

Cabinet

30 April 2024

One Medway Financial Improvement and Transformation Plan

Portfolio Holder: Councillor Vince Maple, Leader of the Council

Report from: Richard Hicks, Chief Executive

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Summary

This report sets out the Council's One Medway Financial Improvement and Transformation Plan for the medium term. The plan is intended to meet the requirement to produce an improvement and transformation plan, as a condition of the 'exceptional financial support' approved in principle by the Secretary of State.

1. Recommendations

- 1.1. Cabinet is asked to agree the One Medway Financial Improvement and Transformation Plan, as set out at Appendix 1 to the report.
- 1.2. Cabinet is asked to note that responsibility for delivering the savings and actions set out within this plan has been assigned to specified Corporate Management Team colleagues and that this plan will be subject to regular and frequent monitoring via Corporate Management Team.

2. Suggested reasons for decision

- 2.1. Cabinet is asked to agree this plan, as set out at Appendix 1, as it represents the plan against which the organisation will monitor achievement of the 2024/25 savings targets and sets out how the Council will deliver the improvements necessary to achieve the One Medway Council Plan objectives. It will also fulfil the conditions attached to the 'exceptional financial support' approved in principle by the Secretary of State and the wider requirements of the 'productivity plans' proposed by Government.

3. Budget and policy framework

- 3.1. Full Council is responsible for agreeing a balanced budget in advance of each financial year. Cabinet is responsible for ensuring that income and expenditure remains within the approved budget. Corporate Management Team is responsible for supporting the Cabinet to achieve this objective through delivery of the savings set out within this Financial Improvement and Transformation Plan.

4. Background

4.1. On 11 January 2024 the Leader and Chief Executive wrote a joint letter to the Minister for Local Government, requesting 'exceptional financial support'. On 27 February 2024 the Leader received a response from the Minister which confirmed that: *"With respect to the financial year 2024-25, the Secretary of State is minded to approve a capitalisation direction of a total not exceeding £14.742 million."*

4.2. The annex to this letter said: *"In order for the Department to provide a final capitalisation direction, the Council is required:*

- *To undergo an external assurance review which will include, but will not be limited to, an assessment of the Council's financial position and financial management practices and the Council's work to improve its productivity and efficiency, linked to the broader work expected by the Department to produce productivity plans to improve service performance and reduce wasteful expenditure.*
- ***To produce an improvement and transformation plan** within six months of the date of this letter that is focused on delivering the Council's key objectives and securing the medium-term financial position. The plan should take into account broader work required by the Department to produce productivity plans to improve service performance and reduce wasteful expenditure. This plan should be rooted in clear deliverables and tangible, measurable outcomes over the next 12-months and beyond. The plan should incorporate any recommendations identified as part of the external assurance review once that review is completed and a commitment to ongoing reporting on the progress that is made."*

4.3. On 29 February 2024 the Council agreed its revenue budget for the financial year 2024/25, including expenditure to be met from the approved capitalisation direction up to £14.742 million.

4.4. On 3 April 2024 CMT agreed the draft One Medway Financial Improvement and Transformation Plan for consideration by Cabinet.

5. The One Medway Financial Improvement and Transformation Plan

5.1. This plan took as its starting point the recommendations and conclusions from the resilience review undertaken by CIPFA, however it was recognised that it could not simply be an acknowledgement of areas for improvement or a broad articulation of the Council's aspiration. It must be a plan in the truest sense of the word, underpinned by firm actions, with specific targets and deadlines, clear, unambiguous lines of accountability and robust arrangements to progress and monitor delivery.

5.2. It was agreed early on that the plan should be aligned with the priorities within the One Medway Council Plan and for each priority a broad format followed:

- A brief narrative explaining the areas requiring improvement;
- A detailed savings plan for the next twelve months in respect of the particular service or area of activity;
- A range of other key actions, not necessarily attached to a financial saving and in many cases designed to achieve improved service outcomes over the medium and longer term, but all with the ultimate aim of achieving longer term financial sustainability.

5.3. Corporate Management Team colleagues have all been involved and have to a greater or lesser extent contributed towards production of this plan.

6. Alignment with the requirement for 'productivity plans'

6.1. In his statement on 5 February 2024, accompanying the Local Government Finance Settlement, the Secretary of State, Michael Gove MP, announced that "As part of our efforts to return the sector to sustainability in the future, we are also asking local authorities to develop and share productivity plans." These will be expected cover four main areas:

- Transformation of services to make better use of resources,
- Opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design,
- Ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff Equality, Diversity and Inclusion programmes – this does not include programmes designed to promote integration and civic pride, and counter extremism, and
- Barriers preventing activity that Government can help to reduce or remove.

6.2. This Financial Improvement and Transformation Plan sets out how we intend to respond to these challenges and address the Government's productivity plan requirements. Although, the barriers preventing activity that Government can help to reduce or remove will be set out more fully in the letter to the Secretary of State accompanying our submission.

7. Monitoring achievement of the plan

7.1. In its resilience review CIPFA commented on the insufficient frequency of our budget monitoring and the absence of robust monitoring against savings plans.

7.2. In line with CIPFA's recommendation, we will be increasing the frequency of our usual revenue budget monitoring at an officer and portfolio holder level, however beyond that the Cabinet monitoring cycle will remain as before.

7.3. Separate to this process, Corporate Management Team has agreed to dedicate time, initially on all CMT agendas, to discuss progress against the plan, with all directorate management teams expected to provide regular updates against both their 2024/25 savings plans and other key actions.

8. Risk management

| Risk | Description | Action to avoid or mitigate risk | Risk rating |
|---|--|---|-------------|
| Medway Council fails to produce a improvement plan. | This plan is a condition of the 'exceptional financial support' and therefore failure to produce one could result in further intervention by the Department. | This plan has been prepared in response to CIPFA's recommendation and to meet the condition of the 'exceptional financial support'. | DII |

| Risk | Description | Action to avoid or mitigate risk | Risk rating |
|--|--|--|-------------|
| Medway Council fails to deliver the actions within the plan. | The Council would not deliver the required service improvements and agreed budget savings and would be unable to achieve financial sustainability. | The plan is underpinned by firm actions, with specific targets and deadlines and clear accountability. Performance will be monitored regularly by CMT. | BII |
| Likelihood | | Impact: | |
| A Very likely B Likely C Unlikely D Rare | | I Catastrophic II Major III Moderate IV Minor | |

9. Consultation

9.1. The plan largely builds upon the 2024/25 budget agreed by Council in February 2024, however it has been consulted upon widely with Corporate Management Team colleagues and they in turn have involved their respective portfolio holders.

10. Climate change implications

10.1. Some elements of the plan will have specific implications for the Council's climate change agenda, not least the formulation of a waste strategy, however more importantly climate change is one of the five principles underpinning the One Medway Council Plan and everything the Council does.

11. Financial implications

11.1. These are laid out in the body of the report.

12. Legal implications

12.1. There are no legal implications arising directly from the contents of this report.

13. Conclusions

13.1. Confirmation that the Secretary of State is minded to approve the Council's request for 'exceptional financial support' represents a real opportunity to take a more strategic approach to our financial planning and allow the Council to embark on an improvement journey in order to secure its longer term financial sustainability. This One Medway Financial Improvement and Transformation Plan is the first step in achieving that objective.

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Appendices

Appendix 1 – One Medway Financial Improvement and Transformation Plan

Background papers

[CIPFA Resilience Review](#)

[PCH Finance Review](#)