to consolidate both reports and expected to be in place by Q2 of 2026/27 following publication of the next iteration of the Corporate Delivery Plan.</p>
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 or CLT 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 and must be in place for 2026/27.</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 forecasts and cost drivers now in place and monitored by the Finance Recovery Board each month. However, further improvements to strengthen the link between cost drivers and financial forecasts and use of scenario planning must be continuously improved.</p> <p>Corporate Health dashboard not yet in place but monitoring of activity related to purchasing and payment compliance is managed through the Purchasing and Payments Compliance Board that is chaired by either the Corporate Director of Finance and Resources or her delegate and with</p>

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			<p>issues escalated to individual Corporate Directors and reported to the Finance Recovery Board. Key changes as a result of this Board include:</p> <ul style="list-style-type: none"> • Coordinate the removal of commercial vendors from our procurement list following review and approval from Financial Recovery Board. • Review of Retrospective Purchase Orders raised and action plan developed to implement 'No PO No Pay' control. • Introduce controls and reduce the use of CHAPS payments which incur additional costs for the Council • Reversal of income invoices after 90 days – this increases accountability for services to work to recover income owed to the Council and aged debt. After 90 days, if the invoice is not settled, the income budget will be adjusted to reflect non payment. • Ongoing review of purchase card transactions and compliance.
7. Commissioning and Procurement Improvements			
Full Contracts register in place and monitored through Procurement Board.	Corporate Director of Finance and Resources (as Chair of Procurement Board)	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 through the Commissioning Modernisation Programme.
Commissioning panel and Commissioning Board established, and new gateway process established for	Corporate Director of Finance and Resources (as Chair of	In progress	Commissioning 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 now in place and considering all new commissions over £160,000 and in line with the following criteria:

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approval of all contracts over £25,000 .	Procurement Board)		<ul style="list-style-type: none"> • Is it a statutory requirement. • Is it 100% grant funded. • Is it of financial benefit to the local authority. <p>All new requests must present options for a 1%, 2% an 5% reduction in costs and be evidence led to demonstrate improvement in outcomes.</p> <p>£9.2m of savings expected to be delivered by March 2028 and Directorate targets to be agreed by March 2026 based on contract spend and pipeline of re-tenders planned year on year.</p>
Complete outstanding actions from the previously agreed Procurement Modernisation Programme.	Corporate Director of Finance and Resources	In progress	<p>There are two outstanding actions associated with the Procurement Modernisation Programme:</p> <p>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</p> <p>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.</p>
Review all purchasing processes to streamline, efficiencies and reduce complexity	Corporate Director of Finance and Resources	In progress	<p>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 sometimes 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'.</p>
8. Improve Debt Recovery - improved collection rates, reduced levels of debt written off each quarter and reduce the level of bad debts provision required			

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Establishment of cross council Debt Board.	Corporate Director of Finance and Resources	Not yet started	A Cross Council Debt Board needs to be created given the high levels of aged debt, write offs and low collection rates. This Board 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	Not yet started	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. A dashboard is in place and will be monitored and reported to the Debt Board each month and quarterly to Finance Recovery Board but assurance is still required on the completeness of the Council's debt position and realistic assumption on what is achievable.
Review and improvements to all end to end process.	All Corporate Directors responsible for collection of income	In progress	<p>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.</p> <p>Good progress has been made with ASC through the ASC Debt Project which has three work streams – 1) recover aged debt outstanding, 2) improve the full end-to-end process for financial assessments of clients 3) review the charging policy and its application and ensure up to date. A cross service group is in place and progress is being made in all three areas. The waiting list for financial assessment has reduced and additional capacity being recruited to ensure assessments in a timely manner and roles and responsibilities being clearly defined between tams involved in the end to end process.</p>

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			<p>A similar approach needs to be in place for other income collection processes that require more than one service working together.</p> <p>Progress is being made on reducing the outstanding correspondence in relation to council tax and business rates which is leading to increased income – but collection rates remain below target and this needs to be further investigated in terms of the root causes.</p> <p>A deep dive review is underway on parking services which has involved reviewing level of debt, income recoverable and accounting treatment to ensure bad debts provision is accurate and this is reflected in the main report.</p> <p>There is a separate project underway to support those who 'can't pay' and addressing income inequality.</p>
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			
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 officer. 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 assets. This will be subject to approval through future budget setting processes.

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Tracker and pipeline of capital receipts expected.	Corporate Director of Finance and Resources	In progress	Pipeline created, regularly reviewed and monitored and reported through Disposals Board and summary of progress within the Quarterly Monitoring Report to Cabinet.
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)			
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 part of the capital programme to be considered by Council on 2 March 2026. However, 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 has been improved 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 underpinned by a schedule of planned projects or works. However, complete assurance has not yet been obtained nor do we have full evidence for planned spend, so this will need to remain a priority for 2026/27.
New capital programme governance embedded with clear gateways for decisions and consistency on statements and need and business cases	Corporate Directors	In progress	New governance structure in place for all new schemes as set out in Appendix 4 of the MTF5 published in July 2025 with clear gateway approvals, consistency in decision making and full business cases approved before inclusion in the programme.

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before schemes included in the programme.			<p>Revised capital strategy prepared and recommended to full Council for approval on 2 March 2026 which sets out the strategy and process for agreeing the capital programme each year in line with the Corporate Delivery Plan.</p> <p>Since the new governance and oversight was only implemented from April 2025, work continues to review existing schemes to determine current status against the new gateway process and retrospectively apply the need for Outline and Full Business Cases.</p>
<p>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.</p>			
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 and £1.4m identified (after assumed use in the 2025/26 budget) that can be released to mitigate against the in year overspend in 2025/26 and as reported in the Quarter 3 finance report. Any balances remaining within these two reserves will require a completed statement of need as part of the year end process and use will continue to be monitored and considered annually if circumstances have changed and balances can be released.
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 included 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.

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Align reserves strategy to risk management strategy.	Corporate Director of Finance and Resources	In progress	<p>Reserves Strategy has been reviewed as part of the 2026/27 budget setting process and reported as part of the 2026/27 Budget Report to Full Council on 2 March 2026.</p> <p>Given the low level of uncommitted reserves, it is difficult to address this action and instead the Council has protected its General Fund reserve by holding it at £15m and has increased its corporate contingency to £25m to manage risks and uncertainties.</p>
Strengthened reporting on use of contingency and invest to save	Corporate Director of Finance and Resources	In progress	<p>Monitoring of corporate contingency - All use of contingency is now subject to approval by the Section 151 Officer. Tracker of approvals in place and reported through the quarterly monitoring reports to Cabinet.</p> <p>Monitoring of financial benefits of 'invest to save' monies – still to be developed and needs to be in place for 2026/27. Any invest to save money that has been allocated that is not delivering the agreed financial benefits will be re-prioritised.</p>