



Overview & Scrutiny Board

23 July 2024

Subject Heading:

DLUHC Improvement and Transformation Plan

SLT Lead:

Kathy Freeman | Strategic Director Resources

Report Author and contact details:

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Policy context:

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.

Financial summary:

The Improvement and Transformation Plan is required to secure the Capitalisation Direction

REPORT

The subject matter of this report deals with the following Council Objectives

People – Supporting our residents to stay safe and well **X**

Place - A great place to live, work and enjoy **X**

Resources – Enabling a resident-focussed and resilient council **X**

SUMMARY

After significant systemic underfunding since 2010, the Council's financial challenge is no longer one we could manage without Government intervention. A Capitalisation Direction was applied for to prevent us from issuing a S114 for this financial year (2024/25). As part of the requirements to receive the capitalisation direction, an Improvement & Transformation Plan is required to be submitted no later than 27th August.

Another condition of the Capitalisation Direction is for the Council to undergo an independent Financial Management review. The review is an assessment of Havering's Financial Management arrangements and governance arrangements, and the Chartered Institute of Public Finance and Accountancy have been commissioned by the Department of Levelling Up, Housing and Communities to undertake this on their behalf, and submit a report to them directly in due course.

This review has commenced and is likely to conclude at the end of July. The Council must incorporate the review recommendations in the Improvement and Transformation Plan prior to its submission, so as agreed by Cabinet, the Chief Executive shall incorporate any changes to the plan as he shall deem necessary to satisfy the terms and conditions of the capitalisation directive, including the financial review recommendations.

RECOMMENDATION

That the Board note and endorse the plan and associated actions and decide if they wish to receive future monitoring progress reports.

REPORT DETAIL

On the 14 November 2023 the Strategic Director of Resources and S151 Officer, wrote a 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 £53.7 million."

The letter continues to confirm that 'Before the capitalisation direction can be approved, your council will need to undertake certain actions. This is consistent with the approach used by the Department since 2020 to those councils that have applied for exceptional financial support.'

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

1. 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.

2. 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."

Our Improvement & Transformation Plan sets out how we intend to respond to these challenges and aligns with the Governments Productivity plan.

IMPLICATIONS AND RISKS

Financial implications and risks: None of this covering report.

Legal implications and risks: None of this covering report.

Human Resources implications and risks: None of this covering report.

Equalities implications and risks: None of this covering report.

Environmental and Climate Change implications and risks: None of this covering report.

BACKGROUND PAPERS

None