KPMG

Auditor's Annual Report for Uttlesford District Council

Year-ended 31 March 2024

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27 February 2025

Contents

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This report is addressed to Uttlesford District Council (the Council). We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

01

Executive Summary

Uttlesford District Council

Executive Summary

Purpose of the Auditor's Annual Report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2023-24 audit of Uttlesford District Council (the 'Council'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Council alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:

Accounts - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Council and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the CIPFA/LASSAC Code of Practice in Local Authority Accounting ('the Code').

Narrative report - We assess whether the narrative report is consistent with our knowledge of the Council.

Value for money - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Council's use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.

Other powers - We may exercise other powers we have under the Local Audit and Accountability Act. These include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

In addition to the above, we respond to valid objections received from electors.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

Accounts	We issued a disclaimed opinion on the Council's statement of accounts. We have provided further details of the key risks we identified and our response on page 6.
Narrative report	We did not identify any significant inconsistencies between the content of the narrative report and our knowledge of the Council.
Value for money	We are required to give an opinion as to whether the Council has appropriate arrangements in place to secure economy, efficiency, and effectiveness in the use of resources. We identified 2 significant weaknesses in respect of arrangements for Governance, relating to the implementation of strategic risk management processes and the capacity of the finance function. Further details are set out on page 17 and 18
Other powers	See overleaf.

Executive Summary

There are several actions we can take as part of our wider powers under the Local Audit and Accountability Act:

Public interest reports

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

If we issue a Public Interest Report, the Council is required to consider it and to bring it to the attention of the public.

We have not issued a Public Interest Report this year.

Judicial review/Declaration by the courts

We may apply to the courts for a judicial review in relation to an action the Council is taking. We may also apply to the courts for a declaration that an item of expenditure the Council has incurred is unlawful.

We have not applied to the courts this year.

Recommendations

We can make recommendations to the Council. These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the Local Audit and Accountability Act. If we do this, the Council must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.
2. We can also make other recommendations. If we do this, the Council does not need to take any action, however should the Council provide us with a response, we will include it within this report.

We made no recommendations under Schedule 7 of the Local Audit and Accountability Act.

Advisory notice

We may issue an advisory notice if we believe that the Council has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency.

If we issue an advisory notice, the Council is required to stop the course of action for 21 days, consider the notice at a general meeting, and then notify us of the action it intends to take and why.

We have not issued an advisory notice this year.

In addition to these powers, we can make performance improvement observations to make helpful suggestions to the Council. Where we raise observations we report these to management and the Governance and Audit Committee. The Council is not required to take any action to these; however it is good practice to do so, and we have included any responses that the Council has given us.

02

Audit of the financial statements

Uttlesford District Council

Audit of the financial statements

KPMG provides an independent opinion on whether the Council's financial statements:

- Give a true and fair view of the financial position of the the Group and Council as at 31 March 2024 and of the Group's and the Council's income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We conduct our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We also fulfil our ethical responsibilities under, and ensure we are independent of the Council in accordance with, UK ethical requirements including the FRC Ethical Standard. We are required to ensure that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Our audit opinion on the financial statements

The Accounts and Audit (Amendment) Regulations 2024 (the "Amendment Regulations") require the Authority to publish its financial statements and our opinion thereon for the year ended 31 March 2024 by 28 February 2025 (the "Backstop Date").

We have been unable to obtain sufficient appropriate audit evidence over any area of the financial statements as we have been unable to perform all the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date. This includes being unable to obtain sufficient appropriate evidence over the disclosed comparative figures for the year ended 31 March 2023 due to the Backstop Date.

Any adjustments from the above matters would have a consequential effect on the Group's and the Council's net assets and the split between usable reserves including the Housing Revenue Account and unusable reserves as at 31 March 2024 and 31 March 2023, the Collection Fund and its income and expenditure and cash flows for the years then ended

Audit of the financial statements

Significant financial statement audit risk	Procedures undertaken	Findings
Valuation of post retirement benefit obligations Risk that inappropriate assumptions are used in valuing the Council's share of obligations to employees when they retire.	• Evaluated the competency and objectivity of the actuaries to confirm their qualifications and the basis for their calculations; • Performed inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets; • Agreed the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation; • Evaluated the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability; • Challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data; • Confirmed that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice; • Considered the adequacy of the Council's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions;	• We did not identify any material misstatements relating to this risk. • We raised a recommendation relating to management review of the actuarial report. • We considered the estimate to be balanced based on the procedures performed.
Recognition of the surplus on the net pension asset Risk that management does not appropriately determine the amount of its share of the surplus of the pension scheme that can be recognised.	• We tested the data and valuations provided by the actuary in their IAS 19 report for completeness and consistency with the other information provided by the Council. • We challenged the Council's determination of the recognisable surplus. Due to the backstop limitations we were unable to obtain the data to perform a recalculation of the asset ceiling and the liability recognised by management.	We did not identify any material misstatements relating to this risk. We agreed with the principles adopted for determining the asset ceiling, however we were unable to conclude as we could not obtain the data required to reperform the calculation of the liability recognised.

Audit of the financial statements

The table below summarises the key financial statement audit risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Significant financial statement audit risk	Procedures undertaken	Findings
Valuation of land and buildings – Risk that the value for the land and building assets is materially over or under-estimated.	We have undertaken risk assessment and planning procedures over this balance only, in line with our intent to issue a disclaimed opinion, as noted on Page 7.	We raised a recommendation relating to management review of the valuation report. As noted, substantive response not undertaken.
Valuation of Council Dwellings- Beacon Valuation Risk that the value for the Council Dwellings is materially over or under-estimated.	We have undertaken risk assessment and planning procedures over this balance only, in line with our intent to issue a disclaimed opinion, as noted on Page 7.	We raised a recommendation relating to management review of the valuation report. As noted, substantive response not undertaken.
Valuation of investment property Risk that the value for the investment property assets are materially over or under-estimated.	We have undertaken risk assessment and planning procedures over this balance only, in line with our intent to issue a disclaimed opinion, as noted on Page 7.	We raised a recommendation relating to management review of the valuation report. As noted, substantive response not undertaken.
Management override of controls Risk that the process around posting ledger transactions is utilised to manipulate accounting results.	We have undertaken risk assessment and planning procedures only, in line with our intent to issue a disclaimed opinion, as noted on Page 7.	We raised a recommendation relating to lack of segregation of duties in the journal entries posting process. As noted, substantive response not undertaken.

Audit of the financial statements

The table below summarises the key financial statement audit risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Significant financial statement audit risk	Procedures undertaken	Findings
Expenditure Recognition Relates to fraud risk from expenditure recognition. There is incentive for management to manipulate the level of expenditure recorded to achieve the statutory duty of balancing Council's budget**.**	We have undertaken risk assessment and planning procedures over this balance only, in line with our intent to issue a disclaimed opinion, as noted on Page 7.	As noted, substantive response not undertaken.
Opening Balance Due to lack of assurance over 2022/23 balances, there is risk that opening balance maybe materially overstated or understated.	We performed inquiries with the predecessor auditor and assessed the level of work completed over the prior year transactions in order to determine the impact on our audit approach.	As noted on page 7 due to the lack of assurance over prior balances we do not have assurance over the opening balances or the prior year figures included within the accounts. This is reflected as part of our disclaimer of opinion.

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Value for Money

Uttlesford District Council

Value for Money

Introduction

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Council for the following criteria, as defined by the National Audit Office (NAO) in their Code of Audit Practice:

- **Financial sustainability**: How the Council plans and manages its resources to ensure it can continue to deliver its services.
- **Governance:** How the Council ensures that it makes informed decisions and properly manages its risks.
- **Improving economy, efficiency and effectiveness:** How the Council uses information about its costs and performance to improve the way it manages and delivers its services

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We make performance improvement observations where we identify opportunities to improve in areas where we have not identified any weaknesses.

Summary of findings

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	14-16	17-22	23-27
Identified risks of significant weakness?	No	✓ Yes	✓ Yes
Actual significant weakness identified?	No	✓ Yes	No
2023-24 Findings	No significant weaknesses identified.	2 significant weakness identified	Risk of significant weakness noted but did not materialise into significant weakness

Value for Money

National context

We use issues affecting Councils nationally to set the scene for our work. We assess if the issues below apply to this Council.

Financial performance

Over recent years, Councils have been expected to do more with less. Central government grants have been reduced, and the nature of central government support has become more uncertain in timing and amount. This has caused Councils to cut services and change the way that services are delivered in order to remain financially viable.

Some Councils have initiated innovative plans to raise new funds, such as through increasing commercial activity. Examples have included purchasing commercial assets such as shops and offices with a view to generate rental income, others have set up novel joint ventures to deliver regeneration schemes. Some have questioned whether commercialisation activities open Councils to excessive risk or could be a poor use of taxpayer monies.

Some Councils have issued what are known as “section 114” notices, in this instance a declaration that they cannot generate sufficient resources to meet the costs they need to incur. In some instances, this has resulted in a need for exceptional financial support from central government (such as approval to sell council buildings to meet costs) and severe cutbacks to services.

Local context

Uttlesford is a thriving, predominantly rural district in north-west Essex encompassing Saffron Walden, Great Dunmow, Stansted Mountfitchet and Thaxted and about 100 villages and hamlets in between. It is home to London Stansted Airport and major road and rail networks with links to London to the south and historic city of Cambridge to the north.

The Council operates a Housing Revenue Account and has a portfolio of council homes that are provided across the district. Maintenance and support services for these are provided through a joint venture established with other councils in East Anglia. In the previous year the Council had made a self-referral to the regulator of social housing relating to the condition of its housing stock.

The Council has prepared a five year strategy, Blueprint Uttlesford, to set out its plans for achieving transformation and efficiency in order to be financially sustainable. This takes into account expected funding pressures during this period to consider the actions that are required.

Uttlesford District Council has approved plans to put its commercial ownership share of Chesterford Research Park up for sale. As required by local authority guidance, the sale proceeds will be used to reduce the council's short-term borrowing on other assets in the portfolio and, with it, reduce exposure to fluctuating interest rates.

Financial Sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Council ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Council plans to bridge its funding gaps and identifies achievable savings;
- How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Council ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Council identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Financial planning

- The Council approved a medium-term financial strategy for the period 2024 to 2029 in February 2024. This was developed following approval of a five-year corporate plan in order to set out how the Council would align its resources to the priorities within the corporate plan.
- In the previous financial year the Council had developed a transformation programme, Blueprint Uttlesford, which set out the need for transformation that was required in order to achieve financial balance over the life of the corporate strategy. This identified that the Council needed to identify recurrent efficiencies of approximately £7m per annum by 2028 in order for the general fund balances to be sustainable.
- The Council commissioned a review of its financial planning by the Chartered Institute of Public Financial Accountancy (CIPFA), which highlighted that the medium-term financial strategy was fit for purpose and provided a clear articulation of the Council's financial strategy as well as reflecting the key financial risks that the Council faces.
- The Council's projections currently show a balanced financial position for 2024/25 and 2025/26, however without the identification of further efficiencies this is projected to decline to a £6.5m deficit on the general fund in 2026/27 due to projected reductions in business rate retention, government grants and investment property income.
- To date the Council has identified £2m of the £7m of annual efficiencies that are required in order to achieve financial balance over the life of the five year strategy.
- Based on our discussions with service lines and review of documentation the financial planning for 2023/24 was largely completed on a roll over basis, utilising the budgets that had been prepared for previous periods and incorporating agreed changes. However, we received feedback from a number of stakeholders that they had seen subsequent improvements in this during the 2024/25 budget setting process, including the level of engagement between the finance team and budget holders.
- Efficiency savings have been formally monitored in the Uttlesford Blueprint and quarterly reporting process to Cabinet and Governance and Audit and Standards Committee. We have observed that the targets are set against prior experience of expected savings. Operational teams monitor on an informal monthly basis, which informs the process for the formalised Quarterly update and scrutiny.

Financial Sustainability

Investment strategy

- The Council has made significant investments in commercial properties across England, with a commercial strategy to utilise the income that is generated by them to support the underlying cost base. The Council's investment property portfolio consists of seven properties, including an investment in Chesterford Park research park, which is managed through a joint venture vehicle held within the Council's Aspire CRP subsidiary.
- At 31 March 2024 the Council had a capital financing requirement of £349m (see note 38 to the financial statements), reflecting the scale of investments that have been made. This is partly funded through £188m of long term borrowings and £125m of short term borrowings held at 31 March 2024.
- The Council has a debt to income ratio of 51%, which is significantly above the national median of 31%. The Council has determined that further investments will not be made in new commercial investments as it has reached its target level for investing and is exploring options for the use of capital receipts in order to reduce its borrowing over the short to medium term.
- We have reviewed the CIPFA Financial Resilience Index for the performance of the Council against indicators of financial stress. We noted that the Council is in a lower risk position regarding Corporate Core Indicators such as Cost of living crisis, Health and Safety and Finance and Income. The Council's performance was benchmarked against other Councils within the Benchmark group of similar size.

Conclusion

We have not identified any significant weaknesses in the Council's arrangements for achieving financial sustainability. While we note that the Council has a significant savings challenge within its medium term financial strategy there are sufficient arrangements in place for short term financial sustainability and it has begun the implementation of its efficiency programme, with £2m of the £7m per annum efficiency requirements needed by 2028 already identified.

The Council has adopted a commercial strategy of investing in properties to generate rents that offset cost pressures in its core operations. As a result the Council has higher borrowings when compared to its peers, however we note that plans have been developed for the reduction of these balances during the life of the medium term financial strategy.

Key financial and performance metrics:	2023-24 (£'000)	2022-23 (£'000)
Usable reserves	33,273	33,345
HRA Surplus	13,592	2,805
Gross debt compared to the capital financing requirement	0.53:1	0.55:1
Year-end borrowings	187,000	190,000
Year-end cash position	5,618	1,894

HRA: Housing Revenue Account, a ring-fenced fund relating to social housing

Gross debt compared to the capital financing requirement: Authorities are expected to have less debt than the capital financing requirement (i.e. a ratio of under 1 : 1) except in the short term, else borrowing levels may not be considered prudent.

Governance

How the Council ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

Risk management

- The Council approved a risk management policy in 2017 to set out how risk was expected to be managed. During the period there was a corporate risk register in place, which identified the 21 key risks to the achievement of the Council's strategy. This was holistic in the areas that it considered and provided information including the inherent and residual risk scores, the direction the risk was trending in, the planned response and a status of the response.
- Operational risk registers are also expected to be maintained by service lines within the Council to set out the risks that they face locally and the actions being taken to manage these.
- The Council's internal auditors undertook a review of the risk management arrangements that had been in place during the year and provided a limited assurance conclusion. The audit identified that due to a change in responsibility for the reporting of the corporate risk register during the year there had been insufficient review of the register by the Council or its subcommittees, with the register not being reviewed during 2023/24. We understand that this was due to the responsibility for review transferring to Cabinet but the reviews not commencing due to the need for the register to be updated.
- The internal audit also identified that there were not appropriate mechanisms for the risks identified by service lines as part of annual planning to be assessed for inclusion within the corporate risk register. While the annual planning process requested services to set out the key risks they faced, these were not reviewed to ensure that they were factored into the corporate plan for the following year.
- We understand that during 2024/25 an updated risk management policy was approved and that risk monitoring processes for oversight of the corporate risk register have been implemented, however we consider that review of strategic risks by a relevant element of the Council's governance structure is a key component of ensuring that risks to the achievement of value for money are monitored and mitigations implemented where required. We therefore consider that there was a significant weakness in the arrangements that were in place during 2023/24. We have raised a recommendation in this regard on page 19.

Policies and standards

- There are clear policies in place regarding expected behaviours for staff and members, and we have assessed a number of these, including the Code of Conduct, Disciplinary Procedures, Fraud Corruption and Dishonesty, Procurement and Whistleblowing. We note that some key policies are overdue for update. As noted above the risk management policy in use during the year had been from 2017 and required revision. We also identified that the Bribery Act policy was dated April 2019 and was therefore overdue. We did not consider this to be a significant weakness as there were appropriate frameworks in place, however have raised a performance improvement observation to management to ensure that these are updated.

Governance

Financial Reporting

- During 2023/24 the Council had a significant backlog of accounts that had not been audited, covering the periods from 2019/20 to 2022/23. We note that this arose as a result of the 2019/20 audit being paused due to historic concerns that required investigating, a matter which has subsequently been closed. Disclaimer opinions have subsequently been issued on the accounts for the periods from 2020/21 to 2022/23 as insufficient work was able to be performed on them ahead of the statutory backstop for these accounts.
- The Council published its draft, unaudited 2022/23 accounts for inspection on 11 December 2024. Due to the requirement for these to be made available for inspection for 30 working days this meant that the Council missed the statutory backstop deadline for publishing its audited 2022/23 accounts, with the inspection period concluding on 24 January 2025.
- The draft 2023/24 accounts were published for inspection on 15 January 2025. The statutory deadline for publishing the draft accounts was 31 May 2024 and therefore this was approximately seven and a half months after the statutory deadline. During the course of the audit the finance team struggled to have capacity to respond to our requests for supporting information, in particular during our intended planning and risk assessment activities that were due to be undertaken between January and March 2024. This restricted our ability to complete our planed audit procedures and rebuild the assurance over the Council's financial information.
- The Council commissioned a review of its financial management function undertaken by CIPFA. This highlighted that there were capacity constraints within the finance function and a number of single points of failure, which risked causing weaknesses in financial control.
- We note that a number of factors contributed to the backlog in the outstanding audits for the Council, many of which were outside the control of the Council, and that the need to close down the remaining audits placed a lot of additional pressure on the capacity of the finance function. However, due to the late publication of the 2022/23 accounts for inspection and the challenges in publishing the 2023/24 accounts and preparing for their audit we consider that there was a significant weakness during the year in having sufficient capacity within the finance function to prepare financial statements on a timely basis.
- We acknowledge that subsequent to the period covered by this report there has been strengthening of the finance team, with additional resource brought in to help catch up the backlog of accounts and ensure processes are working effectively. Management have undertaken permanent recruitment for key roles within the finance team during 2024/25 that should strengthen the gaps that had been in place.

	2023-24	2022-23
Head of Internal Audit Opinion	Reasonable Assurance	Reasonable Assurance
Local Government Ombudsman findings	0 upheld complaints	0 upheld complaints

Conclusion

We have identified two significant weaknesses relating to the implementation of strategic risk management arrangements and capacity of the finance function.

Recommendations

We raised the following recommendations in response to significant weaknesses identified in our value for money procedures.

#	Recommendation	Management Response
1	**The Corporate Risk Register was not reviewed and updated in financial year 2023/24** The Council should focus on embedding its risk management process and ensure Cabinet regularly reviews the Corporate Risk Register. There is need for the Council's subcommittee to have oversight on the Council's risk management process by ensuring risks are adequately captured through the risk management processes, identifying new risks or escalating risk grades as appropriate.	The Council will continue to develop its Risk Register through review by Cabinet and all appropriate sub committees, embedding the process into routine and regular review. **Adrian Webb (implementation from 01-04-2025 for 2025/26 financial year).**
2	**Late publication of statement of accounts and non-compliance with statutory dates** We recommend the Council to comply with the statutory reporting deadlines by publishing the accounts before the date as determined by Secretary of State. We also noted that , in order for Council to improve the efficiency and capacity of its Finance division, the Council should aim to address the challenges raised in the CIPFA financial management report. The Council should ensure that the Finance management team is well-resourced and have the capacity to execute the finance functions as illustrated in the CIPFA Code Financial Management report.	The Council has implemented a detailed timetable for 2024/25 financial year closedown, aimed at publishing full "true and fair" accounts by 31/05/2025 as per statutory requirement. The Council will also revied the CiPFA report and look to implement all recommendations as quickly as possible. Resourcing the finance team is an ongoing priority, the Council will control recruitment and where staff leave, competent replacements be sought. **Adrian Webb (implementation occurring already)**

Improving economy, efficiency and effectiveness

How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Council evaluates the services it provides to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.

Performance review and reporting

- The Council engages with stakeholders in a variety of ways, including utilisation of feedback forms within some of the Services. We have noted that there is a publicly available complaints process published on the Council website, which is clear and accessible - this ensures that any key matters will be monitored and communicated to the appropriate personnel in management.
- Performance is monitored through regular monthly meetings at Service level, and Performance Indicators are monitored through the CMT, which demonstrates actions carried out by the Council and provides risk ratings. This report is presented for scrutiny at the Scrutiny Committee meeting, which applies appropriate scrutiny and monitoring to performance of services.

Service evaluation

- We have noted through our inquiries that the Council monitor operational performance through a number of channels, including the operation of feedback forms on the Council website, and the operation of telephone lines to deal with feedback and complaints. There are efforts in place to streamline and standardise the receipt and processing of feedback across services, documented from our inquiries.
- We observed that the Council use benchmarking, as a statutory requirement, to assess collection rates. They are also utilising benchmarking tools for the transformation programme to assess against peer councils. They also utilise government tools for assessment of fees and charges to assess the level of Council rates against national benchmarking figures and their more immediate peer group. This is demonstrative of an effective usage of data and tools. Based on our review of the Benchmarking report based on the Councils grouped by size , the Council rate were in line with average rate.
- We have observed that management use budget gap analysis as part of Quarterly monitoring. Services are asked at management board meeting (CMT) if there are any service areas under pressure. Efficiency factors are built in based on prior years experience as a budget target. Through the input of services to the quarterly monitoring process, progress against these general targets is measured.

Identification of efficiencies

- As noted on page 14 the Council has identified the need to achieve £7m of recurrent annual savings by 2028. To date it has identified £2m of these. There is regular monitoring by the Cabinet of financial performance, including the progress made in identifying and implementing efficiencies.
- A detailed schedule is maintained of the efficiencies that have been identified. There remains a significant challenge for the Council to identify the remaining gap in savings required, with a projected £6m deficit from 2026/27.

Improving economy, efficiency and effectiveness

Management of housing stock

- The Council manages its housing stock through a joint venture the Norse Group, known as Uttlesford Norse Services Limited (UNSL). This is responsible for the provision of repairs and maintenance and improvement work across the housing stock. The service agreement in place runs until March 2025, when we understand that the Council is intending to bring the services in house and end the contractual arrangement with the joint venture.
- Issues had been identified with the management of the contract a number of years ago, including through an internal audit of the Council's management of the partnership undertaken in 2021. In August 2022 the Council made a self-referral to the regulator of social housing as the Council believed it may be in breach of the Home Standard with regard to its obligations relating to health and safety.
- Following these issues being identified the Council commissioned an independent survey of the state of its housing stock in order to quantify issues that needed to be addressed. The Council implemented performance indicators and monitoring for key areas of health and safety compliance and has been undertaking monitoring during the period to assess how it is performing in complying with its targets.
- At the beginning of the 2023/24 year the Council received a notification from the regulator of social housing that it was closing the referral and would not be taking action against the Council based on the improvement in its performance and the progress made against its action plan. The Council has continued to monitor performance against its KPIs throughout the year and has taken actions to strengthen the contract management of the arrangement with UNSL so that backlogs and delays do not increase again.
- A follow up internal audit was undertaken during 2024, which noted that significant progress had been made with the management of the contract, but continued to provide limited assurance over the arrangements in place relating to health and safety as a landlord. In particular the audit identified gaps in arrangements for ensuring that inspections were undertaken on a timely basis and that up to date policies needed to be in place to provide management oversight of health and safety matters.

Conclusion

We have not identified any significant weaknesses in the Council's arrangements for achieving economy, efficiency and effectiveness. There is a well designed structure in place for overseeing the efficiency programme and a balanced position against the general fund is projected through to March 2026. While the Council also faces significant challenges with the condition of its housing stock we are satisfied that sufficient actions have been implemented and the Council is on course to implement its action plan.

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