Appendix 10 - Finance Response and Recovery Plan

Theme and Action	Responsibility	Status	Progress as at Quarter 4
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	Completed	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. The key messages have been communicated to Leadership Network (Heads of Service and above) and is also re-iterated through various financial reports to CLT and Finance Recovery Board.
Improve financial literacy across all budget managers.	All Budget Managers	Ongoing	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 will continue to be strengthened during 2026/27 as part of the launch of the new Finance Offer which re-enforces roles and responsibilities of finance and budget managers. The finance 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.

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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 and is updated regularly, guidance and advice, updates within the bi-weekly 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	Completed	Addressing the Council's challenging financial position has being a priority for the organisation since end of 2024. Additional staff resources were in place for the Financial Response/Recovery work by adding Strategic Leadership support until April 2026. There has been a focus on the delivery of existing savings by the Finance Recovery Board to improve delivery but with only 62% delivered in 2025/26 this remains a focus for 2026/27. Going forward, as part of the Council's Financial Sustainability Plan a refocussing the Council's change and project support capacity will be undertaken in line with the priorities set out in the Plan. The Council will also consider as part of delivering the delivery plans for the 8 priority areas and the Value for Money Action Plans is any additional external expertise is needed. In addition, ongoing work to embed the culture that addressing the financial position is everyone's responsibility.
2. Immediate spending controls on all non-essential spending			

Theme and Action	Responsibility	Status	Progress as at Quarter 4
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 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. A role is deemed critical when it is required to: • 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 • 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. In addition, roles not deemed as critical must be held vacant for 6 months and all extensions to agency contracts are subject to Recruitment Panel approval.

Spend Control Panel for non-essential spend over £1,000 and other financial controls.	Corporate Director of Finance and Resources	Ongoing	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 have also been monitored to ensure that only spend that meets the published essential criteria is being agreed by Directors. An internal Audit review is currently underway. Since the inception of the panel it has rejected and therefore the council has avoided c£900,000 of costs. Other measures put in place includes: • All new contracts over £160,000 reviewed by the Commissioning Panel to ensure any requirement is need led and essential. • New capital governance framework and gateway process to ensure that all schemes progress through a gateway approval process with clear business case and strong monitoring and reporting • Turning off of some payment channels • All decision reports over £25,000 are subject to Section 151 approval and only approved if considered essential and budget in place. • External independent challenge has been introduced to the Finance Recovery Board and will remain in place. In 2026/27, we have introduced a clear s151 Officer approval process for any department to spend beyond its cash limits, to ensure that there is a clear and agreed funding strategy before expenditure is committed. Ensuring that there are clear consequences for any budget holder or manager who is found to be breaching or circumnavigating any of these measures and controls. For 2026/27 onwards, this plan has been replaced with a Financial Sustainability Plan, setting out the Council's three-year approach to addressing our financial situation. It recognises that the problem is

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			intractable in a single year, and also that the traditional savings approaches that the Council have adopted, whilst delivering some significant efficiencies, cost reductions and new income, have not had the impact that we would have desired. This plan sets out our new approach and will focus on eight priority service areas which are either areas of high spend or have greatest potential for service re-design to reduce costs. In addition, all service areas are required to prepare a Value for Money Action Plan which will align a smaller envelope of financial resources to the priorities in the new Council Plan, align spend and performance with statistical neighbours and options to reduce spend to keep spending frozen at 2026/27 levels.
3. Improving Forecasting Accuracy and Future Demand Modelling			

Theme and Action	Responsibility	Status	Progress as at Quarter 4
Baseline budget assumptions for all services, initially with a focus on high demand and high spending services. Monthly tracking of forecast against budget assumptions (financial and non-financial) and greater use of scenario planning and benchmarking.	Corporate Directors	Ongoing	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 and this process was repeated for the 2026/27 budget setting process. Through monthly budget monitoring, actuals are examined against each of these cost drivers and forecasts made based on different scenarios for the year end. 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 in 2026/27 to identify cost drivers, accurate forecasting and mitigations to address any overspends. A new dashboard has been developed that tracks 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'. 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.
4. Savings Identification & Delivery			

Theme and Action	Responsibility	Status	Progress as at Quarter 4
Review of MTFS model, assumptions and new savings identified to close the budget gap	Corporate Directors	Ongoing	Work has completed for 2026/27 and the final draft budget presented to full Council on 2 March. Key areas of focus and improvement in preparing the draft budget included: • 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. The process for 2027/2 budget has now commenced.

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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	Ongoing	New savings tracker has been developed, implemented and continues to be used for monitoring and reporting. This tracks both the delivery of the changes required to achieve the savings and the financial savings achieved. Compliance of the completion of the tracker is still in need if improvement and was also a recent finding of an Internal Audit report and will be the focus of 2026/27. Additional programme management resource was 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.
Greater use of benchmarking and best practice from other authorities to ensure all services are delivering good value for money	Corporate Directors	Ongoing	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. All services are currently developing a Value for Money Action Plan as part of the Council's Sustainability Plan of which benchmarking on cost and performance is a key tool all services are expected to utilise in identifying their budget savings for 2027/28 and demonstrating any services that continue are delivering good value for money.
5. Reduction in Staffing Spend			
5% staff savings target achieved in full.	Corporate Directors	In progress	As reported in the main body of this report, some services have not delivered on their 5% staff savings or have mitigated through one off alternative savings, such as holding vacancies. All services are assumed to deliver in 2026/27 and this will be reported through these quarterly monitoring reports to Cabinet and Scrutiny.

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Reduction in agency use and spend.	Corporate Directors	Ongoing	Ongoing review of agency spend in place. All agency spend subject to quarterly review by the Cabinet Member for Finance and Resources. Over the year, there was an average of 346 agency staff and this has fluctuated quarter on quarter. The number over £500,000 has remained fairly constant at 56 during the year so these controls need to continue to see a downward trajectory.
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	Ongoing	Good progress continues to be made with the quarterly 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. Financial reporting on the capital programme has improved through the quarterly reports but still needs strengthening in terms of accuracy of budget and forecasting. Quarterly finance reporting now a standard agenda item on OSC and all scrutiny panels. 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 Q3 of 2026/27 following publication of the next iteration of the Corporate Delivery Plan.

Theme and Action	Responsibility	Status	Progress as at Quarter 4
Monitoring and reporting of contingencies and financial benefits from invest to save spend.	Corporate Director of Finance and Resources	Ongoing	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. 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.

Theme and Action	Responsibility	Status	Progress as at Quarter 4
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	Completed	Single dashboard for reporting 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. 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 issues escalated to individual Corporate Directors and reported to the Finance Recovery Board. Key changes as a result of this Board include: • 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			

Theme and Action	Responsibility	Status	Progress as at Quarter 4
Full Contracts register in place and monitored through Commissioning Board.	Corporate Director of Finance and Resources (as Chair of Procurement Board)	Ongoing	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 approval of all contracts over £25,000 .	Corporate Director of Finance and Resources (as Chair of Procurement Board)	Ongoing	Commissioning Board in place and considering pipeline of all contracts due for a re-tender. This is currently considering all contracts over £160,000 with the expectation that the threshold will reduce to £25,000 once the process is fully embedded. Through the Commissioning Modernisation Programme a single Gateway approval process is now in place and in line with the following criteria: • Is it a statutory requirement. • Is it 100% grant funded. • Is it of financial benefit to the local authority. All new requests must present options for a 1%, 2% an 5% reduction in costs and be evidence led to demonstrate improvement in outcomes. £9.2m of savings expected to be delivered by March 2028 and Directorate targets have now been agreed based on contract spend and pipeline of re-tenders planned year on year. Progress against the savings is monitored through the Commissioning Board.

Theme and Action	Responsibility	Status	Progress as at Quarter 4
Complete outstanding actions from the previously agreed Procurement Modernisation Programme.	Corporate Director of Finance and Resources	Completed	There are two outstanding actions associated with the Procurement Modernisation Programme: 1) Centralisation of all procurements over £25,000. This is now in place. 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	Completed	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'.
8. Improve Debt Recovery - improved collection rates, reduced levels of debt written off each quarter and reduce the level of bad debts provision required			
Establishment of cross council Debt Board.	Corporate Director of Finance and Resources	Not yet started	This is not yet in place. 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	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. 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. Recovery of debt thought to be written off is now underway and in 2025/26, £788,000 was recovered. A similar approach needs to be in place for other income collection processes that require more than one service working together. 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 (92.5%) remain below target and this needs to be further investigated in terms of the root causes. 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. There is a separate project underway to support those who 'can't pay' and addressing income inequality.

Theme and Action	Responsibility	Status	Progress as at Quarter 4
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	Completed	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	Ongoing	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. The Asset Rationalisation Programme has also commenced to ensure that the Council is maximising its use of operational assets and not retaining surplus assets.
Tracker and pipeline of capital receipts expected.	Corporate Director of Finance and Resources	Ongoing	Pipeline created, regularly reviewed and monitored and reported through Disposals Board. Pipeline for 2026/28 in development and will be subject to a future decision by 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)	Completed	Annual review of capital programme completed for 2026/27 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 and this work has now commenced for the 2027/28 programme.

Theme and Action	Responsibility	Status	Progress as at Quarter 4
Improved spend profiling to avoid unnecessary borrowing.	Corporate Directors	Ongoing	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 but still remains high as set out in this outturn report. 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 before schemes included in the programme.	Corporate Directors	Ongoing	New governance structure in place for all new schemes as set out in Appendix 4 of the MTFS published in July 2025 with clear gateway approvals, consistency in decision making and full business cases approved before inclusion in the programme. Revised capital strategy agreed at 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. Annual review of the Capital Strategy will commence in the Autumn alongside the new Corporate Delivery Plan. 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.
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.			

Theme and Action	Responsibility	Status	Progress as at Quarter 4
Review of all remaining reserves to transfer uncommitted allocations to ‘risk and uncertainties’ reserves.	Corporate Director of Finance and Resources	Completed	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. Retained balances will be subject to annual review and carry forward requests have been limited in 2025/26.
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.
Align reserves strategy to risk management strategy.	Corporate Director of Finance and Resources	Ongoing	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. 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. Level of contingency and General Fund balance will remain under review as part of the annual financial planning process.

Theme and Action	Responsibility	Status	Progress as at Quarter 4
Strengthened reporting on use of contingency and invest to save	Corporate Director of Finance and Resources	Ongoing	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. 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.