

# Finance Sub-Committee

## Agenda

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**Date:** Thursday 12th September 2024  
**Time:** 5.00 pm  
**Venue:** Committee Suite 1,2 & 3, Westfields, Middlewich Road,  
Sandbach CW11 1HZ

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The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

It should be noted that Part 1 items of Cheshire East Council decision making meetings are audio recorded and the recordings will be uploaded to the Council's website.

### **PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT**

1. **Apologies for Absence**

To note any apologies for absence from Members.

2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any disclosable pecuniary interests, other registerable interests, and non-registerable interests in any item on the agenda.

3. **Minutes of Previous Meeting (Pages 3 - 8)**

To approve as a correct record the minutes of the previous meeting held on 25 June 2024.

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For requests for further information

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4. **Public Speaking/Open Session**

In accordance with paragraph 2.24 of the Committee Procedure Rules and Appendix on Public Speaking, set out in the [Constitution](#), a total period of 15 minutes is allocated for members of the public to put questions to the Sub-Committee on any matter relating to this agenda. Each member of the public will be allowed up to two minutes to speak; the Chair will have discretion to vary this where they consider it appropriate.

Members of the public wishing to speak are required to provide notice of this at least three clear working days in advance of the meeting.

5. **First Financial Review 2024/25 (Pages 9 - 68)**

To consider the current forecast outturn for the financial year 2024/25 based on income, expenditure and known commitments as at the end of July 2024.

6. **Medium Term Financial Planning Assumptions (Pages 69 - 80)**

To consider the update report on the development of the Medium-Term Financial Strategy 2025 to 2029.

7. **CIPFA Financial Management Code (FM Code) Self Assessment & Action Plan 2023/24 (Pages 81 - 164)**

To consider the progress in implementing the Chartered Institute of Public Finance & Accountancy Financial Management Code and the 2023/24 Self-Assessment.

8. **Work Programme (Pages 165 - 170)**

To consider the Work Programme and determine any required amendments.

**THERE ARE NO PART 2 ITEMS**

**Membership:** Councillors L Anderson (Vice-Chair), D Brown, D Clark (Chair), J Clowes, B Drake, K Edwards, R Kain and C O'Leary

**CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Finance Sub-Committee**  
held on Tuesday, 25th June, 2024 in the Committee Suite 1,2 & 3, Westfields,  
Middlewich Road, Sandbach CW11 1HZ

**PRESENT**

Councillor N Mannion (Chair)  
Councillor L Anderson (Vice-Chair)

Councillors D Brown, J Clowes, B Drake, R Fletcher, S Gardiner and F Wilson

**OFFICERS IN ATTENDANCE**

Adele Taylor, Interim Director of Finance and Customer Services  
David Brown, Director of Governance and Compliance  
Julie Gregory, Legal Officer  
Rachel Graves, Democratic Services Officer

For Item 12 only:

Tom Shuttleworth, Director of Environment and Neighbourhoods  
Chris Allman, Director of Transformation  
Deborah Upton, Senior Governance Lawyer

**1 APOLOGIES FOR ABSENCE**

Apologies were received from Councillors R Kain and C O'Leary.  
Councillors R Fletcher and S Gardiner attended as substitutes.

**2 DECLARATIONS OF INTEREST**

In the interests of openness, Councillors R Fletcher, S Gardiner, and N Mannion declared that they were as future beneficiaries of the local government pension scheme.

Councillor N Mannion declared that in his capacity as Chair of the Finance Sub Committee he acted as the Council's shareholder in relation to the Wholly Owned Companies.

**3 MINUTES OF PREVIOUS MEETING****RESOLVED:**

That the minutes of the meeting held on 22 March 2024 be approved as a correct record.

**4 PUBLIC SPEAKING/OPEN SESSION**

There were no public speakers.

5 **FINAL OUTTURN 2023/24**

The Sub-Committee considered a report which provided an overview of the Cheshire East Council Outturn for the financial year 2023/24.

Referring to the PFI payments, which had been inherited from Cheshire County Council, it was asked how much longer the Council had to pay these. Officers undertook to provide a written response.

The report referred to the grants received, and it was asked if details could be provided on all the grants the Council received. The Chief Finance Officer undertook to provide a written response but noted that the Council received hundreds of grants, some very small and other very large.

Reference was made to underspends due to vacancies not being filled and it was noted whilst this helped the budget position it was not sustainable.

It was noted that the first quarter review 2024/25 report would be brought to the September meeting of the Sub Committee.

**RESOLVED** (by majority): That the Sub Committee

- 1 note the overall financial performance of the Council in the 2023/24 financial year, as contained within the report, as follows:
  - a) a Net Revenue Overspend of £8.5m against a revised budget of £356.2m (2.4% variance) funded by drawdown from General Reserves.
  - b) General Reserves closing balance of £5.6m
  - c) Capital Spending of £136.9m against an approved programme of £171.1m (18% variance)
- 2 note the content of each of the following annexes:
  - a) Annex 1 – Financial Stability section provides information on the overall financial stability and resilience of the Council. Further details are contained in the appendices:
    - Appendix 1 Adults and Health Committee
    - Appendix 2 Children and Families Committee
    - Appendix 3 Corporate Policy Committee
    - Appendix 4 Economy and Growth Committee
    - Appendix 5 Environment and Communities Committee
    - Appendix 6 Highways and Transport Committee
    - Appendix 7 Finance Sub Committee
    - Appendix 7a Update to the Treasury Management Strategy
    - Appendix 7b Update to the Investment Strategy
- 3 Recommend to Council the approval of the Children and Families Committee Supplementary Capital Estimates (SCE) over £1,000,000 and Capital Virements over £5,000,000 in accordance

with the Financial Procedure Rules, as detailed in Annex 1: Appendix 2, Section 4, Table 4.

- 4 Recommend to Council the approval of the Highways and Transport Committee Supplementary Capital Estimate (SCE) over £1,000,000 as detailed in Annex 1: Appendix 6, Section 4, Table 4.
- 5 Note the Environment and Communities Committee Capital Budget reductions, as detailed in Annex 1: Appendix 5, Section 4, Table 3.
- 6 Note the Highways and Transport Committee Capital Budget reductions as detailed in Annex 1: Appendix 6, Section 4, Table 5.

### **6 MEDIUM TERM FINANCIAL STRATEGY ASSUMPTIONS AND REPORTING CYCLE FOR 2024/25 TO 2028/29**

The Sub-Committee considered a report which set out the baseline assumptions for net revenue expenditure and core funding, to assist with development of the Medium-Term Financial Strategy 2025 to 2029.

The Sub-Committee was being asked to approve the assumptions and to form a Working Group to review them further over the summer with the aim of feeding back in September.

The Sub-Committee was also being asked to approve the financial reporting timetable at Appendix C to the report.

In response to members' questions and comments, officers advised as follows:

- the RAG ratings in the report related to budget pressures and were applied by directorates. These ratings were challenged by CEBERT and directorates having to make alternative savings to cover these.
- the monitoring of budgets was undertaken by going through account and cost centre information, line by line, for all budgets across the Council to help identify any trends.
- the MTFS was about delivering the corporate priorities of the Council and the policies supporting these priorities needed to fit the resources available.

The Sub Committee highlighted that the baseline assumptions were the initial interim assumptions for the start of the process, and these would be considered by the Working Group and any changes to them would be reported back to the Sub Committee.

It was requested that the Working Group meet via Teams and that an invite be sent out for the initial meeting to all members of the Sub Committee.

**RESOLVED** (by majority): That the Sub Committee

- 1 approve the budget assumptions underpinning the Medium Term Financial Strategy for 2025-29, for planning purposes, as set out in Appendix A1 to the report.
  - 2 approve the setting up of a Finance Sub Committee Assumptions Working Group to meet informally with the Chief Finance Officer to review the current assumptions with the aim of feeding back to the September committee meeting; the Group to be made up of at least four members of the Sub Committee.
  - 3 approve indicative savings targets and budget envelopes for each committee for 2025/26, as shown in Table 7 of the report and Appendix B to the report.
  - 4 approve the combined Budget setting and transformation timeline, as set out in Appendix C to the report.
  - 5 note the 2024/25 Budget change items progress, as set out in Appendix D to the report.
- 7 DRAFT PRE-AUDITED FINANCIAL STATEMENTS – WHOLLY OWNED COMPANIES 2023/24 AND OUT-TURN UPDATE 2023/24**

The Sub-Committee considered a report which confirmed that the Council's wholly owned companies would publish, on their websites, their pre-audit Summary Financial Statements for year ended 31 March 2024, alongside the Council's 2023/24 Group Financial Statements.

**RESOLVED** (unanimously): That the Sub Committee

- 1 note the summarised position of the Wholly Owned Companies Financial Statements for year ended 31st March 2024 based on the presentation provided at this meeting and included in this report at Appendix 1.
- 2 note the dates in relation to the approval process for the Financial Statements.
- 3 note the overall financial performance of the Wholly Owned Companies in the 2023/24 financial year, as contained within the Appendix 1, as follows:
  - (a) ASDV Reserves increased by £0.173m, retained reserves are £2.016m.
  - (b) Wholly Owned Companies Net Core Contract Spending was £45.051m

**8 APPOINTMENTS TO WORKING GROUPS AND WHOLLY OWNED COMPANY BOARDS**

The Sub-Committee considered a report on the appointment of members to the Shareholder Working Group, the appointment of members of the Sub-Committee as shareholder representatives to attend and observe the board meetings of the Council's wholly owned companies and appoint a member to the Joint Extra Care Housing Management Board.

**RESOLVED** (unanimously): That

- 1 Councillors D Brown, D Jefferay, N Mannion, L Smetham and F Wilson be appointed as members of the Shareholder Working Group.
- 2 the following members of the Sub-Committee be appointed as shareholder representatives to attend and observe the board meetings of the wholly owned companies:  
  
Councillor F Wilson – Ansa  
Councillor F Wilson – Orbitas  
Councillor J Clowes – Tatton Park Enterprises
- 3 one member of the Finance Sub Committee be nominated to the Joint Extra Care Housing Management Board.

**9 WORK PROGRAMME**

The Sub-Committee considered its work programme for 2024/25.

Reference was made to the briefing sessions requested at last meeting in March and it was stated with the change of Chief Finance Officer and officer availability, it had not been possible to arrange them, and it was expected that these would held in September.

It was asked if a briefing/training could be held on the management of assets as this was linked financial management. Officers undertook to look into this.

**RESOLVED:**

That the Work Programme be noted.

**10 REPORTING OF URGENT DECISIONS**

The Sub Committee received a schedule of an urgent decision taken by the Chief Executive on behalf of the Finance Sub Committee, which was reported for information in accordance with the Council procedure rules.

**RESOLVED** (unanimously):

That the schedule of the urgent decision be noted.

**11 EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED** (unanimously):

That the press and public be excluded from the meeting during consideration of the final item on the agenda pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and the public interest would not be served in publishing the information.

**12 WHOLLY OWNED COMPANIES STRATEGIC OPTIONS REVIEW - OUTCOMES**

The Sub Committee considered a report on the outcomes of the Wholly Owned Companies Strategic Options Review.

**RESOLVED** (by majority):

That the recommendations as set out in the report be approved.

The meeting commenced at 2.30 pm and concluded at 5.06 pm

Councillor N Mannion (Chair)



**OPEN**

**Finance Sub Committee**

**12 September 2024**

**First Financial Review 2024/25**

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**Report of: Adele Taylor, Interim Director of Finance and Customer Services (s151 Officer)**

**Report Reference No: FSC/08/24-25**

**Ward(s) Affected: All**

**Purpose of Report**

- 1 This report provides the current forecast outturn for the financial year 2024/25 based on our income, expenditure and known commitments as at the end of July 2024. It also identifies actions that are being taken to address adverse variances to urgently address our financial sustainability.
- 2 The report provides the forecast outturn for all services, to provide Members with contextual information on the position for the whole Council. Members are asked to focus their scrutiny on the forecasts and supporting information relating to services within the remit of the Committee whilst understanding the overall context as a whole.
- 3 The report highlights any changes and external pressures that are impacting the Council since setting the budget in February 2024. Annex 1, Section 2 of the report highlights what the Council is forecasting to achieve as part of the 2024/25 approved budget changes per line (growth and savings).
- 4 It is clear that further actions need to be identified to bring the Council back to a position where we are living within our means, and it will be important that these actions are closely monitored, and appropriate action taken to manage our resources. This report includes information on the actions that are currently underway.
- 5 Reporting the financial forecast outturn at this stage, and in this format, supports the Council's vision to be an open Council as set out in the Cheshire East Council Plan 2024-25. In particular, the priorities for an open and

enabling organisation, ensure that there is transparency in all aspects of council decision making.

- 6 The report also requests member approval for amendments to the Council's budget in line with authorisation levels within the Constitution.

## Executive Summary

- 7 The Council operates a financial cycle of planning, review, management and reporting. This report ensures that we review where we are and provides a forecast **outturn** position for the 2024/25 financial year whilst also identifying the actions that need to be taken to manage our overall resources. The information in this report also supports planning for next year's budget by identifying issues that may have medium term impacts.
- 8 The Council set its 2024/25 annual budget in February 2024. The budget was balanced, as required by statute, with planned use of reserves of £22m, plus £30m of savings to achieve in year, and included important assumptions about spending in the year. The budget is part of the Medium-Term Financial Strategy (MTFS) 2024 to 2028.
- 9 The First Financial Review (FR1) forecast revenue outturn is an **adverse variance of £26.5m**, (prior to application of any Exceptional Financial Support) as detailed below in **Table 1**:

<b>Table 1 2024/25</b>	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Forecast Variance</b>
	<b>(NET)</b>		
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Service Committee</b>			
Adults and Health	138.0	158.7	20.7
Children and Families	91.5	98.8	7.3
Corporate Policy	41.7	41.7	0.0
Economy and Growth	28.1	25.5	(2.6)
Environment and Communities	48.4	49.1	0.6
Highways and Transport	16.0	15.5	(0.5)
<b>Sub-Committee</b>			
<b>Finance Sub:</b>			
Central Budgets	23.9	24.8	0.9
Funding	(387.6)	(387.6)	-
<b>TOTAL</b>	<b>-</b>	<b>26.5</b>	<b>26.5</b>

- 10 The FR1 forecast reserves, after agreed movements budgeted for in the 2024-28 MTFS, are currently £14.0m, being £4.5m of General Fund Reserve and £9.5m of Earmarked Reserves. The Council's level of reserves is

therefore insufficient to cover the current forecast revenue outturn for the year without further action.

- 11 This forecast does not assume use of the Exceptional Finance Support (EFS) that was requested in 2023/24 and 2024/25 that was agreed in principle, subject to a number of conditions being satisfied, including the submission of a transformation plan at the end of August 2024. It also does not assume the cost of accepting that EFS support which would impact on the cost of borrowing over the medium term.
- 12 The FR1 forecast position indicates that further urgent action to reduce the overspend, and bring spending back in line with budget, is required. Failure to do so would require the Council to use the existing conditional Exceptional Financial Support (£17.6m) which would be the only way for the S151 Officer to avoid having to issue a S114 notice to the Council.
- 13 The level of EFS support would need to be agreed and finalised with the government and the financial impact of this would need to be built into the overall financial modelling for the Council. As reported to members in June 2024 in the 'Medium Term Financial Strategy Assumptions and Reporting Cycle for 2024/25 to 2028/29' the Council faces a significant four-year funding gap, with the shortfall in 2025/26 currently estimated at £41.9m. There is a risk that pressures leading to the FR1 forecast position may increase that shortfall figure if rapid action doesn't take place to stabilise our financial position.
- 14 The FR1 forecast position for capital spending for 2024/25 indicates forecast capital expenditure of £164.5m against the MTFFS budget of £215.8m. Re-profiling of Capital expenditure to future years to match scheme delivery as well as an ongoing capital review to ensure that our capital borrowing remains affordable is underway and there will be further reporting on this at FR2.
- 15 **Table 2** sets out the capital programme profiling changes:

<b>Table 2</b>	2024/25	2025/26	2026/27	2027/28	2024/28
	Estimate	Estimate	Estimate	Estimate	Total
	£000s	£000s	£000s	£000s	£000s
Capital Programme MTFFS	215,779	177,633	66,772	132,054	592,238
Funded by:					-
Borrowing	55,199	53,218	19,318	30,215	157,950
Grants and other contribution:	160,580	124,415	47,454	101,839	434,288
	<u>215,779</u>	<u>177,633</u>	<u>66,772</u>	<u>132,054</u>	<u>592,238</u>
Capital Programme FR1	164,545	141,232	109,679	231,837	647,293
Funded by:					
Borrowing	51,878	53,566	10,180	27,779	143,403
Grants and other contribution:	112,667	87,666	99,499	204,058	503,890
	<u>164,545</u>	<u>141,232</u>	<u>109,679</u>	<u>231,837</u>	<u>647,293</u>
Movement from MTFFS	(51,234)	(36,401)	42,907	99,783	55,055

16 **Table 3** sets out the summary revised capital programme:

<b>Table 3</b>	<b>MTFS</b>	<b>C/Fwd</b>	<b>SCEs</b>	<b>Virements</b>	<b>Budget</b>	<b>Revised</b>
	<b>Budget</b>	<b>from</b>	<b>in Quarter</b>	<b>in Quarter</b>	<b>Reductions</b>	<b>FR1</b>
	<b>2024/28</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2024/25</b>	<b>2024/25</b>	<b>Budget</b>
	<b>£m</b>		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>2024/28</b>
						<b>£m</b>
Adults and Health	0.8					0.8
Children and Families	86.8	1.9	21.6	(1.4)		108.9
Highways & Transport	270.2	8.1	9.8		(1.1)	287.0
Economy & Growth	175.6	9.9	1.3	2.1	(4.2)	184.7
Environment & Corporate Policy	39.4	2.2	0.4	0.1	(0.1)	42.0
	19.4	4.4				23.8
	<b>592.2</b>	<b>26.5</b>	<b>33.1</b>	<b>0.8</b>	<b>(5.4)</b>	<b>647.2</b>

17 As part of the urgent actions required to reduce the overspend a full review of the capital programme is being undertaken. The forecast borrowing that is included in the capital programme will have the following revenue impact:

<b>Table 4</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2024-28</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Forecast borrowing to fund capital programme	51,878	53,566	10,180	27,779	143,403
MRP	-	3,916	5,392	6,854	16,162
Interest	2,610	3,796	3,469	4,302	14,177
<b>Total annual revenue impact</b>	<b>2,610</b>	<b>7,712</b>	<b>8,861</b>	<b>11,156</b>	<b>30,339</b>

18 In order to alleviate the revenue pressure from external borrowing an immediate reduction in capital spend is required. This will reduce the related revenue impact of interest costs and Minimum Revenue Provision (MRP) both of which are charged to revenue through the Capital Financing Budget (CFB). The council must aim to optimise use of all other available sources to fund our capital programme and must minimise the use of borrowing to reduce the pressures on the revenue budget. Identification of any additional capital receipts that can be realised in year would also reduce revenue pressures from borrowing in year or could be used to assist with funding of transformation activity if a capitalisation direction could be agreed to use them in that way with Central Government.

19 Due to the long-term nature of capital investment the revenue implications of decisions taken by the council now will extend well beyond the term of the current year and into the medium term.

20 In the review of the capital programme the long-term capital repayment commitments (MRP) will be the initial area of focus. Reducing the annual MRP associated with any new borrowing on a scheme-by-scheme basis will be a priority. There will be a secondary impact of reducing forecast interest which will also reduce the effect on the revenue account, but it is the reduction

in new borrowing and new commitment to long term capital repayments that will allow the programme to remain affordable and sustainable.

- 21 Reductions in borrowing can be achieved through:
- (a) Reduce, delay or remove schemes funded by borrowing;
  - (b) Focus on exiting contractual commitments, fulfilling statutory services and public safety requirements;
  - (c) Prioritise the capital projects that will have most beneficial impact on the revenue budget in the medium term;
  - (d) Remove forward funding;
  - (e) Reprioritise use of grants and apply appropriate S106 contributions to schemes.
- 22 A Strategic Finance Management Board has been set up to lead on a number of key tasks to urgently reduce spend and identify additional savings, including:
- Line by line reviews of all budgets to further identify immediately any underspends and/or additional funding;
  - Stop any non-essential spend;
  - Actively manage vacancies, particularly agency usage and reduce any overspends on staffing as soon as possible;
  - Review of Section 106 legacy budgets;
  - Review of capital receipts available and potentially surplus assets that can be sold (for best consideration);
  - Identification of any other areas of discretionary spend including grants awarded, where spend can be reduced or stopped.
- 23 In addition, any directorate that is identified as being off target by more than 5% is now subject to a detailed finance and performance review on a weekly basis through a financial recovery review process. This includes a detailed action plan, identifying what can be done to sustainably reduce the pressure and gaining assurance over the management of those actions to deliver improved financial outturns. This process has been put in place for Adults Services and Children and Families and is being chaired by the S151 Officer.
- 24 Paragraphs 58-60 below provides a summary overview of the forecast against the approved 2024/25 budget change items, including RAG rating. In addition, there is further detail per change item with accompanying commentary, as reviewed by the Council's Corporate Leadership Team, in respect of each item within **Annex 1, Section 2**.
- 25 **Annex 1: Detailed First Financial Review 2024/25**
- **Section 1** 2024/25 Forecast Outturn
  - **Section 2** 2024/25 Approved Budget Change Items
  - **Section 3** Revenue Grants for approval

- **Section 4** Capital
- **Section 5** Reserves

## RECOMMENDATIONS

The Finance Sub Committee to:

1. Review the factors leading to a forecast adverse Net Revenue financial pressure of £26.5m against a revised budget of £387.6m (6.8%). To scrutinise the contents of **Annex 1, Section 2** and review progress on the delivery of the MTFs approved budget policy change items, the RAG ratings and latest forecasts, and to understand the actions to be taken to address any adverse variances from the approved budget.
2. Consider the in-year forecast capital spending of £164.5m against an approved MTFs budget of £215.8m, due to slippage that has been re-profiled into future years.
3. Note the available reserves position as per **Annex 1, Section 5**.
4. Note the Capital Virements above £500,000 up to and including £5,000,000 as per **Annex 1, Section 4, Table 3** will be approved in accordance with the Council's Constitution.
5. Note that Council will be asked to approve Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding over £1,000,000 as per **Annex 1, Section 3, Table 1**.
6. Note that the Adults and Health Committee will be asked to approve the Supplementary Revenue Estimate Request for Allocation of Additional Grant Funding over £500,000 up to £1,000,000 as per **Annex 1, Section 3, Table 2**.
7. Note that the Highways and Transport Committee will be asked to approve the Supplementary Capital Estimate above £500,000 up to and including £1,000,000 as per **Annex 1, Section 4, Table 3**.

## Background

- 26 This single view of the financial picture of the Council provides the overall financial context.
- 27 The management structure of the Council is organised into four directorates: Adults, Health and Integration; Children's Services; Place; and Corporate Services. The Council's reporting structure provides forecasts of a potential year-end outturn within each directorate during the year, as well as highlighting activity carried out in support of each outcome contained within

the Corporate Plan. Budget holders are responsible for ensuring they manage their resources in line with the objectives of the Council and within the approved budget.

- 28 For the purposes of each committee, these directorate budgets are aligned to a specific committee and the appendices to this report provides information at a level that the committee should have the ability to be able to scrutinise what is causing any variations in budget and appropriate actions to bring the council back into line in terms of managing its resources.

### **Key issues causing the pressures**

- 29 There are a number of key issues causing the forecast revenue overspend, including:
- Ongoing adverse effects of the extended period of high inflation and interest rates;
  - Continued increasing demand and complexity of care beyond the levels that had been previously identified;
  - Increase in staff costs, including use of agency staff and impact of National Living Wage which also impacts on our third party commissioned contracts;
  - Increased borrowing costs associated with the unfunded Dedicated Schools Grant (DSG) deficit;
  - Non delivery of some previously agreed savings and/or income targets;
  - The financial impact of investment in transformation and improvement activity over the medium term.

### **Specific commentary on the forecast outturn position by Committee**

#### **Adults and Health adverse variance of £20.7m**

- 30 The Adults, Health and Integration budget is forecast to overspend by £20.8m. This is in part a consequence of the full year impact of activity levels identified in the 2023/24 year-end outturn. The department started 2024/25 with a higher level of commitment than originally planned for when the MTFs was set in February 2024, and therefore unfunded. An additional £7m of in-year savings would be required to off-set one-off funding received in 2023/24 that will not be received in 2024/25.
- 31 The key drivers of forecast expenditure remain price increases, staff costs and increase in complexity, however, at the beginning of this year we have seen an unusual increase in the number of former self-funders seeking local authority funding to meet the ongoing cost of their care.
- 32 As set out in the 2024/25 to 2027/28 MTFs, the forecast anticipates several serious and significant risks, including pressure on prices due to unfunded increases in the National Living Wage. The department is currently in negotiations with a number of providers who are seeking above inflation increases. The department has recently acquired a negotiation tool to ensure

full cost and price transparency which will be used before agreeing increases, to ensure greater fairness and consistency.

- 33 As in previous years, increases in discharge activity in the NHS continues to drive additional price and activity in adult social care. A reduction of over 50 acute beds across the local NHS trusts is intensifying the impact on adult social care. A review by specialist consultants, commissioned by the Department of Health and Social Care is attempting to analyse the impact.
- 34 The department is undertaking significant work to address the budget pressures. This includes:
- The financial impact of changes agreed to the charging policy for this financial year;
  - Reviewing our pricing strategy;
  - Reviewing our use of agency members of staff;
  - Whole system review of supported living operations to reduce the number of under-utilised placements;
  - Considering transformation options that may be able to be delivered earlier;
  - Reviewing use of technology to support service delivery.

### **Children and Families adverse variance of £7.3m**

- 35 At the end of the last financial year the outturn for Children and Families was an overspend of £8.2m. The Medium-Term Financial Strategy included growth to address the pressures that were emerging throughout 2023/24. The costs of children's social care are a concern for many local authorities and not unique to Cheshire East. The First Financial Review for 2024/25 reflects a £7.3m in-year pressure.
- 36 The key pressure areas for the directorate include:
- 37 Children's social care agency placements where the complexity of children in care has continued to increase and also the number of children in care has increased from 528 at April 2024 to 534 at June 2024 (compared to a decrease from 586 at April 2023 to 576 at June 2023). Placement costs are increasing by significantly more than inflation and more than was projected for growth in-year. This has in part been affected by the disproportionate number of asylum seeking children in Cheshire East.
- 38 The use and cost of agency staff in children's social care to cover vacancies, sick absence, and maternity leave.
- 39 The number of staff is greater than the planned establishment to ensure we are able to meet our statutory needs.
- 40 Home to school transport costs – where a mix of increasing numbers of pupils with an education, health and care plan (EHCP), driver shortages and increasing fuel costs have seen overall costs rise.



- 41 Schools Catering – where the costs of the service are above the current charged income level and base budget.
- 42 Work is underway in the services to look at mitigating actions which can be taken to reduce this forecast position in-year, and these pressures will be considered as part of the developing MTFS for 2025/26. These include:
- Reviewing costs of placements as more detailed reviews are underway focusing on the expected length that some placements may need to be in place for
  - Staffing establishment reviews now scheduled on a 6 weekly basis including a review of agency staff and alternative working
  - Reunification children to be identified with targeted work in place for individual cases
  - Tracking of similar spend across teams to be held in the same place as residential and supported accommodation spend to increase overall grip and understanding
  - Work on Edge of Care Service proposals to identify early intervention that may reduce admissions and costs

### **Dedicated School Grant (DSG)**

- 43 The key pressure on DSG relates to the high needs block where the SEND service continues to see a significant increase in the number of pupils with an EHCPs, and the associated school placement costs.
- 44 This has placed pressure on the grant used to provide funding for children with SEND in various settings and led to a £31.7m deficit in 2023/24. This adds on to the brought forward deficit of £46.9m to take the DSG Reserve to a £78.6m deficit position at the end of 2023/24.
- 45 This is an improvement on the budget gap as determined by the Council's DSG Management Plan that was reported to Children and Families Committee in April 2024 and set out the planned expenditure and income on high needs over the medium term.

### **Corporate Policy £23,000 overspend**

- 46 The Corporate Services Directorate has a net budget of £41.7m. At First Financial Review, the budget is forecast to overspend by £23,000.
- 47 However, it must be noted that, following a recent review of staffing establishments, there are pending staffing budgets realignments to be actioned which will change individual service forecasts but not the overall figure for Corporate Services.
- 48 Vacancy management in Corporate Services has resulted in the majority of services forecasting underspends on staffing budgets totalling just over £2m.

- 49 This has been combined with tighter control on non-pay spending across all services which is achieving a forecast underspend of £0.7m, and additional income of £0.2m is forecast in the Registrations Service.
- 50 However, these underspends have been offset by:
- a forecast £1.3m under-recovery of Rent Allowances;
  - a forecast overspend of £0.4m on the Transactional Service Centre (TSC), hosted by Cheshire West and Chester, mainly due to the additional costs of the stabilisation programme;
  - a £0.5m shortfall in charging staff time to capital projects within ICT Strategy;
  - and a £0.1m overspend in ICT Shared Service due to lower than budgeted project income and schools recharge income.
- 51 There is a forecast overspend of £0.5m in Revenues and Benefits, and Accountancy due to additional costs including Bank Charges and External Audit fees, and a staffing budget pressure of £0.1m across Corporate Services relating to the estimated impact of the latest pay award offer versus the amount included in the MTFS.

**Place Directorate favourable variance of £2.5m**

- 52 Overall, the Place Directorate is reporting an underspend of £2.5m at the first Financial Review against a £92.6m budget. Pressures from reducing planning application income (£0.5m), increased waste collection and disposal costs (£0.7m) and yet to be secured savings against leisure (£0.2m) have been mitigated through vacancy management, reducing expenditure and maximising funding opportunities.

**Economy & Growth favourable variance of £2.6m**

- 53 Growth and Enterprise Directorate and Place Directorate have an underspend of £2.6m against a net budget of £28.1m, the key reasons for the underspend are:
- Facilities Management: £1.7m underspend is forecast. This reflects pressures against maintenance budgets of £0.7m (additional pressures and delivery of savings), costs of workplace initiatives and equipment of £0.3m, the transfer of underspends to offset Place MTFS targets across the Directorate £0.6m have been offset by:
    - Savings against gas and electricity compared to much higher budgeted costs £3m.
    - Business rates underspend £0.1m due to revaluations and appeals.
    - Underspends from vacancy management £0.2m.
  - Economic Development: £0.4m forecast underspend from vacancy management, reduced expenditure on supplies and increased income.

- Assets Service: £0.1m underspend from managing vacancies offset by lower property income.
- Housing: £0.2m underspend from vacancy management.

### **Environment & Communities adverse variance of £0.6m**

54 Environment and Neighbourhood Services has an overspend of £0.6m against a net budget of £48.4m. The key reasons for the overspend are:

- Development Management: £0.6m overspend is forecast reflecting pressures from a shortfall in income from planning applications £0.5m plus one-off costs of the new planning system £0.1m. These pressures are offset by vacancy management savings of £0.1m.
- Environmental - Commissioning ANSA: £0.4m overspend comprising pressures of £0.3m relating to the estimated impact of the latest pay award, Ansa Contract pressures of £0.5m (includes £0.1m Emergency HWRC Closures, £0.2m Place Saving Target (MTFS 2023/24), £0.2m waste collection crew costs) and £0.2m Recycling contract pressure. Ansa mitigations £0.1m and additional use of ASDV Reserve £0.5m are offsetting these pressures.
- Libraries: £0.2m overspend. Pressures of £0.5m delivery of MTFS savings offset by £0.2m vacancy management and £0.1m underspend relating to MTFS growth for exploring a charitable trust model.
- Leisure Commissioning: £0.2m overspend relating to delivery of MTFS savings.
- Other service issues: £0.8m net underspend.
  - Building Control: £0.2m building control income pressure offset by £0.3m from vacancy management savings.
  - Local Land Charges and Planning Support: £0.2m underspend from vacancy management savings.
  - Strategic Planning: £0.3m underspend reflecting £0.1m vacancy management plus £0.2m delayed Local Plan costs.
  - Environmental Management Services: £0.1m underspend (capital financing costs offset by Green waste income).
  - Regulatory Services: £0.1m (£0.2m vacancies offset by £0.1m CCTV costs).

### **Highways & Transport favourable variance of £0.5m**

55 Highways & Infrastructure are reporting an underspend of £0.5m against a net budget of £16m. The key reasons for the underspend are:

- Car Parking: £0.4m underspend: through vacancy management £0.1m and increased income £0.3m.

- Strategic Transport: £0.1m underspend from vacancy management.

### **Finance Sub adverse variance of £0.9m**

56 Finance Sub Committee are reporting an adverse variance of £0.9m against a net budget of £23.853m.

- Financing & Investment £0.4m net pressure reflecting £1.6m increased cost of interest payments on borrowing offset by £0.9m increased interest receipts from investments.
- Reserves use (change from MTFS) reflects £0.5m additional Flexible Capital Receipts to offset by £1m reduction in available Capital Financing Reserve at outturn compared to forecast balance reflected in the February 2024 MTFS.

### **Overall mitigations planned to manage pressures**

57 A Strategic Finance Management Board has been set up to lead on a number of key tasks to urgently reduce spend and identify additional savings as noted in paragraphs 22-23 above.

### **Progress on delivery of the 2024/25 approved budget change items**

58 Table 5 presents a summary of the progress on the delivery of the 2024/25 approved budget change items. For items rated as Amber these are for items where there are risks and/or mitigating actions in place. For items rated as red these are for items where services are projecting an adverse variance and there is risk of in year non delivery/achievement. New mitigation items have also been included that have come forward since the approval of the MTFS to help the in year position where identified.

59 As the green and blue columns show, £10.2m of the budget change items are either delivered or on track to be delivered or even exceed in some cases. However, there is also a pressure of £41.4m as shown in the red column that has a high risk of not being achieved within this financial year. There are new in year mitigations of £7.5m, unrelated to the change item rows that has been identified to assist the outturn position. The table below summarises the progress by Committee:

**Table 5: Summary of the progress on the delivery of the 2024/25 approved budget change items**

Committee	Approved Change Budget £'000	Forecast Outturn £'000	Completed £'000	Could Exceed £'000	Green £'000	Amber £'000	Red £'000	Mitigations £'000
Adults & Health	1,136	21,853	-3,223	0	-6,430	0	34,601	-3,095
Children & Families	9,909	17,238	482	0	14,002	295	915	1,543
Corporate Policy	489	512	-507	0	250	-232	1,581	-580
Economy & Growth	3,316	728	-92	0	3,896	33	690	-3,799
Environment & Communities	-52	623	1,130	-1,480	-3,754	2,456	3,310	-1,039
Finance Sub	-19,667	-18,748	600	0	-19,348	0	0	0
Highways & Transport	4,869	4,393	2,638	0	1,647	245	351	-488
<b>TOTAL</b>	<b>-</b>	<b>26,599</b>	<b>1,028</b>	<b>-1,480</b>	<b>-9,737</b>	<b>2,798</b>	<b>41,448</b>	<b>-7,458</b>

60 A complete list of all approved budget change items, with progress noted against each item, can be found in **Annex 1, Section 2**.

### Revenue Grants for Approval

61 Approvals for Supplementary Revenue Estimates for allocation of additional grant funding are detailed in **Annex 1, Section 3**.

### Reserves Position

62 On 1 April 2024, Earmarked Reserves totalled £32.278m and the General Fund Reserve Balance totalled £5.580m. Of the total earmarked reserves, more than £22m (70.46%) will be spent in 2024/25, on supporting the revenue budget for 2024/25.

63 Table 6 and 7 shows the forecast level of Earmarked and General reserves by the end of 2024/25.

**Table 6: Earmarked Reserves**

Earmarked Reserves	Opening Balance 1 April 2024 £000	General Fund Transfers £000	Forecast Reserve Movement in year £000	Additional Drawdown Requests* £000	Forecast Closing Balance 31 March 2025 £000
Adults and Health Committee	5,226	(2,795)	(90)	0	2,341
Children and Families Committee	1,724	0	(1,593)	(131)	0
Corporate Policy Committee	20,773	(6,551)	(2,680)	(4,695)	6,847
Economy and Growth Committee	2,777	(662)	(1,004)	(765)	346
Environment and Communities Committee	870	(390)	(402)	(78)	0
Highways and Transport Committee	908	(205)	(415)	(288)	0
<b>EARMARKED RESERVES</b>	<b>32,278</b>	<b>(10,603)</b>	<b>(6,184)</b>	<b>(5,957)</b>	<b>9,534</b>
<b>TOTAL MOVEMENT</b>					

**\* All 'Additional Drawdown Requests' are still subject to review and are yet to be approved.**

**\*\* Totals excludes Schools' balances**

**Table 7: General Reserves**

General Reserves	Opening Balance 1 April 2024 £000	General Fund Transfers £000	Forecast Reserve Movement £000	Additional Drawdown Requests £000	Forecast Closing Balance 31 March 2025 £000
General Fund Reserve	5,580	(1,051)	0	0	4,529
<b>GENERAL FUND RESERVE</b>	<b>5,580</b>	<b>(1,051)</b>	<b>0</b>	<b>0</b>	<b>4,529</b>
<b>TOTAL MOVEMENT</b>					

64 The Council is currently forecast to have £9.534m of earmarked reserves at the end of the financial year 2024/25. Of this £2.279m can be considered ringfenced, with specific conditions limiting their use.

65 A full list of all earmarked reserves can be found in **Annex 1, Section 5**.

#### **Dedicated Schools Grant Reserve**

66 The Dedicated Schools Grant (DSG) is ring-fenced funding received for: schools; high needs / special educational needs; and early years provision. In recent years there has been a pressure on the DSG high needs block where funding has not kept pace with the increasing numbers and cost of children with an Education, Health and Care Plan. This has created a deficit DSG reserve balance which is held in an unusable reserve.

- 67 The on-going pressure is regularly reviewed; at the end of 2023/24 the deficit was £78.6m and this is forecast to increase by £43.0m by the end of 2024/25. This is an improvement on the Council's DSG Management Plan approved in April 2024, which sets out the planned expenditure and income on high needs over the medium term. The DSG Management Plan is currently being updated and will be reported to Committee on completion.

<b>Table 8</b>	
<b>Dedicated Schools Grant Deficit</b>	
	<b>£m</b>
Deficit Balance Brought forward	<b>78.6</b>
Additional In-year Pressures	<b>43.0</b>
<b>Deficit Balance at 31st March 2024</b>	<b>121.6</b>

## Debt

- 68 Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates). The balance of outstanding debt at 31 July 2024 has increased by £0.375m since 2023/24 Outturn (end of March 2024).
- 69 Annually, the Council raises invoices with a total value of over £80m. Around a quarter of the Council's overall sundry debt portfolio relates to charges for Adult Social Care, the remainder being spread across a range of functions including Highways, Property Services, Licensing and Building Control.
- 70 The Revenue Recovery team (using their experience gained in collecting Council Tax and Non-Domestic Rates) engage with services to offer advice and assistance in all aspects of debt management, including facilitating access to debt collection/enforcement agent services (currently provided by Bristow & Sutor).
- 71 After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of July 2024 was £17.3m.
- 72 The total amount of service debt over six months old is £10.5m; provision of £6.8m was made at year ended 31st March 2024 to cover doubtful debt in the event that it needs to be written off.
- 73 The level of Adult Social Care debt can fluctuate depending on when in the month the snapshot is taken, for example if it is before or after the Direct Debit income is received and allocated. The debt also has different levels of risk depending on the type of debt. For example, around £3.5m is linked to deferred arrangements which is debt that is secured on property or assets, and therefore carries a low risk. There is also around £5m of debt which is deemed to be lower risk as its linked to areas such as probate, property sales or deputyship.

**Table 9 – Debt Summary as at 31<sup>st</sup> July 2024**

	Outstanding Debt £000			Over 6 months old £000		
	Outturn	FR1	Increase / (Decrease)	Outturn	FR1	Increase / (Decrease)
<b>Adults and Health Committee</b>						
Adults, Public Health and Communities*	13,691	14,534	843	8,556	9,091	535
<b>Children and Families Committee</b>						
Children's Social Care (Incl. Directorate)	219	182	(37)	-	14	14
Prevention and Early Help	141	72	(69)	(5)	(4)	1
Schools	24	22	(2)	(1)	2	3
<b>Highways and Transport Committee</b>						
Highways and Infrastructure	1,598	1,189	(409)	678	751	73
<b>Economy and Growth Committee</b>						
Growth and Enterprise	581	704	123	328	393	65
<b>Environment and Communities Committee</b>						
Environment and Neighbourhood Services	384	355	(29)	189	209	20
<b>Corporate Policy Committee</b>						
Finance and Customer Services	111	109	(2)	73	73	-
Governance and Compliance	20	37	17	1	-	(1)
Human Resources	3	8	5	-	1	1
ICT	184	119	(65)	1	1	-
<b>Total</b>	<b>16,956</b>	<b>17,331</b>	<b>375</b>	<b>9,820</b>	<b>10,530</b>	<b>711</b>

## Council Tax and Business Rates

### Council Tax

74 **Table 10** details each precepting authorities share of the budgeted collectable rates income.

<b>Table 10</b>	<b>Band D</b>	<b>Collectable</b>
<b>Share of Council Tax Collectable Rates</b>	<b>Charge</b>	<b>Rates</b>
		<b>£m</b>
<b>Cheshire East Council</b>	<b>1,792.59</b>	<b>287.1</b>
Town and Parish Councils	71.57	11.5
Cheshire Police and Crime Commissioner	262.94	42.1
Cheshire Fire Authority	90.09	14.4
<b>Total</b>	<b>2,217.19</b>	<b>355.1</b>

75 The collectable rates valuation is based on the assumption that of the total amount billed, at least 99% will be collected. **Table 11** demonstrates that, excluding a slight reduction during the Covid-19 pandemic, the target to collect at least 99% of Council Tax within three years continues to be achieved.

<b>Table 11</b>					
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Council Tax Collection Rates	2020/21	2021/22	2022/23	2023/24	2024/25
	%	%	%	%	%
After 1 year	97.4	97.8	98.2	98.0	*28.43
After 2 years	98.6	98.5	98.8	**	**
After 3 years	98.9	99.0	**	**	**

\* 2024/25 rate is up to 30<sup>th</sup> June 2024.

\*\* Data is not yet available.

- 76 After accounting adjustments, the Council Tax Collection Fund is forecasting a £0.9m deficit for 2024/25, of which, £0.8m is attributable to Cheshire East Council. This deficit will be repayable in 2025/26 and will be managed through the Collection Fund Earmarked Reserve.

### Non-Domestic Rates (NDR)

- 77 Collectable rates are distributed between Cheshire East Council (49%), Cheshire Fire Authority (1%), and Central Government (50%).
- 78 Non-domestic Rates valuations for 2024/25 were set out in the NNDR1 return to Central Government in January 2024. Any variance to this forecast is included in the following years' NNDR1 return and any gain or loss will be recovered in 2025/26. The total Net Rates Payable into the Collection Fund was forecast at £155.7m.
- 79 **Table 12** demonstrates that the target to collect at least 99% of Non-Domestic Rates within three years continues to be achieved.

Table 12 Non-Domestic Collection Rates	2020/21	2021/22	2022/23	2023/24	2024/25
	%	%	%	%	%
After 1 year	92.4	95.6	98.2	97.7	*29.19
After 2 years	97.4	98.3	98.8	**	**
After 3 years	99.0	99.2	**	**	**

\* 2024/25 rate is up to 30<sup>th</sup> June 2024.

\*\* Data is not yet available.

- 80 After accounting adjustments, the Non-Domestic Rates Collection Fund is forecasting a £3.8m deficit for 2024/25, of which, £1.9m is attributable to Cheshire East Council. This deficit will be repayable in 2025/26 and will be managed through the Collection Fund Earmarked Reserve.

### Treasury Management Strategy update

- 81 Treasury Management income to 31 July 2024 is £895,000 which is higher than the budgeted £620,000. However, borrowing costs are also higher than budgeted at £6m compared to budget of £5.3m. This is caused by a combination of increasing interest rates with an increased borrowing requirement. From the projected cash flows for the remainder

of 2024/25 the net additional financing costs (borrowing less investment interest) is expected to be £0.7m in excess of that budgeted.

- 82 Interest rates have seen substantial rises over the last 2 years which has significantly increased the cost of borrowing. The expectation is that borrowing costs will start to fall later in 2024/25 and beyond.
- 83 At the moment, cash shortfalls are generally being met by temporary borrowing from other Local Authorities which for a number of years has been considerably cheaper than other sources of borrowing and allowed the Council to keep financing costs low. The cost of these loans is currently relatively high compared with longer term loans, but interest forecasts suggest it is still the cheaper option in the long term. However, liquidity risk remains an issue as funds become more scarce towards year end and the request to the Government for exceptional financial support has raised credit worthiness concerns with some lenders. To reduce liquidity risk and any potential credit related penalisation on interest costs, consideration is being given to taking more longer term PWLB loans.
- 84 The cost of short term borrowing for the first 4 months of 2024/25 is 5.54% which is an increase from 4.82% for 2023/24. These costs are now expected to reduce as the outlook is for reducing interest rates.

### **Investment Strategy**

- 85 There have not been any material changes to the Investment Strategy since that reported at Final Outturn 2023/24, see link [Final Outturn 2023-24 Annex 1.pdf \(cheshireeast.gov.uk\)](#)

### **Consultation and Engagement**

- 86 As part of the budget setting process the Pre-Budget Consultation provided an opportunity for interested parties to review and comment on the Council's Budget proposals. The budget proposals described in the consultation document were Council wide proposals and that consultation was invited on the broad budget proposals. Where the implications of individual proposals were much wider for individuals affected by each proposal, further full and proper consultation was undertaken with people who would potentially be affected by individual budget proposals.

### **Reasons for Recommendations**

- 87 The overall process for managing the Council's resources focuses on value for money, good governance and stewardship. The budget and policy framework sets out rules for managing the Council's financial affairs and contains the financial limits that apply in various parts of the

Constitution. As part of sound financial management and to comply with the constitution any changes to the budgets agreed by Council in the MTFs require approval in line with the financial limits within the Finance Procedure Rules.

- 88 This report provides strong links between the Council's statutory reporting requirements and the in-year monitoring and management processes for financial and non-financial management of resources.

### **Other Options Considered**

- 89 None. This report is important to ensure Members of the Committee are sighted on the financial pressure the Council is facing and the activity to date to try and mitigate this issue and are given an opportunity to scrutinise this activity and identify any further actions that could be taken to learn to live within our means Do nothing. Impact – Members are not updated on the financial position of the Council. Risks – Not abiding by the Constitution to provide regular reports.

### **Implications and Comments**

#### *Monitoring Officer/Legal*

- 90 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget and require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.
- 91 The provisions of section 25 of the Local Government Act 2003, require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- 92 The Council should therefore have robust processes in place so that it can meet statutory requirements and fulfil its fiduciary duty. It must ensure that all available resources are directed towards the delivery of statutory functions, savings and efficiency plans. Local authorities are creatures of statute and are regulated through the legislative regime and whilst they have in more recent times been given a general power of competence, this must operate within that regime. Within the statutory framework there are specific obligations placed upon a local authority to support communities. These duties encompass general and specific duties and

there is often significant local discretion in respect of how those services or duties are discharged. These will need to be assessed and advised on as each circumstance is considered.

- 93 The financial position of the Council must therefore be closely monitored, and Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings or alternative mitigations.
- 94 This report provides an update on progress for 2024/25 for all services.
- 95 It also provides updates and comments regarding the Council's request for Exceptional Financial Support under The Levelling-up and Regeneration Act 2023 which inserted an amended Section 12A as a trigger event within the Local Government Act 2003, in relation to capital finance risk management. The legislation also provides for risk mitigation directions to be given to the Council which limit the ability to undertake certain financial action. The limitations are based on identified risk thresholds.

#### *Section 151 Officer/Finance*

- 96 The Council's financial resources are agreed by Council and aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively, and that business planning and financial decision making are made in the right context.
- 97 Reserve levels are agreed, by Council, in February each year and are based on a risk assessment that considers the financial challenges facing the Council. If spending associated with in-year delivery of services is not contained within original forecasts for such activity it may be necessary to vire funds from reserves.
- 98 The unplanned use of financial reserves could require the Council to deliver a greater level of future savings to replenish reserve balances and / or revise the level of risks associated with the development of the Reserves Strategy in future.
- 99 As part of the process to produce this report, senior officers review expenditure and income across all services to support the development of mitigation plans that will return the outturn to a balanced position at year-end.

- 100 Forecasts contained within this review provide important information in the process of developing the Medium-Term Financial Strategy. Analysis of variances during the year will identify whether such performance is likely to continue, and this enables more robust estimates to be established.
- 101 The risk associated with the scale of these challenges is that the Council could act illegally, triggering the requirement for a s.114 report from the Chief Financial Officer. Illegal behaviour in this context could materialise from two distinct sources:
- i) Spending decisions could be made that exceed the available resources of the Council. This would unbalance the budget, which is unlawful.
  - ii) Spending decisions to restrict or hide pressures could be made that avoid an immediate deficit, but in fact are based on unlawful activity.
- 102 The consequences of the Council undermining a budget with illegal activity, or planned illegal activity, is the requirement to issue a s.114 report. Under these circumstances statutory services will continue and existing contracts and commitments must be honoured. But any spending that is not essential or which can be postponed must not take place.
- 103 Further consequences would be highly likely and could include the appointment of Commissioners from the MHCLG, and potential restrictions on the decision-making powers of local leaders.

#### *Policy*

- 104 This report is a backward look at Council activities and predicts the year-end position. It supports the Corporate Plan aim Open and priority to be an open and enabling organisation.
- 105 The forecast outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2025 to 2029 Medium-Term Financial Strategy.
- 106 The approval of supplementary estimates and virements are governed by the Finance Procedure Rules section of the Constitution.

#### *Equality, Diversity and Inclusion*

- 107 Any equality implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

*Human Resources*

108 This report is a backward look at Council activities at outturn and states the year end position. Any HR implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

*Risk Management*

109 Financial risks are assessed and reported on a regular basis, and remedial action taken if required. Risks associated with the achievement of the 2023/24 budget and the level of general reserves were factored into the 2024/25 financial scenario, budget, and reserves strategy.

*Rural Communities*

110 The report provides details of service provision across the borough.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

111 The report provides details of service provision across the borough and notes the pressure on Children in Care.

*Public Health*

112 This report is a backward look at Council activities at the first review and provides the forecast year end position. Any public health implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

*Climate Change*

113 There are no direct implications for climate change.

<b>Access to Information</b>	
Contact Officer:	Adele Taylor, Interim Director of Finance and Customer Services (s151 Officer) <a href="mailto:adele.taylor@cheshireeast.gov.uk">adele.taylor@cheshireeast.gov.uk</a> Paul Goodwin, Head of Finance & Deputy Chief Finance Officer <a href="mailto:paul.goodwin@cheshireeast.gov.uk">paul.goodwin@cheshireeast.gov.uk</a>
Appendices:	<b>Annex 1 including:</b> <ul style="list-style-type: none"> <li>• <b>Section 1</b> 2024/25 Forecast Outturn</li> <li>• <b>Section 2</b> 2024/25 Approved Budget Change Items</li> <li>• <b>Section 3</b> Revenue Grants for approval</li> <li>• <b>Section 4</b> Capital</li> <li>• <b>Section 5</b> Reserves</li> </ul>
Background Papers:	The following are links to key background documents: <a href="#">Medium-Term Financial Strategy 2024-2028</a>

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# **First Financial Review 2024/25**

## **Results to end of July 2024**

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# Section 1: 2024/25 Forecast Outturn

- 1.1. Table 1 provides a service summary of financial performance based on information available as at the end of July 2024. The current forecast is that services will be £25.6m over budget in the current year.
- 1.2. It also shows that central budgets are forecast to be £0.9m over budget resulting in an overall outturn of £26.5m overspend against a net revenue budget of £387.6m.
- 1.3. The overall revenue position does not include the impact of applying any Exceptional Financial Support.
- 1.4. The forecast outturn position is based on a full financial management review across all service and reflects the following assumptions:
  - Includes those savings that have been identified as non-achievable though the tracker on our High Level Business Cases (HLBC) with no/some alternative actions currently presented;
  - A review of the on-going impacts of adverse variances identified in 2023/24;
  - Any identified, emerging items of significance:
    - Within Adult Social Care, significant growth is forecast for care costs in line with position seen year to date, less mitigations linked to delivery of the Impower savings;
    - Includes the assumptions around additional revenue resources in Childrens Services to resource the draft improvement plan in relation to the recent OFSTED inspection;
  - Forecast impact of the proposed increased 2024/25 pay award £1.6m (unfunded);
  - Detailed review of any vacancy underspends in all areas;
  - One-off items that have been identified so far through line by line reviews and/or identification of additional funding that has been announced since the MTFS was set.
- 1.5. Further items impacting on the level of the Council's balances are detailed in **Section 5**.

<b>Table 1 Service Revenue Outturn Forecasts 2024/25</b>	<b>Revised Budget £m</b>	<b>Forecast Outturn £m</b>	<b>Forecast Variance £m</b>
Adult Social Care - Operations	146.1	167.8	21.7
Commissioning	(8.1)	(9.1)	(1.0)
Public Health	-	-	-
<b>Adults and Health Committee</b>	<b>138.0</b>	<b>158.7</b>	<b>20.7</b>
Directorate	1.6	2.9	1.3
Children's Social Care	56.5	61.1	4.6
Education, Strong Start & Integration	33.4	34.8	1.4
<b>Children and Families Committee</b>	<b>91.5</b>	<b>98.8</b>	<b>7.3</b>
Directorate	(0.3)	(0.4)	(0.0)
Growth & Enterprise	28.5	25.9	(2.6)
<b>Economy and Growth Committee</b>	<b>28.1</b>	<b>25.5</b>	<b>(2.6)</b>
Environment & Neighbourhood Services	48.4	49.1	0.6
<b>Environment and Communities Committee</b>	<b>48.4</b>	<b>49.1</b>	<b>0.6</b>
Highways & Infrastructure	16.0	15.5	(0.5)
<b>Highways and Transport Committee</b>	<b>16.0</b>	<b>15.5</b>	<b>(0.5)</b>
Directorate	1.4	1.2	(0.2)
Finance & Customer Services	12.1	14.1	1.9
Governance & Compliance Services	10.9	9.7	(1.2)
Communications	0.7	0.7	(0.0)
HR	2.4	2.1	(0.3)
ICT	12.2	12.0	(0.1)
Policy & Change	2.0	1.9	(0.0)
<b>Corporate Policy Committee</b>	<b>41.7</b>	<b>41.7</b>	<b>0.0</b>
<b>TOTAL SERVICES NET EXPENDITURE</b>	<b>363.7</b>	<b>389.3</b>	<b>25.6</b>
<b>CENTRAL BUDGETS</b>			
Capital Financing	31.7	32.0	0.4
Transfer to/(from) Earmarked Reserves	(18.3)	(17.2)	1.1
Parish Precepts & Other Operating Expenditure	11.5	11.4	(0.1)
Income from Use of Capital Receipts	(1.0)	(1.5)	(0.5)
<b>Finance Sub-Committee - Central Budgets</b>	<b>23.9</b>	<b>24.8</b>	<b>0.9</b>
<b>TOTAL NET EXPENDITURE</b>	<b>387.6</b>	<b>414.1</b>	<b>26.5</b>
<b>FUNDING</b>	<b>(298.5)</b>	<b>(298.5)</b>	<b>-</b>
Council Tax	(56.6)	(56.6)	-
Business Rates Retention Scheme	(32.4)	(32.4)	-
Unringfenced Grants			
<b>Finance Sub-Committee - Net Funding</b>	<b>(387.6)</b>	<b>(387.6)</b>	<b>-</b>
<b>NET (SURPLUS) / DEFICIT</b>	<b>-</b>	<b>26.5</b>	<b>26.5</b>

# Section 2: 2024/25 Approved Budget Change Items

The following table provides up detailed commentary on the progress against the approved budget change items that were agreed as part of the budget agreed in February 2024. These are split by relevant committee.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Adults and Health Committee</b>	<b>+1.136</b>	<b>+21.853</b>	<b>+20.717</b>	
1	Fees and Charges	-1.800	-1.800	0	Green
2	Client Contributions Increase	-0.800	-2.097	-1.297	Green
3	Working Age Adults - Prevent, Reduce, Delay	-1.467	-1.467	0	Green - Multiple activities contributing to these savings. Validation of delivery and measures being developed by SROs and Finance.
4	Older People – Prevent, Reduce, Delay	-1.566	-1.566	0	Green - Multiple activities contributing to these savings. Validation of delivery and measures being developed by SROs and Finance.
5	Market Sustainability and Workforce grant	-1.100	-1.100	0	Completed
6	Revenue grants for Adult Social Care	-2.480	-2.480	0	Completed
7	Pension Costs Adjustment	-0.493	-0.493	0	Completed
8	Investment in Adult Social Care	+7.600	+32.497	+24.897	Red – MTFS growth for Care Costs not sufficient to cover the pressure seen in 2023/24 plus the expected growth in 2024/25. Mitigations to reduce pressure reported separately.
9	Pay Inflation	+1.892	+2.104	+0.212	Red - NJC Pay Claim process has started - over spend against budget is based on £1,290 or 2.5% increase. Compared to flat percentage budget increase of 3%
10	Resettlement Revenue Grants – reversal of 2023/24 use	+0.850*	+0.850*	0	Completed
11	Adult Social Care Transformation Earmarked Reserve Release – reversal of 2023/24 use	+0.500*	+0.500*	0	Green

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
12	Market Sustainability and Fair Cost of Care – Removal of Grant Income	-	-	-	Green
13	Asset Management	TBC	TBC	-	Green - It is expected that the NHS will confirm their intentions for usage of one of the key CEC sites in question by September 2024. Once this is received, the business case for future usage of the site will be revisited and taken through the appropriate CEC governance procedures. The model of care in relation to high-cost adult social care and health provisions will be part of this work.
14	Investigate potential agency creation	TBC	TBC	-	Green - This proposal has been consistently delivered in relation to the usage of a Care Workers agency in all but name. Care4CE, the Council's in house care provider, has been utilising workers, both casual and agency, as a bank of workers for several years to successfully deliver operational requirements. The establishment of a CEC.
In year	Other variances to reconcile to 2024/25 FR1 forecast	0	+4.612	+4.612	
In year	Mitigations reducing the FR1 reported forecast position	0	-7.707	-7.707	

\* Item represented a one-off spend in 2023/24. As it is not a permanent part of the budget, the value of the proposal is reversed in 2024/25.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Children and Families Committee</b>	<b>+9.909</b>	<b>+17.238</b>	<b>+7.329</b>	
15	Discretionary offer to children with disabilities	-0.900	-0.901	-0.001	Green - On track, project team progressing multiple improvements to redesign the service offer, ensuring consistency and efficiency.
16	Remove school catering subsidy	-0.516	+0.027	+0.543	Red - In progress, rate uplift to be applied in September 2024 in order to cover the costs of the service through to the end of March 2025 when it ends.
17	Review of structure to further integrate children and families services	-1.000	-0.167	+0.833	Red - Delivery Planning in progress to address saving. Including: further Establishment review, service redesign, cross directorate risk management.
18	Reduce discretionary Post-16 Travel Support	-0.400	-0.250	+0.150	Red - Agreed by Committee so progressing, too early to confirm take-up.
19	Achieve the Family Hub model	-0.250	-0.250	0	Green - Committee approved permission to consult. Following the consultation period, a report will go back to Committee in November for a decision to move forward with the new model. Savings are not going to be delivered in year therefore alternative saving being found to cover this.
20a	Other Service Reviews – Review of commissioned services across the C&F directorate. Review of the current Domestic Abuse Service	-0.100	-0.132	-0.032	Completed.
20b	Other Service Reviews – Maximise grant allocation to cover all costs	-0.100	0	+0.100	Red - Plan to explore current / future grants to ensure where T&Cs allow, contribution to fund base costs (e.g. staffing and on costs) is maximised.
20c	Other Service Reviews – Traded services	-0.050	+0.017	+0.067	Red - Part delivered but may need to look for alternative options to cover the remaining saving for this year.
21a	Reduce Growth in expenditure – review of high cost, low outcome external residential placements	-1.000	-1.000	0	Red - Whilst work has been happening to open CE Children's Homes and our first open is now open, with our second due imminently and our collaboration with foster 4 working well to increase our foster carers, we still are seeing more children coming into care, with a steady increase. There is also increasing instability with the residential market, driving up prices. Complex young people need high packages of support, which are extremely expensive. We are due to review all high cost placements and weekly on-going Triple S (Stability, Step up and Step Down) meetings are happening to review placement outcomes and costs.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
21b	Reduce Growth in expenditure – increase commissioning approach to establish greater opportunities to provide accommodation for +16 young people	-0.400	-0.400	0	Amber - 16+ and 18+ Commissioning Plans / Market Shaping in Progress. Responding to increasing demand and complexity.
21c	Reduce Growth in expenditure – Foster Care	-0.250	-0.250	0	Amber - Developing a Delivery Plan to increase Foster Care provision.
21d	Reduce Growth in expenditure – reduced spend on expert assessment in court proceedings and services post public law proceedings	-0.250	-0.250	0	Amber - Establishing a Task & Finish Group to explore and develop processes and capacity to reduce costly legal proceedings.
22	Pension Costs Adjustment	-0.515	-0.451	+0.064	Red. CEC pension reduction completed. Teacher's pension legacy costs are not reducing as anticipated.
23	Growth to deliver statutory Youth Justice service, and growth to ensure budget is sufficient to meet Safeguarding Partnership duties	+0.170	+0.200	+0.030	Red.
24	Growth to provide capacity to deliver transformation for SEND	+0.500	+0.500	0	Green.
25	Wraparound Childcare Programme (funded)	+0.587	+0.587	0	Amber - Currently reviewing sufficiency and funding details to manage delivery within budget.
25	Wraparound Childcare Programme (funded)	-0.587	-0.587	0	Amber - Currently reviewing sufficiency and funding details to manage delivery within budget.
26	Legal Proceeding - Child Protection	+0.770	+0.532	-0.238	Amber.
27	Growth in School Transport budget	+0.936	+1.286	+0.350	Red.
28	Pay Inflation	+1.374	+1.915	+0.541	Red - NJC Pay Claim process has started - over spend against budget is based on £1,290 or 2.5% increase. Compared to flat percentage budget increase of 3%



MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
29	Use of Children & Families Transformation Reserve – reversal of 2023/24 use	+1.065*	+1.065*	0	Completed.
30	Growth in Childrens Placement costs	+10.825	+14.203	+3.378	Red - Will need to be closely monitored throughout the year to ensure that funding is sufficient to meet demand and complexity.
31	Revenue costs for the Crewe Youth Zone (as above) aligned to Supporting Families Funding	-	-	-	Amber.
31	Early Help budget to support funding towards the Crewe Youth Zone	-	-	-	Amber.
32	SEND Capital Modification	TBC	TBC	-	Amber - Contingent upon wider asset management and associated timelines. Extensive work underway to plan and progress development opportunities. Captured as part of the Capital Program reported to Committee.
33	Childrens Social Work Bank	TBC	TBC	-	Red - Various options currently being explored as part of wider C&F Establishment review and potential peripatetic resource options.
34	Safe Walking Routes to School	TBC	TBC	-	Green - Features as part of School Transport Programme.
35	Withdrawal of the CEC School Meals Service	TBC	TBC	-	Green - Features as part of School Catering subsidy project - CF2428-16.
In year	In-year emerging variance Education, Strong Start and Integration	0	-0.500	-0.500	Green. Underspend relates to vacancy management, reduced spend and income generation across services.
In year	In-year emerging variance Children and Families Directorate	0	+0.427	+0.427	Red. Overspend relates to supplier compensation payment, external Quality Assurance Agency costs and cost of establishment.
In year	In-Year emerging variance Children's Social Care	0	+1.616	+1.616	Red. Overspend mainly relates to staffing costs.

\* Item represented a one-off spend in 2023/24. As it is not a permanent part of the budget, the value of the proposal is reversed in 2024/25.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Corporate Policy Committee</b>	<b>+0.489</b>	<b>+0.512</b>	<b>+0.023</b>	
36	Reduce leadership and management costs	-0.540	-0.190	+0.350	Red - The feedback from the DMA review is that senior management vacancies will require recruitment to in order to complete the complement of Corporate Managers. In year vacancy savings will continue but will be time limited. There is potential to increase costs by additional management support during transformation. This will result in increased budget pressure. This pressure is being mitigated through the four in-year items at the end of this table. Most of those will be permanent and used to deliver this saving. Presentation will be reviewed for FR2.
37	Close the Emergency Assistance Scheme	-0.220	-0.220	0	Completed
38	Reduce election costs and increase charges where possible	-0.150	-0.150	0	Green - The proposal is to make a payment during 2024/25 of £70k-£80k from the existing election account, as part of this one-off saving. The remainder will be delivered by reducing the sum which would normally be paid into the election reserve. This might be mitigated in the year of the next local elections by monies which will be raised by charging town and parish councils for their elections in 2027. However, this will not be sufficient and will be likely to lead to the need for a supplementary estimate.
39a	Accelerate Digital Transformation (ICT Operational efficiencies)	-0.100	-0.100	0	Green – third party costs have been reduced and there are plans to reduce further during the year.
39b	Accelerate Digital (Digital efficiencies)	-0.150	-0.150	0	Green – Removal of temporary budget for Solutions Architect Resource, now covered by an Earmarked Reserve.
40	Enforce prompt debt recovery and increase charges for costs	-0.150	-0.150	0	Completed - The award of costs is a matter for the Magistrates at each court hearing. However, only by exception will they vary from the level already agreed by us with the Court Manager. The approach to the Court Manager has been made and the revised level agreed. The action is therefore complete, but the financial benefits will accrue as we continue the regular recovery process during the year.
41a	Other efficiencies and reductions across Corporate Services – School Subsidy (ICT)	-0.032	-0.032	0	Green

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
41b	Other efficiencies and reductions across Corporate Services – Organisational Development	-0.100	-0.100	0	Completed
41c	Other efficiencies and reductions across Corporate Services – Registration Services	-0.050	-0.050	0	Green
41d	Other efficiencies and reductions across Corporate Services – School Subsidy	-0.018	0	+0.018	Amber - Part of the £50k School Subsidy saving - Finance team to assist in identifying options. These are listed at the end of the table.
41e	Other efficiencies and reductions across Corporate Services	-0.010	0	+0.010	Amber - Finance team to assist in identifying options. These are listed at the end of the table.
41f	Other efficiencies and reductions across Corporate Services – Printing	-0.050	-0.010	+0.040	Amber - Finance team to assist in identifying options. These are listed at the end of the table.
41g	Other efficiencies and reductions across Corporate Services – Hybrid working / mileage	-0.050	0	+0.050	Amber – Options being considered regarding reduced travel spend including ensuring efficient planning around meeting attendance and minimising unnecessary movements across the area. This maximises efficient use of time as well for teams.
42	Pension Costs Adjustment	-0.378	-0.378	0	Completed
43	Mitigation of reduction in the Dedicated Schools Grant	+0.136	+0.136	0	Completed
44	Pay Inflation	+1.446	+1.581	+0.135	Red - NJC Pay Claim process has started - over spend against budget is based on £1,290 or 2.5% increase. Compared to flat percentage budget increase of 3%. Mitigations are listed at the end of the table. Presentation will be reviewed for FR2.
45	Legal Services Capacity	+0.455	+0.455	0	Completed
46	ICT Review 1	+0.450	+0.450	0	Green
47	Workforce Strategy Review	TBC	-	-	Amber - There are no savings attributed to this area in 2024/2025. Opportunities to explore workforce options are being considered alongside transformation

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
					work. Any savings are likely to be realised in 2025/26 at the earliest. It is recommended that this item is removed from the list.
48	Parish Compacts – it is recommended that this item is removed.	TBC	-	-	Red - An extension of parish compacts would provide a budget for every parish council. This has been assessed but is considered unaffordable to progress this year. Presentation will be reviewed for FR2.
In year	Recognising the increased level of Registration service income of £350k.	0	-0.350	-0.350	This will be a permanent change to deliver the Red ranked items above.
In year	Recognising the receipt of £45k of Police and Crime Commissioner grant income.	0	-0.045	-0.045	This will be a permanent change to deliver the Red / Amber ranked items above.
In year	Taking the underspend on phones in corporate services (mobiles and rental) compared to budget.	0	-0.060	-0.060	This will be a permanent change to deliver the Red / Amber ranked items above.
In year	Additional mitigations to balance to FR1 position of +£23k for corporate incl ICT.	0	-0.125	-0.125	These will be a mix of permanent and temporary items to assist the in-year position.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Economy and Growth Committee</b>	<b>+3.316</b>	<b>+0.728</b>	<b>-2.588</b>	
49	Service Restructures within Place based Services	-0.787	0	+0.787	Red – achievement through permanent savings remains challenging without a full restructure – which is pending the LGA review. This item is being mitigated by the items at the end of the table which are a mix of permanent and temporary measures. Presentation will be reviewed for FR2.
50	Reduce opening hours for main offices	-0.050	-0.050	0	Completed
51	Office estate rationalisation	-0.550	-0.250	+0.300	Red - due to the timeline for the transfer of buildings being extended. This item is being mitigated by the items at the end of the table which are a mix of permanent and temporary measures. Presentation will be reviewed for FR2.
52	Tatton Park	-0.046	-0.046	0	Amber rating reflects the fact that the Tatton Vision capital programme is currently under review.
53	Transfer of Congleton Visitor Information Centre	-0.020	-0.020	0	Green - Transfer of Congleton VIC to the Town Council has already occurred.
54	Pension costs adjustment	-0.157	-0.157	0	Completed
55	Tatton Park ticketing and electronic point of sale (EPOS) upgrade	+0.005	+0.005	0	Green - A procurement process is currently underway to source a supplier who can ensure onsite and web-based delivery of a new system which aligns with present and future needs.
56c	West Park collection	+0.012	+0.012	0	Green - Cost for vital conservation and storage of West Park Museum collections and ongoing temporary storage requirements.
56d	CEC archives	+0.008	0	-0.008	Amber - Timescales for implementation of the Archives capital project have slipped due to grant funding decisions, with revised opening date of Spring 2026.
57	Property Information and Management System - Estates – Revenue Adjustment	+0.030	+0.030	0	Green - Procurement of new contract to commence shortly.
58	Housing	+0.035	+0.035	0	Green - Consultation on the Housing Restructure commences 22nd May and includes the post that the funding is attributed to. The new structure will be implemented by 1st August 2024
59	Environmental Hub Waste Transfer Station	+0.040	+0.040	0	Green - Project on track delivery Q1/2. The replacement of bay 1 in the Councils Environmental Hub Residual Waste Transfer Station building with a new design

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
					more likely to provide long-term resilience to wear and tear, to enable the continuation of waste processing at the transfer station.
60	Rural and Visitor Economy	+0.045	+0.045	0	Green - Additional revenue support is required to cover the increase in electricity charges for the Rural and Culture Economy Service to maintain existing service provision at Tatton Park and Countryside sites.
61	Minimum energy efficiency standards (MEES) - Estates - Revenue Adjustment	+0.079	+0.079	0	Amber – Prioritised negotiations with 3rd parties/tenants occupying premises being expedited to avoid delays on obtaining access for surveys, completing necessary improvement works and legally completing lease renewals.
62	Public Rights of Way Income Realignment	+0.115	+0.115	0	Completed. Adjustments made to budget forecasts 2024-25
63	Pay inflation	+0.788	+0.940	+0.152	Red - NJC Pay Claim process has started - over spend against budget is based on £1,290 or 2.5% increase. Compared to flat percentage budget increase of 3%. This item is being mitigated by the items at the end of the table which are a mix of permanent and temporary measures. Presentation will be reviewed for FR2.
64	Crewe town centre maintenance and operation	+0.650	+0.630	-0.020	Green
65	Assets - Buildings and Operational	+3.119	+3.119	0	Green
66	Landfill Site Assessments revenue adjustment - Estates – CE Owned Landfill sites (53 sites) Review and Risk Assessment completions	-	-	-	Amber - £10k cost growth in for 25/26. Second stage of the review to commence shortly. Internal capacity within Environmental Service to be identified.
67	Tatton Park Estate Dwellings Refurbishment	-	-	-	Completed - Provision for response maintenance issues for 8 onsite dwellings to ensure properties meet standards required as part of tenancy agreements and the National Trust lease.
68	Improving Crewe Rented Housing Standards	-	-	-	Green
In year	Growth & Enterprise 2024/25 mitigations to balance back to finance review position	0	-2.984	-2.984	

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
In year	Place Directorate 2024/25 mitigations to balance back to finance review position	0	-0.815	-0.815	

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Environment and Communities Committee</b>	<b>-0.052</b>	<b>+0.558</b>	<b>+0.610</b>	
69	Refresh wholly owned company overheads and contributions	-1.000	-1.500	-0.500	Green - ASDV Review recommendations have now been approved in full by Finance Sub-Committee in their role as shareholder of the wholly owned companies. The process of insourcing these services is now underway which will release an element of their reserves in year to meet this one-off contribution.
70	Strategic Leisure Review (Stage 2)	-1.305	-1.250	+0.055	Amber - Initial savings secured via committee decision on 11th March 2024. Proposals are being developed with EHL and town and parish councils to secure the residual £250k amount - dialogue is ongoing.
71	Mitigate the impact of contract inflation and tonnage growth	-0.490	-0.490	0	Completed - Mitigate the impact of contract inflation and tonnage growth.
72	Emergency reduction of Household Waste Recycling Centres (HWRC) to four core sites	-0.263	-0.200	+0.063	Red - Full saving on basis of original HLBC will not be achieved due to introduction of mobile provision offer as a result of Full Council decision and costs associated with trial of booking system. Following implementation of temporary closures final negotiations with supply chain are nearing conclusion in relation to savings in year, which include adjustment for waste diversion. This item is being partly mitigated by the item at the end of the table which is a mix of permanent and temporary measures. Presentation will be reviewed for FR2.
73	Libraries Strategy	-0.365	-0.200	+0.165	Red - Development of and consultation on Libraries Strategy ongoing. Need to secure committee decisions to implement final Strategy (target Nov 2024) – engagement with Town and Parish Councils undertaken to shape the Strategy proposals and seek funding contributions, which is continuing. This item is being partly mitigated by the item at the end of the table which is a mix of permanent and temporary measures. Presentation will be reviewed for FR2.
74	Reduce costs of street cleansing operations	-0.200	-0.200	0	Green - Value of saving now reduced from ANSA Management Fee for 2024/25, proposals to achieve which include immediate reductions in service resilience, due to removal of any vacancies and under utilised fleet.
75	Reduce revenue impact of carbon reduction capital schemes	-0.336	0	+0.336	Red – Carbon Neutral Council target deferred from 2025 to 27, as agreed at Full Council on 27.02.24, large scale prudential borrowing funded schemes spend now reprofiled to suit, however budget not sat within E&C Committee. Discussion with Corporate Financing team to re-allocate.



MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
					This item is being partly mitigated by the item at the end of the table which is a mix of permanent and temporary measures. Presentation will be reviewed for FR2.
76	Increase Garden Waste charges to recover costs	-0.045	-0.045	0	Green – Increase Garden Waste charges for the calendar year 2025 to recover costs
77	MTFS 80 (Feb 23) – Waste Disposal – Contract Inflation and Tonnage Growth (updated forecast)	+3.577	+3.977	+0.400	Amber – Amber rating due to fluctuations in waste markets relating to recyclates and continued levels of inflation, outside CEC control and not aligned to projections. Mitigation is to continue with monthly financial monitoring and detailed update of forecasting to year end, based on market intelligence from suppliers and historical seasonal trends data.
78	Pay Inflation – CEC & ASDV	+1.861	+2.397	+0.536	Red - NJC Pay Claim process has started - over spend against budget is based on £1,290 or 2.5% increase. Compared to flat percentage budget increase of 3%. This item is being partly mitigated by the item at the end of the table which is a mix of permanent and temporary measures. Presentation will be reviewed for FR2.
79	Pension Costs Adjustment	-0.151	-0.151	0	Completed
80	MTFS 90 (Feb 23) Strategic Leisure Review	+1.250	+1.250	0	Completed - Growth item budget adjustment only - replacing 2023/24 £1.3m savings target.
81	MTFS 91 (Feb 23) – Green Spaces Maintenance Review	-0.200	-0.200	0	Green - Year 2 saving - Policy now implemented and full saving secured from ANSA contract.
82	MTFS 92 (Feb 23) - Review Waste Collection Service - Green Waste	-3.150	-3.150	0	Green - Subscription levels in line with original business model.
83	Review MTFS 92 (Feb 23) Garden waste subscription financial model in line with latest subscription levels and with actual observed position on any waste migration	-0.429	-0.429	0	Green - Continued monitoring of subscription levels and any adverse impacts is already in place, update to original business plan assumptions.
84	MTFS 93 (Feb 23) Libraries - Service Review	-0.200	-0.200	0	Amber - Year 2 of Service Review - reduction in staffing levels have been implemented and now include vacancy management in year to ensure achievement of saving. Currently covered temporarily by vacancy savings

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
85	Explore a Trust delivery model for Libraries and other services	+0.150	+0.020	-0.130	Green - Growth item to cover one off costs relating to implementation of alternative delivery model(s) for libraries service. Aligned to development of Libraries Strategy.
86	CCTV – Service Efficiencies	-0.030	-0.030	0	Green – Ongoing actions to increase customer base for existing services, identification of new chargeable services/customers and service efficiency savings as well as increased fees and charges to meet the target.
87	Congleton Town Council Collaboration Agreement – Grounds Maintenance	-0.062	-0.062	0	Completed - Congleton Town Council Collaboration Agreement on Grounds Maintenance Cheshire East Contribution reduced in line with reductions in Cheshire East Maintained green space.
88	Closed Cemeteries	+0.005	+0.005	0	Completed - Inflationary adjustment to previous budget allocation only.
89	Environmental Hub maintenance	+0.023	+0.023	0	Completed - Inflationary adjustment to previous budget allocation only.
90	Review Closed Landfill Sites	+0.300*	+0.300*	0	Completed - The Council has responsibility for a number of closed landfill sites across the borough for which it holds a provision.
91	Land Charge Income Adjustment	+0.050	+0.064	+0.014	Amber - Uncertainty around implementation timescales of HMLR changes to centralise some aspects of land charges functions hence understanding of actual impact, to be regularly monitored.
92	Building Control Income Alignment	+0.203	+0.403	+0.200	Red - Due to current national trend of downturn in planning and related building control income. To be monitored through more regular financial forecasting in service. This item is being partly mitigated by the item at the end of the table which is a mix of permanent and temporary measures. Presentation will be reviewed for FR2.
93	Local Plan Review	+0.255	+0.255	0	Completed - Budget adjustment to provide additional one-off funding towards development of new Local Plan, now commenced.
94	Planning income	+0.400	+0.910	+0.510	Red – Forecast reduced income due to current national trend of downturn in planning applications and hence income. To be monitored through more regular financial forecasting in service. Partially mitigated by continued high level of vacancies and the item at the end of the table. Presentation will be reviewed for FR2. Recent planning reforms announced by Govt now subject to consultation process may help to alleviate the income position, but will require vacancies to be filled to cater for the likely increase in applications.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
95	Planning Service Restructure	-	-	-	Green - No action for 2024/25. Growth for 2025/26 to be kept under review.
96	Review of Household Waste Recycling Centres	+0.100	+0.100	0	Green - Additional one-off funding to support procurement of new contract permanent service provision of HWRCs.
In year	Environment & Neighbourhood Services mitigations 2024/25 to balance back to finance review position	0	-1.039	-1.039	

\* Item represented a one-off saving in 2023/24. As it is not a permanent part of the budget, the value of the proposal is reversed in 2024/25.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Highways and Transport Committee</b>	<b>+4.869</b>	<b>+4.393</b>	<b>-0.476</b>	
97	Highway maintenance savings	-0.750	-0.750	0	Green - Savings are being achieved through: - reducing the number of cuts on grass verges from 10 to 8; - directly employing staff to carry out surveys, rather than sub-contracting; - reductions in staffing and vacancy management; and - reliance on the council's adverse weather reserve for snow clearance. Service budgets have been reduced to reflect the savings being made.
98	Introduce annual increases to car parking charges	-0.150	-0.150	0	Green - Annual inflation adjustment to existing P&D tariffs can be implemented by 1st July 2024, in advance of bringing charges into effect in the "free towns". This is 3 months earlier than planned.
99	Pension Costs Adjustment	-0.052	-0.052	0	Completed
100	Highways	-0.031	-0.031	0	Completed - This saving was delivered by changes to response times to defects in 2023/24.
101	Safe Haven outside schools (Parking)	-0.023	-0.023	0	Amber - WARN procedure has been used for sole-source procurement of type-approved equipment from the supplier authority.
102	Transport and Infrastructure Strategy Team - Restructure	+0.120	+0.120	0	Green - Vacancies in existing structure provide some flexibilities of resourcing and recruitment planning.
103	Pay Inflation	+0.339	+0.351	+0.012	Red - NJC Pay Claim process has started - over spend against budget is based on £1,290 or 2.5% increase. Compared to flat percentage budget increase of 3%. This item is being mitigated by the item at the end of the table which is a mix of permanent and temporary measures. Presentation will be reviewed for FR2.
104	Parking - PDA / Back Office System contract	+0.100	+0.100	0	Green - Market testing completed - exploring a direct award opportunity with implementation testing and data migration.
105	Flood and Water Management Act 2010 SuDS & SABs Schedule 3 Implementation	+0.100	+0.100	0	Green - The requirement is to be ready to implement changes when regulations are implemented nationally. A training plan for existing staff has been identified. Recruitment is to be progressed.
106	Energy saving measures from streetlights	+0.242	+0.242	0	Completed - This entry was in the MTFS to cancel an unachievable saving from 2022-3. There is no further action.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
107	Parking	+0.245	+0.245	0	Amber - Following decisions in January 2024, arrangements are in place to adjust existing Pay & Display tariffs from 1st July 2024 and extend pay and display to car parks in "free towns" by October 2024. Statutory consultations on Sunday and Evening charges will start in July. A trial of demand-responsive tariffs will begin with the opening of the new multistorey car park in Crewe.
108	Highways Revenue Services	+2.479	+2.479	0	Completed - This is a growth item. The growth has been factored into 2024/25 service levels and business plans. No further action.
109	Local Bus	+2.250	+2.250	0	Green
110	FlexiLink Service Improvement Plan	-	-	-	Green - A bus service review consultation is underway, including proposals relating to flexible transport.
111	Highways Depot Improvements	-	-	-	Red - This later year saving is subject to the approval of the business case for capital investment in depots. This will be reviewed during 2024/25.
112	Bus Stop Advertising Revenue Generation	-	-	-	Amber - Opportunity to shadow CWAC council's extension of the existing contract in the interim period.
In year	Highways & Infrastructure 2024-25 mitigations to balance to finance review	0	-0.488	-0.488	

MTFS Ref No	Detailed List of Approved Budget Changes – Central Budgets	2024/25 £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Finance Sub-Committee</b>	<b>-19.667</b>	<b>-18.748</b>	<b>+0.919</b>	
113	Capital Financing - Minimum Revenue Provision	+9.508	+9.903	+0.395	Amber – assumes use of reserve of £2.135m (not yet approved). Ongoing capital review seeking to significantly reduce spend funded by borrowing.
114	Central Bad Debt Provision adjustment	+0.600	+0.600	0	Completed - budget adjustment.
115	Use of Earmarked Reserves – MTFS Reserve	+0.255	+0.255	0	Completed - budget adjustment / planned use of reserve.
115	MTFS Reserve – reversal of 2023/24 use	+1.536	+1.536	0	Completed - budget adjustment / planned use of reserve.
116	Collection Fund Reserve - Use of Earmarked Reserves	-0.834	-0.834	0	Completed - budget adjustment / planned use of reserve.
116	Collection Fund Reserve – reversal of 2023/24 use of reserves	+2.234	+2.234	0	Completed - budget adjustment / planned use of reserve.
117	Brighter Futures Transformation – reversal of 2023/24 use of reserves	+1.271	+1.271	0	Completed - budget adjustment / planned use of reserve.
118	Use of General Reserves – Fund in-year budget shortfall [NEW]	-11.654	-11.654	0	Completed - Drawn down in line with the MTFS forecast.
Amber1 19	Council Tax - % increase	-13.527	-13.527	0	Green - Council tax and business rates income collection managed through the Collection Fund therefore no impact on current year funding target.
120	Council Tax – Base increase	-2.461	-2.461	0	Green - Council tax and business rates income collection managed through the Collection Fund therefore no impact on current year funding target.
121	Business Rates Retention Scheme – use of S31 compensation grants	-1.350	-1.350	0	Green - Grants to be received in line with final settlement from MHCLG.

MTFS Ref No	Detailed List of Approved Budget Changes – Central Budgets	2024/25 £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
122	Unring-fenced Grants + Revenue Support Grant	-5.245	-5.245	0	Green - Grants to be received in line with final settlement from MHCLG.
123	Council Tax and Business Rates Collection [NEW]	TBC	-	-	Initial case was to implement a working group to review council tax collection. No savings value was assigned to the case. The intention now is to bring forward via an informal briefing to include options around the council tax support scheme review (FS2428)
124	Council Tax Support [NEW]		-	-	Preparations to be made during 24-25 with a view to amending the council tax support scheme in 25-26. No value is assigned to 24-25 as any savings/growth will be realised in 25-26. Consultation dates / material to come via Finance Sub-Committee for summer launch. Final decision point will be December Council meeting 2024.
In year	Adjustment to use of Earmarked reserves budgeted figure within Service Budgets		+0.525	+0.525	

## Section 3: Revenue Grants for approval

- 3.1. Cheshire East Council receives two main types of Government grants; specific purpose grants and general use grants. Specific purpose grants are held within the relevant service with a corresponding expenditure budget. Whereas general use grants are held in central budgets with a corresponding expenditure budget within the allocated service area.
- 3.2. Spending in relation to specific purpose grants must be in line with the purpose for which it is provided.
- 3.3. **Table 1** shows additional specific purpose grant allocations that have been received over £1m that **Council** will be asked to approve.
- 3.4. **Table 2** shows additional specific purpose grant allocations that have been received which are over £500,000 and up to £1m, and are for **Committee** approval.



**Table 1 – Council Decision**

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) over £1,000,000

Committee	Type of Grant	£000	Details
Children and Families – Schools	Teachers Pay Additional Grant  (Specific Purpose)	1,645	This grant is from the Education & Skills Funding Agency (ESFA). In July 2023, alongside the increase for last financial year, an additional £900 million was announced in 2024 to 2025 to support schools with the 2023 teachers' pay award. The ESFA will pay the teachers' pay additional grant (TPAG) funding to local authorities for mainstream maintained schools.
Children and Families – Schools	Teachers Pension Grant  (Specific Purpose)	2,393	This grant is from the Education & Skills Funding Agency (ESFA). The Teachers' Pension Employer Contribution Grant (TPECG) supports schools and local authorities with the cost of the increase in employer contributions to the teachers' pension scheme. Local authorities must follow the terms and conditions set out in the conditions of grant.
Children and Families – Children's Services	Household Support Fund  (Specific Purpose)	2,200	This grant is from the Department for Work and Pensions. This is an extension to the Household Support Fund (HSF) and will cover the period from April 2024 to September 2024. The HSF is to provide crisis support to financially vulnerable households most in need.
Economy and Growth	Homelessness Prevention Grant  (Specific Purpose)	1,054	This grant is from the Department for Levelling-Up and Communities (DLUHC). The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them in supporting local authorities to discharge their homelessness duties under homelessness legislation. The grant is ring-fenced for 2023-2024 and is to be spent in adherence with the following principles: <ul style="list-style-type: none"> <li>1. To fully enforce the Homelessness Reduction Act and contribute to ending rough sleeping by increasing activity to prevent single homelessness.</li> <li>2. Reduce family temporary accommodation numbers through maximising family homelessness prevention and reduce the use of unsuitable B&amp;Bs for families.</li> </ul> This grant is from the Home Office (HO). Available where an individual or family has settled in the borough, to provide ongoing integration support.

Committee	Type of Grant	£000	Details
Highways and Transport	Bus Service Improvement Plan+ (BSIP+) Phase 2  (Specific Purpose)	1,188	This a grant from the Department for Transport DfT). This is a continuation of the Bus Service Improvement funding and allows Local Authorities to support existing bus services and/or create new services with the overall aim of ensuring long term sustainability of this provision.This is the second phase of allocations.
Highways and Transport	Bus Service Improvement Plan+ (BSIP+) Phase 3  (Specific Purpose)	2,268	This a grant from the Department for Transport DfT). This is a continuation of the Bus Service Improvement funding and allows Local Authorities to support existing bus services and/or create new services with the overall aim of ensuring long term sustainability of this provision.This is the third phase of allocations.

## Table 2 – Committee Decision

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) over £500,000 up to £1,000,000

Committee	Type of Grant	£000	Details
Adults and Health	OHID SSMTR Supplementary Substance Misuse Treatment & Recovery Grant  (Specific Purpose)	525	This grant is from the Department of Health and Social Care and is additional funding for drug and alcohol treatment recovery services as part of Local Authorities' public health responsibilities.

# Section 4: Capital

**Table 1: Financial Parameters for 2023/24 to 2026/27**

Parameter	Value (£m)			
	2023/24	2024/25	2025/26	2026/27
<b>Repayment of Borrowing</b>				
<b>Minimum Revenue Provision*</b>	17.5	18.8	23.3	25.2
<b>External Loan Interest</b>	14.3	18.0	16.5	15.0
<b>Investment Income</b>	(3.8)	(3.8)	(2.1)	(1.8)
<b>Contributions from Services Revenue Budgets</b>	(1.2)	(1.3)	(2.0)	(2.7)
<b>Total Capital Financing Costs</b>	<b>26.8</b>	<b>31.7</b>	<b>35.7</b>	<b>35.7</b>
<b>Use of Financing EMR</b>	<b>(7.9)</b>	<b>(2.1)</b>	<b>0</b>	<b>0</b>
<b>Actual CFB in MTFS</b>	<b>19.0</b>	<b>28.5</b>	<b>35.2</b>	<b>35.5</b>
<b>Budget Deficit</b>	<b>(0)</b>	<b>1.1</b>	<b>0.5</b>	<b>0.2</b>
<b>Capital Receipts targets*</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
<b>Flexible use of Capital Receipts</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>

\*Anticipated MRP based on achieving capital receipts targets

1.1. The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve). A funding summary is shown in **Table 2**.

1.2. **Table 3** lists details of

- Capital Supplementary Estimates over £500,000 and up to £1,000,000 that requires approval by Committee and
- Capital Virements over £500,000 and up to and including £5,000,000 that requires Relevant Member(s) of CLT and Chief Finance Officer in consultation with Chair of the relevant Committee and the Chair of Finance Sub-Committee to approve.

Table 2: Capital Programme Update

<b>CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY</b>					
<b>CAPITAL PROGRAMME 2024/25 - 2027/28</b>					
	<b>Forecast 2024/25 £000</b>	<b>Forecast 2025/26 £000</b>	<b>Forecast 2026/27 £000</b>	<b>Forecast 2027/28 £000</b>	<b>Total Forecast 2024-28 £000</b>
<b>Committed Schemes - In Progress</b>					
Adults and Health	800	0	0	0	<b>800</b>
Children and Families	36,127	21,515	16,356	17,749	<b>91,747</b>
Highways & Transport	44,910	31,161	26,296	130,138	<b>232,505</b>
Economy & Growth	45,786	30,397	41,366	64,065	<b>181,614</b>
Environment & Communities	14,752	17,444	1,418	0	<b>33,614</b>
Corporate Policy	11,710	6,998	3,276	1,834	<b>23,818</b>
<b>Total Committed Schemes - In Progress</b>	<b>154,085</b>	<b>107,515</b>	<b>88,712</b>	<b>213,786</b>	<b>564,098</b>
<b>New Schemes</b>					
Adults and Health	0	0	0	0	<b>0</b>
Children and Families	1,738	7,200	5,248	3,000	<b>17,186</b>
Highways & Transport	895	23,500	15,051	15,051	<b>54,497</b>
Economy & Growth	3,124	0	0	0	<b>3,124</b>
Environment & Communities	4,703	3,017	668	0	<b>8,388</b>
Corporate Policy	0	0	0	0	<b>0</b>
<b>Total New Schemes</b>	<b>10,460</b>	<b>33,717</b>	<b>20,967</b>	<b>18,051</b>	<b>83,195</b>
<b>Total</b>	<b>164,545</b>	<b>141,232</b>	<b>109,679</b>	<b>231,837</b>	<b>647,293</b>
<b>Funding Requirement</b>					
<b>Indicative Funding Analysis: (See note 1)</b>					
Government Grants	96,620	76,091	67,707	122,543	<b>362,961</b>
External Contributions	15,406	10,698	13,611	65,226	<b>104,941</b>
Revenue Contributions	389	0	0	0	<b>389</b>
Capital Receipts	252	877	18,181	16,289	<b>35,599</b>
Prudential Borrowing (See note 2)	51,878	53,566	10,180	27,779	<b>143,403</b>
<b>Total</b>	<b>164,545</b>	<b>141,232</b>	<b>109,679</b>	<b>231,837</b>	<b>647,293</b>

**Note 1:**

The funding requirement identified in the above table does not currently represent a balanced and affordable position, in the medium term. The Council will need to transform the capital programme to reduce the number of schemes requiring Cheshire East Resources and the need to borrow. The level of capital receipts are based on a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

**Note 2:**

The schemes marked \*\*and highlighted in the MTFs cannot proceed until the Capital Programme Review has been completed. Any urgent requests to continue prior to the reviews completion will require approval from the Chair of Finance Sub Committee and the S.151 Officer

**Note 3:**

Appropriate charges to the revenue budget will only commence in the year following the completion of the associated capital asset. This allows the Council to constantly review the most cost effective way of funding capital expenditure.

**Table 3: Requests for Supplementary Capital Estimates (SCEs) and Virements**

Committee	Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Service Committee are asked to approve the Supplementary Capital Estimates and Virements</b>			
<b>Supplementary Capital Estimates above £500,000 up to and including £1,000,000</b>			
<b>Highways &amp; Transport</b>	<b>Transport</b>		
	Department for Transport - Traffic Signal Obsolescence Grant (TSOG)	577,003	Additional grant to upgrade traffic signal systems, replacing unreliable and obsolete equipment to improve reliability.
<b>Highways &amp; Transport</b>		<b>577,003</b>	
<b>Total Supplementary Capital Estimates Requested</b>		<b>577,003</b>	
<b>Capital Budget Virements above £500,000 up to and including £5,000,000</b>			
<b>Children &amp; Families</b>	<b>Education and 14-19 Skills</b>		
	WorkplaCE	1,000,000	Virement to Facilities to support the transfer out of Westfields
<b>Children &amp; Families</b>		<b>1,000,000</b>	
<b>Corporate</b>	<b>ICT Hybrid Model</b>		
		1,896,161	Virement from Infrastructure Investment Programme (IIP) to ICT Hybrid Model as project work funded from IIP now falls under the ICT Hybrid work programme
<b>Corporate</b>		<b>1,896,161</b>	
<b>Economy and Growth</b>	<b>Facilities Management</b>		
	Premises Capital	1,140,086	Due to the change in scope in the "PSDS - 3B - Lot 1" scheme, Cheshire East funding previously allocated from the Premises Capital Programme as "match" funding to be returned for use in Future Years.
<b>Economy &amp; Growth</b>		<b>1,140,086</b>	
<b>Total Capital Virements requested</b>		<b>4,036,247</b>	
<b>Total Supplementary Capital Estimates and Virements</b>		<b>4,613,250</b>	

# Section 5: Reserves

## Management of Council Reserves

- 5.1. The Council's Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.
- 5.2. The opening balance at 1 April 2024 in the Council's General Fund Reserves was £5.6m, as published in the Council's Statement of Accounts for 2023/24.
- 5.3. The closing balance at 31 March 2025 in the Council's General Fund Reserve is forecast to reduce further still, to £4.5m.
- 5.4. The current balance on reserves is insufficient in order to provide adequate protection against established and newly emerging risks, such as inflation and particularly the DSG deficit, which is projected to rise to £121.6m by year end and has been highlighted in the MTFS as having no alternative funding.
- 5.5. The Council also maintains Earmarked Revenue Reserves for specific purposes. The opening balance at 1 April 2024 was £32.3m.
- 5.6. During 2024/25, a net total of £10.6m has been drawn down to the support the in-year deficit position. A further £6.2m is being forecast to fund expenditure specifically provided for by services. These balances fall within the forecasts approved during the MTFS budget setting process.
- 5.7. Additional drawdown requests, above those forecast during MTFS, have been made by various services to support specific expenditure totalling £6.0m. These drawdowns, as detailed in the tables below, will be subject to approval by the Section 151 Officer.
- 5.8. The closing balance at 31 March 2025, is forecast at £9.5m.
- 5.9. Unspent schools' budgets that have been delegated, as laid down in the Schools Standards Framework Act 1998, remain at the disposal of the school and are not available for Council use. These balances are therefore excluded from all reserve forecasts.

<b>Table 1 - Reserves Position</b>	<b>2023/24 Outturn £m</b>	<b>2024/25 Forecast £m</b>
General Reserves	<b>5.6</b>	<b>4.5</b>
Earmarked Reserves (Excluding Schools)	<b>32.3</b>	<b>9.5</b>
<b>Total Reserves Balance at 31st March</b>	<b>37.9</b>	<b>14.0</b>

**Table 2 - Earmarked Reserves Summary**

Committee Reserves	Opening Balance 1st April 2024 £000	Transfers to General Fund £000	Forecast Movement in Reserves £000	Additional Drawdown Requests £000	Forecast Closing Balance 31 March 2025 £000
Adults and Health	5,226	(2,795)	(90)	0	2,341
Children and Families	1,724	0	(1,593)	(131)	0
Corporate Policy	20,773	(6,551)	(2,680)	(4,695)	6,847
Economy and Growth	2,777	(662)	(1,004)	(765)	346
Environment and Communities	870	(390)	(402)	(78)	0
Highways and Transport	908	(205)	(415)	(288)	0
<b>TOTAL EARMARKED RESERVE MOVEMENT</b>	<b>32,278</b>	<b>(10,603)</b>	<b>(6,184)</b>	<b>(5,957)</b>	<b>9,534</b>

\* All 'Additional Drawdown Requests' are subject to review and are yet to be approved.

\* Total excludes schools' balances

**Table 3 - Adults and Health Committee**

Reserve Account	Opening Balance 1 Apr 24 £000	Transfers to General Fund £000	Forecast Movement in Reserves £000	Additional Drawdown Requests £000	Forecast Closing Bal 31 Mar 25 £000	Notes
<b>Adults Social Care Commissioning</b>						
PFI Equalisation - Extra Care Housing	2,857	(2,795)	0	0	62	Surplus grant set aside to meet future payments on existing PFI contract and the anticipated gap at the end of the agreement.
<b>Public Health</b>						
Public Health Reserve	2,369	0	(90)	0	2,279	Ring-fenced underspend to be invested in areas to improve performance against key targets; including the creation of an Innovation Fund to support partners to deliver initiatives that tackle key health issues.
<b>ADULTS AND HEALTH TOTAL</b>	<b>5,226</b>	<b>(2,795)</b>	<b>(90)</b>	<b>0</b>	<b>2,341</b>	

**Table 4 - Children and Families Committee**

Reserve Account	Opening Balance 1 Apr 24 £000	Transfers to General Fund £000	Forecast Movement in Reserves £000	Additional Drawdown Requests £000	Forecast Closing Bal 31 Mar 25 £000	Notes
<b><u>Childrens Social Care</u></b>						
Domestic Abuse Partnership	131	0	0	(131)	0	To sustain preventative services to vulnerable people as a result of partnership funding in previous years.
<b><u>Strong Start, Family Help and Integration</u></b>						
Troubled Families Initiative	1,593	0	(1,593)	0	0	Crewe Youth Zone and ACT have been assigned funding from shared outcomes of the Supporting Families Programme.
<b>CHILDREN AND FAMILIES TOTAL</b>	<b>1,724</b>	<b>0</b>	<b>(1,593)</b>	<b>(131)</b>	<b>0</b>	

\* All 'Additional Drawdown Requests' not forecast as part of MTFS 24-28 are subject to review and are yet to be approved.

**Table 5 - Corporate Policy Committee**

Reserve Account	Opening Balance 1 Apr 24 £000	Transfers to General Fund £000	Forecast Movement in Reserves £000	Additional Drawdown Requests £000	Forecast Closing Bal 31 Mar 25 £000	Notes
<b><u>Corporate Directorate</u></b>						
Corporate Directorate	1,164	(935)	0	0	229	To support a number of widespread projects within the Corporate Directorate.
<b><u>Finance and Customer Services</u></b>						
Collection Fund Management	8,154	(1,235)	(2,915)	0	4,004	To manage cash flow implications as part of the Business Rates Retention Scheme.
Capital Financing Reserve	4,531	0	0	(4,531)	0	To provide for financing of capital schemes, other projects and initiatives
MTFS Reserve	2,914	(741)	255	0	2,428	To support the financial strategy and risk management. £1.2m of the remaining reserve balance had previously been earmarked for future voluntary redundancy costs.
Section 31 Revenue Grants	14	0	0	(14)	0	Unspent specific use grant carried forward into 2024/25.

\*Corporate Policy Committee reserves continued overleaf



**Table 5 - Corporate Policy Committee Continued**

Reserve Account	Opening Balance 1 Apr 24 £000	Transfers to General Fund £000	Forecast Movement in Reserves £000	Additional Drawdown Requests £000	Forecast Closing Bal 31 Mar 25 £000	Notes
<b><u>Governance and Compliance</u></b>						
Insurance Reserve	3,098	(3,098)	0	0	0	To settle insurance claims and manage excess costs. The full reserve has been released to the general fund to support the in-year deficit pressure.
Elections General	132	0	0	0	132	To provide funds for Election costs every 4 years.
Brexit Funding	13	(13)	0	0	0	Residual reserve balance has been released to the general fund to support the in-year deficit pressure.
<b><u>Human Resources</u></b>						
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	59	(59)	0	0	0	Residual reserve balance has been released to the general fund to support the in-year deficit pressure.
Pay Structure (M Grade Review)	54	0	0	0	54	Created to help fund ongoing changes to pay structure.
<b><u>Governance and Compliance</u></b>						
Brighter Futures Transformation Programme	490	(470)	(20)	0	0	To fund the Council's four year transformation programme and its five outcomes of Culture; Estates and ICT systems; Customer Experience, Commercial Approach and Governance.
<b><u>ICT</u></b>						
Digital Solutions Architect	150	0	0	(150)	0	New reserve created in 23/24 to fund a role for the Digital Customer Enablement programme and will be key to realising the cost savings and efficiencies across the Council from the deployment of a number of digital initiatives.
<b>CORPORATE POLICY TOTAL</b>	<b>20,773</b>	<b>(6,551)</b>	<b>(2,680)</b>	<b>(4,695)</b>	<b>6,847</b>	

\* All 'Additional Drawdown Requests' not forecast as part of MTFS 24-28 are subject to review and are yet to be approved.

**Table 6 - Economy and Growth Committee**

Reserve Account	Opening Balance 1 Apr 24 £000	Transfers to General Fund £000	Forecast Movement in Reserves £000	Additional Drawdown Requests £000	Forecast Closing Bal 31 Mar 25 £000	Notes
<b>Directorate</b>						
Place Directorate	1,164	0	(473)	(385)	306	To support a number of widespread projects within the Place Directorate.
Investment (Sustainability)	610	0	(427)	(143)	40	To support investment that can increase longer term financial independence and stability of the Council.
<b>Growth and Enterprise</b>						
Legal Proceedings	212	0	(104)	(108)	0	To enable legal proceedings on land and property matters.
Investment Portfolio	534	(534)	0	0	0	The full reserve has been released to the general fund to support the in-year deficit pressure.
Homelessness & Housing Options - Revenue Grants	129	0	0	(129)	0	Grant committed for the purchase and refurbishment of properties to be used as temporary accommodation to house vulnerable families.
Tatton Park Trading Reserve	128	(128)	0	0	0	The full reserve has been released to the general fund to support the in-year deficit pressure.
<b>ECONOMY AND GROWTH TOTAL</b>	<b>2,777</b>	<b>(662)</b>	<b>(1,004)</b>	<b>(765)</b>	<b>346</b>	

\* All 'Additional Drawdown Requests' not forecast as part of MTFS 24-28 are subject to review and are yet to be approved.

**Table 7 - Environment and Communities Committee**

Reserve Account	Opening Balance 1 Apr 24 £000	Transfers to General Fund £000	Forecast Movement in Reserves £000	Additional Drawdown Requests £000	Forecast Closing Bal 31 Mar 25 £000	Notes
<b>Environment and Neighbourhood Services</b>						
Strategic Planning	568	(281)	(287)	0	0	To meet costs associated with the Local Plan - site allocations, minerals and waste DPD.
Trees / Structures Risk Management	139	(55)	(55)	(29)	0	To help respond to increases in risks relating to the environment, in particular the management of trees, structures and dealing with adverse weather events.
Air Quality	36	0	(17)	(19)	0	Air Quality Management - DEFRA Action Plan. Relocating electric vehicle chargepoint in Congleton.

\*Environment and Communities Committee reserves continued overleaf

**Table 7 - Environment and Communities Committee Continued**

Reserve Account	Opening Balance 1 Apr 24 £000	Transfers to General Fund £000	Forecast Movement in Reserves £000	Additional Drawdown Requests £000	Forecast Closing Bal 31 Mar 25 £000	Notes
Licensing Enforcement	8	0	0	(8)	0	Three year reserve to fund a third party review and update of the Cheshire East Council Tax Licensing Enforcement Policies.
Flood Water Mngmt (Emergency Planning)	2	0	(2)	0	0	Relating to Public Information Works.
Neighbourhood Planning	82	(41)	(41)	0	0	To match income and expenditure.
Spatial Planning - revenue grant	13	(13)	0	0	0	Residual reserve balance has been released to the general fund to support the in-year deficit pressure.
Street Cleansing	22	0	0	(22)	0	Committed expenditure on voluntary litter picking equipment and electric blowers.
<b>ENVIRONMENT AND COMMUNITIES TOTAL</b>	<b>870</b>	<b>(390)</b>	<b>(402)</b>	<b>(78)</b>	<b>0</b>	

\* All 'Additional Drawdown Requests' not forecast as part of MTFS 24-28 are subject to review and are yet to be approved.

**Table 8 - Highways and Transport Committee**

Reserve Account	Opening Balance 1 Apr 24 £000	Transfers to General Fund £000	Forecast Movement in Reserves £000	Additional Drawdown Requests £000	Forecast Closing Bal 31 Mar 25 £000	Notes
<b>Highways and Infrastructure</b>						
HS2	385	(185)	(200)	0	0	To support the Council's committed costs in relation to Government's cessation of the HS2 rail network in borough.
Flood Recovery Works	400	0	(200)	(200)	0	To help the service manage risks such as the impact of adverse weather, specifically flooding or extensive periods where winter maintenance is required.
Highways Procurement Project	104	(20)	(15)	(69)	0	To finance the development of the next Highway Service Contract. Depot mobilisation costs, split over 7 years from start of contract in 2018.
LEP-Local Transport Body	19	0	0	(19)	0	Contribution to LEP transport studies/consultancy. Ongoing working around Transport Legacy issues.
<b>HIGHWAYS AND TRANSPORT TOTAL</b>	<b>908</b>	<b>(205)</b>	<b>(415)</b>	<b>(288)</b>	<b>0</b>	

\* All 'Additional Drawdown Requests' not forecast as part of MTFS 24-28 are subject to review and are yet to be approved.

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## **Finance Sub-Committee**

**12 September 2024**

### **Medium Term Financial Planning Assumptions**

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**Report of:** Adele Taylor, Interim Director of Finance & Customer Services and Section 151 Officer

**Report Reference No:** FSC/07/24-25

**Ward(s) Affected:** All wards and all members will be affected and impacted by the content of the MTFS

#### **Purpose of Report**

- 1 This report is an update paper, following the June Finance Sub Committee meeting and also the Working Group session in August, to further assist with development of the Medium-Term Financial Strategy (MTFS) 2025 to 2029.
- 2 The paper sets out the potential updated funding position since that time, including some sensitivity analysis on funding scenarios.

#### **Executive Summary**

- 3 The Medium-Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2024/25 to 2027/28 was approved by full Council on 27 February 2024.
- 4 The MTFS is underpinned by a set of assumptions around income, expenditure and core funding that result in a 4-year position. The budget could only be balanced for the 2024/25 financial year by planned use of reserves. This is not sustainable in the medium to long term and needs to be addressed urgently for the Council to be financially sustainable. The gaps forecast in later years must be addressed as part of the business planning process this year, as well as the Council learning to live within its means by delivering all savings and containing approved growth within 2024/25, otherwise there will be increased

pressures in future years and preparing a balanced budget/ MTFS will continue to be challenging.

- 5 The budget assumptions were reviewed on a line-by-line basis by a Sub-Committee Working Group in August 2024. No specific changes to the assumptions were identified at this session, but it was agreed that additional sessions could be used for further review, as more information and certainty comes to light. The Working Group also considered a set of draft budget principles that could be followed to assist focus and clarity when making financial decisions.
- 6 The Council has engaged an external partner to work alongside officers and Members to identify opportunities to transform the way the Council operates, including areas that may go some way to closing the gap that has been identified in the MTFS. These will help the Council live within its means and can contribute to ensuring that committees are able to operate within the indicative cash limits that were set per committee. It may be, that following identification of these opportunities as well as any other savings, growth and increases in funding/ income, that the final budget allocations may not be as per these original indications - but that needs to be part of the consideration around the way in which the Council's resources are prioritised.
- 7 Since the Sub-Committee received the last budget assumptions report in June 2024 there is now potential scope to include increases to the forecast funding envelope and options are set out in detail in the main section of the report. These have been presented in a sensitivity analysis format to allow members to see the impact of these forecast changes from a high, medium and low viewpoint.
- 8 However, the First Financial Review report also on the agenda indicates significant in-year pressures, which need to be managed and mitigated.

#### RECOMMENDATIONS

The Finance-Sub Committee is asked to:

1. Note the updated information contained in the report in relation to potential improvements in the central funding assumptions.
2. Note the change in timeline for preparation of the MTFS 2025-29 and the public consultation period, as described in the report, as relating to the consideration of in-year financial pressures and the development of proposals from the Council's Transformation Programme.

## Background

- 9 The Medium-Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2024/25 to 2027/28 was approved by full Council on 27 February 2024.
- 10 As a reminder, Table 1 below sets out the revenue budget estimates for the four years from 2024/25 to 2027/28 as at February 2024:

<b>Table 1 – Revenue Budget</b>	<b>Approved Net Budget 2024/25 £m</b>	<b>Estimated Position 2025/26 £m</b>	<b>Estimated Position 2026/27 £m</b>	<b>Estimated Position 2027/28 £m</b>
<b>Total Service Budgets</b>	<b>360.5</b>	<b>380.2</b>	<b>399.1</b>	<b>417.1</b>
Central Budgets:				
Capital Financing	28.5	43.0	57.1	69.8
Income from Capital Receipts	(1.0)	(1.0)	(1.0)	(1.0)
Use of (-) / Contribution to (+) Reserves	(12.2)	-	-	-
<b>Total Service and Central Budgets</b>	<b>375.7</b>	<b>422.2</b>	<b>455.2</b>	<b>485.9</b>
Funded by:				
Council Tax	(287.1)	(298.8)	(310.6)	(322.9)
Business Rate Retention	(56.6)	(56.6)	(56.6)	(56.6)
Revenue Support Grant	(0.4)	(0.4)	(0.4)	(0.4)
Specific Unringfenced Grants	(31.6)	(24.5)	(24.5)	(24.5)
<b>Total Funding</b>	<b>(375.7)</b>	<b>(380.3)</b>	<b>(392.2)</b>	<b>(404.4)</b>
<b>FUNDING POSITION (Cumulative)</b>	<b>-</b>	<b>41.9</b>	<b>63.0</b>	<b>81.5</b>

- 11 The table above highlights the fact that the Council faces a significant four-year funding gap. There will also be the requirement to increase general reserves to more appropriate levels, to support the future financial sustainability of the Council. Including proposals to build general reserves to the required levels, the funding shortfall over the medium term is in the order of c.£100 million, as reported in the previous Budget Assumptions report in June 2024.

### Indicative budget envelope for 2025/26

- 12 As reported in the June Finance Sub Committee budget assumption report there had been further refinement to some of the assumptions and resulting values in the budget. These changed the overall funding position for 2025/26 onwards as per the table below.

<b>Table 2</b>	<b>Estimated Position 2025/26</b>	<b>Estimated Position 2026/27</b>	<b>Estimated Position 2027/28</b>
<b>Scenario A – known items at June 2024</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Funding Position - February 2024 - Cumulative position</b>	<b>41.9</b>	<b>63.0</b>	<b>81.5</b>
Capital Financing budget – incremental impact for future years over estimated as at Feb 24. Positive impact over medium term and full review of capital programme to take place	(7.8)	(21.6)	(36.4)
Second homes - additional 100% council tax from April 2025	(2.5)	(2.0)	(2.0)
Pay pressure on the 2024/25 from the £1,290/2.5% pay offer (this will need to be funded in 2024/25 and then built into future years base)	+1.9	+1.9	+1.9
Contingency budget	+3.4	+10.0	+10.0
Risk of unachievable budget savings or growth demands exceeding estimates – early estimate	-	+15.0	+30.0
Replenish General Reserves up to c.£20m (£5m p.a.)	+5.0	+10.0	+15.0
<b>Revised Funding Position - June 2024 (Cumulative position)</b>	<b>41.9</b>	<b>76.3</b>	<b>100.0</b>

- 13 At this point therefore, we were not seeing a significant variation in the required MTFs position that would change the forecast funding gap of c.£100m over the medium term.
- 14 The report also highlighted various other potential changes that may improve or worsen this position further, but were not being included as they were not yet confirmed at that time.

### **Funding envelope options**

- 15 The assumptions around the funding envelope for the medium term as at February 2024, included council tax increases at 2.99% and also included central unringfenced grant funding levels in line with the provisional local government settlement which was announced in December 2023. There was a further announcement in January 2024 of additional unringfenced Social Care grant funding of £3m for Cheshire East Council for 2024/25, but this came too late to include in the MTFs for later years' forecasts.
- 16 Table 3 below sets out the revised grant funding estimates for the medium term based on the inclusion of this additional Social Care increased grant continuing into the medium term. Although this is yet to be formally confirmed, the general consensus from other local authorities and from financial advisors, Pixel Financial Management, is that this grant stream is more than likely to occur again for 2025/26, as the local government settlement is highly likely to be a rollover



settlement from 2024/25, due to the timing of the new Government coming into office. It is also considered likely that this new increased level of grant will remain at this level over the medium term.

- 17 For the same reasons, it is also considered likely that a further one-year allocation of the New Homes Bonus funding will occur again in 2025/26. This is less certain for the remaining years of the medium term, so has been excluded at this time.
- 18 Further to this, the likely position on the limitations on council tax increases for 2025/26 is predicted to be in line with 2024/25, which was 4.99% (including 2% ringfenced for Adult Social Care). There is the option, therefore, to increase the current assumption from 2.99% to 4.99% which further improves the position as can be seen in the table below.

<b>Table 3 – Medium scenario</b>	<b>Estimated Position 2025/26 £m</b>	<b>Estimated Position 2026/27</b>	<b>Estimated Position 2027/28 £m</b>
<b>Revised Funding Position - June 2024</b>	41.9	76.3	100.0
Social care unringfenced grant continuing over the medium term	(3.0)	(3.0)	(3.0)
New Homes Bonus – one year only	(3.5)	-	-
Additional Council Tax income	(5.9)	(12.3)	(19.3)
<b>Revised Cumulative position</b>	<b>29.5</b>	<b>61.0</b>	<b>77.7</b>

- 19 For comparison, Table 4 below sets out the position if none of the above funding improvements were to be included (i.e. current MTFS Feb 2024 position) and shows the scale of the difference.

<b>Table 4 – unchanged (low) scenario</b>	<b>Estimated Position 2025/26 £m</b>	<b>Estimated Position 2026/27</b>	<b>Estimated Position 2027/28 £m</b>
<b>Revised Funding Position - June 2024</b>	41.9	76.3	100.0
Social care unringfenced grant	-	-	-
New Homes Bonus	-	-	-
Council Tax income	-	-	-
<b>Cumulative position</b>	<b>41.9</b>	<b>76.3</b>	<b>100.0</b>
<b>Variance to Medium scenario</b>	<b>+12.4</b>	<b>+15.3</b>	<b>+22.3</b>

- 20 Table 5 below sets out a comparative “optimistic” position which includes grant funding for 2025/26 at increased levels as predicted by Pixel financial advisors. The assumption here is that these grants would remain at these levels, even if they were replaced by other funding streams (i.e. in the case of the New Homes Bonus ceasing). This is a high risk strategy and so it is not advised to include these grants at this increased level.

<b>Table 5 – optimistic (high) scenario</b>	<b>Estimated Position 2025/26 £m</b>	<b>Estimated Position 2026/27</b>	<b>Estimated Position 2027/28 £m</b>
<b>Revised Funding Position - June 2024</b>	41.9	76.3	100.0
Social care unringfenced grant	(5.0)	(5.0)	(5.0)
New Homes Bonus	(4.0)	(3.5)	(3.5)
Council Tax income	(5.9)	(12.3)	(19.3)
<b>Cumulative position</b>	<b>27.0</b>	<b>55.5</b>	<b>72.2</b>
<b>Variance to Medium scenario</b>	<b>-2.5</b>	<b>-5.5</b>	<b>-5.5</b>

- 21 A full detailed breakdown of the changes since the MTFS in February 2024 has been included at Appendix A which for clarity reflects all the adjustments shown in Tables 2 and 3 above.

### **MTFS timeline and progress**

- 22 As set out in the First Financial Review report elsewhere on the agenda, there are some significant pressures on the 2024/25 budget; whilst work is underway to manage and mitigate those pressures, there is likelihood of some adverse impact on our existing medium term estimates, and consequently our progress towards setting the 2025/26 budget.
- 23 In addition to understanding and managing/ mitigating existing financial pressures, the new MTFS will also need to fully reflect the impact of proposals that are emerging from the Transformation Programme (as reported to Corporate Policy Committee on 21 August 2024). It will be critical to have clarity on realistic profiles and level of savings, to effectively determine deliverable change in 2025/26 and beyond.
- 24 The preparation of proposals for the MTFS and the consultation period in order to support Member consideration and setting of the budget/ MTFS are now therefore likely to be later than originally planned, with the formal public consultation period more likely to begin in November.

## **Consultation and Engagement**

- 25 The annual business planning process involves engagement with local people and organisations. Local authorities have a statutory duty to consult on their budget with certain stakeholder groups including the Schools Forum and businesses. In addition, the Council chooses to consult with other stakeholder groups. The Council continues to carry out stakeholder analysis to identify the different groups involved in the budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process.
- 26 Cheshire East Council conducted an engagement process on its Medium-Term Financial Plans through a number of stages running from 8 January 2024 to Council in February 2024.
- 27 The previous budget consultation launched on-line on 8 January 2024 and closed on 28 January 2024 and included details of the headline proposals for each Committee area. This consultation was made available to various stakeholder groups and through a number of forums as detailed in Annex 2 of the MTFS.

## **Reasons for Recommendations**

- 28 The Finance Sub-Committee co-ordinates the management and oversight of the Council's finances, performance and corporate risk management arrangements. The Sub-Committee will make recommendations to the Corporate Policy Committee regarding the development of the Medium-Term Financial Strategy and the setting and monitoring of the Capital and Revenue Budgets in accordance with the Corporate Plan and the Policy Framework.
- 29 This report enables the Committee to understand the assumptions underpinning the current MTFS and changes since that time. The Working Group will continue to review the detail behind the assumptions and the Committee will be informed of any changes required to accurately develop a robust budget for the MTFS for 2025/26 and over the medium term.

## **Other Options Considered**

- 30 Not applicable.

## Implications and Comments

### *Monitoring Officer/Legal*

- 31 The legal implications surrounding the process of setting the 2024 to 2028 Medium-Term Financial Strategy were dealt with in the reports relating to that process.

### *Section 151 Officer/Finance*

- 32 The current financial assumptions and revised timescales within this report provide up to date information on the Council's MTFS progress for the period 2025/26 to 2028/29, specifically aimed to setting the budget for 2025/26 which legally has to be completed by March 2025. Further details are contained within the body of this report.

### *Policy*

- 33 The Corporate Plan sets the policy context for the MTFS and the two documents are aligned. Any policy implications that arise from activities funded by the budgets that this report deals with will be dealt with in the individual reports to Members or Officer Decision Records to which they relate.
- 34 The latest Corporate Plan, now renamed the Cheshire East Plan, was approved for the one year period 2024/25 by Full Council on 17 July 2024 and the priorities contained within it will impact on the MTFS. The next Cheshire East Plan review will be timetabled accordingly to ensure any future impacts are considered alongside the Business Planning Process.

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### *Equality, Diversity and Inclusion*

- 35 Under the Equality Act 2010, decision makers must show 'due regard' to the need to:
- Eliminate unlawful discrimination, harassment and victimisation;
  - Advance equality of opportunity between those who share a protected characteristic and those who do not share it; and
  - Foster good relations between those groups.

- 36 The protected characteristics are age, disability, sex, race, religion and belief, sexual orientation, gender re-assignment, pregnancy and maternity, and marriage and civil partnership.
- 37 Having “due regard” is a legal term which requires the Council to consider what is proportionate and relevant in terms of the decisions they take.
- 38 The Council needs to ensure that in taking decisions on the Medium-Term Financial Strategy and the Budget that the impacts on those with protected characteristics are considered. The Council undertakes equality impact assessments where necessary and continues to do so as proposals and projects develop across the lifetime of the Corporate Plan. The process assists us to consider what actions could mitigate any adverse impacts identified. Completed equality impact assessments form part of any detailed Business Cases.
- 39 The Corporate Plan’s vision reinforces the Council’s commitment to meeting its equalities duties, promoting fairness and working openly for everyone. Cheshire East is a diverse place and we want to make sure that people are able to live, work and enjoy Cheshire East regardless of their background, needs or characteristics.

#### *Human Resources*

- 40 Any HR implications that arise from activities funded by the budgets that the budget report deals with will be dealt with in the individual reports to Members or Officer Decision Records to which they relate.

#### *Risk Management*

- 41 Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2024/25 budget and the assumptions underpinning it were factored into the 2024/25 financial scenario, budget and reserves strategy.

#### *Rural Communities*

- 42 The budget report, as approved at Council on 27 February 2024, provides details of service provision across the borough.

#### *Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

- 43 The budget report, as approved at Council on 27 February 2024, provides details of service provision across the borough.

*Public Health*

- 44 Public health implications that arise from activities that the budget report deals with will be dealt with as separate reports to Members or Officer Decision Records as required.

*Climate Change*

- 45 Any climate change implications that arise from activities funded by the budgets that the budget report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

<b>Access to Information</b>	
Contact Officer:	Adele Taylor Interim Director of Finance and Customer Services (Section 151 Officer)  <a href="mailto:adele.taylor@cheshireeast.gov.uk">adele.taylor@cheshireeast.gov.uk</a>
Appendices:	Appendix A – Forecast Funding and Central changes since the MTFS February 2024
Background Papers:	The following are links to key background documents:  <a href="#">Medium-Term Financial Strategy 2024-28</a>  <a href="#">Corporate Policy Committee 21 August 2024 - Approved Transformation Plan</a>  <a href="#">Finance Sub Committee 24 June 2024 Agenda</a>

## Appendix A

Financial Scenario FUNDING AND CENTRAL BUDGET ITEMS ONLY	Approved MTFS February 2024	Forecast Position*	Change	Approved MTFS February 2024	Forecast Position*	Change	Approved MTFS February 2024	Forecast Position*	Change	Variance explanation
	£m	£m	£m	£m	£m	£m	£m	£m	£m	
	2025/26			2026/27			2027/28			
<b>SOURCES OF FUNDING</b>										
Council Tax	-298.779	-307.122	-8.343	-310.595	-324.850	-14.255	-322.850	-344.205	-21.355	Second homes income and further 2% increase in each year
Business Rates	-56.627	-56.627	-	-56.627	-56.627	-	-56.627	-56.627	-	
Revenue Support Grant	-0.414	-0.414	-	-0.414	-0.414	-	-0.414	-0.414	-	
Unringfenced Specific Grants										
New Homes Bonus	0.000	-3.500	-3.500	0.000	0.000	-	0.000	0.000	-	Additional 1 year only allocation
Social Care Support Grant	-22.580	-25.580	-3.000	-22.580	-25.580	-3.000	-22.580	-25.580	-3.000	Additional allocation to match 2024/25 level in all years
Other unringfenced Grants	-1.918	-1.918	-	-1.918	-1.918	-	-1.918	-1.918	-	
<b>FUNDING ENVELOPE</b>	<b>-380.318</b>	<b>-395.161</b>	<b>-14.843</b>	<b>-392.134</b>	<b>-409.389</b>	<b>-17.255</b>	<b>-404.389</b>	<b>-428.744</b>	<b>-24.355</b>	
<b>CENTRAL BUDGETS AND PAY INFLATION</b>										
Pay Inflation	4.546	6.135	1.589	4.659	4.659	-	4.659	4.659	-	Increase for 2025/26 for cost of pay offer at £1,290 / 2.5% (revised down from initial estimate of £1.9m in June 2024)
Capital Financing budget	43.036	35.263	-7.773	57.094	35.507	-21.587	69.792	33.333	-36.459	Correction to overstated budget in February MTFS
Contingency budget	0.000	3.400	3.400	0.000	10.000	10.000	0.000	10.000	10.000	Inclusion of budget from 2025/26
Income from Capital Receipts	-1.000	-1.000	-	-1.000	-1.000	-	-1.000	-1.000	-	
Bad Debt Provision - change in budget	-0.050	-0.050	-	-0.050	-0.050	-	-0.050	-0.050	-	
Risk of unachievable budget savings or growth demands exceeding estimates – early estimate	0.000	0.000	-	0.000	15.000	15.000	0.000	30.000	30.000	
Contribution to general reserves	0.000	5.000	5.000	0.000	10.000	10.000	0.000	15.000	15.000	£5m per annum from 2025/26
<b>TOTAL CENTRAL BUDGETS + PAY INFLATION</b>	<b>46.532</b>	<b>48.748</b>	<b>2.216</b>	<b>60.703</b>	<b>74.116</b>	<b>13.413</b>	<b>73.401</b>	<b>91.942</b>	<b>18.541</b>	
<b>FINANCIAL ENVELOPE + CENTRAL BUDGETS + PAY INFLATION</b>	<b>-333.786</b>	<b>-346.413</b>	<b>-12.627</b>	<b>-331.431</b>	<b>-335.273</b>	<b>-3.842</b>	<b>-330.988</b>	<b>-336.802</b>	<b>-5.814</b>	

\*Assumes the Medium scenario option

Cumulative improvement	<b>-22.282</b>
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OPEN

## **Finance Sub Committee**

**12 September 2024**

### **CIPFA Financial Management Code (FM Code) Self Assessment & Action Plan 2023/24**

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**Report of: Adele Taylor, Interim Director of Finance and Customer Services (s151 Officer)**

**Report Reference No: FSC/02/24-25**

**Ward(s) Affected: All**

#### **Purpose of Report**

- 1 This report updates the Council's progress in implementing the Chartered Institute of Public Finance & Accountancy (CIPFA) Financial Management (FM) Code and presents the 2023/24 Self-Assessment, as reported to the Committee in March 2024, for approval together with a draft Action Plan for approval.

#### **Executive Summary**

- 2 As set out in the previous update report to the Finance Sub-Committee in March 2024, this report presents the 2023/24 self-assessment for approval and provides the draft action plan in respect of gaps identified in the Council's self-assessment against the FM Code, also for approval.
- 3 The self-assessment and action plan are presented following two informal briefings with the Finance Sub-Committee in June 2024 where each Principle and Standard of the code were discussed in detail and allowed members to consider in more detail the self-assessment and any necessary actions that may be needed to bring any standard higher up the RAG Ratings. This report also reiterates what the Code is, and why Local Authorities must comply with the guidance provided by CIPFA.
- 4 A further report will be presented to the Finance Sub-Committee in January 2025 to update on the latest 2024/25 in year progress against the Action Plan and also provide an updated self-assessment position against the FM Code.

- 5 The self-assessment position as at March 2024 is detailed in Appendix 2 and the draft Action Plan is detailed in Appendix 3.

#### RECOMMENDATIONS

The Finance Sub Committee is recommended to:

1. consider the contents of the report and the 2023/24 self-assessment against the principles of CIPFA FM Code and the action plan.
2. Approve the 2023/24 self- assessment position (as at March 2024) in Appendix 2 – Cheshire East Council’s current level of compliance with the CIPFA Financial Management Code Framework.
3. Approve the Action Plan as presented in Appendix 3.

#### Background

- 6 The Chartered Institute of Public Finance & Accountancy (CIPFA) launched a Financial Management Code (FM Code) in 2019 with an original implementation date scheduled for 2021/22. However, in recognition of the pressures that have been placed on Local Authorities in dealing with the coronavirus pandemic, CIPFA concluded that while the first year of compliance can remain as 2021/2022, it can do so within a more flexible framework where a proportionate approach can be taken. In practice this means that adherence to some parts of the Code will demonstrate a direction of travel with reference made in the Annual Governance Statement in respect of the organisation’s compliance with the principles of the FM Code.
- 7 The FM Code sets out seventeen standards of financial management for local authorities – these are referred to in Appendix 1. The FM Code is designed to support good practice in financial management and to assist local authorities to demonstrate their financial sustainability.
- 8 Local government finance in the UK is governed by legislation, regulation, and professional standards. The general financial management of a local authority, however, has not until now been supported by a professional code. The Code was introduced in recognition of the exceptional financial circumstances faced by local authorities and due to fundamental weaknesses in financial management revealed in some organisations in

recent years and concerns about the financial sustainability of some Councils.

- 9 CIPFA's intention is that the FM Code will have the same standing as the Prudential Code for Capital Finance in Local Authorities (CIPFA, 2017), which promotes the financial sustainability of local authority capital expenditure and associated borrowing.
- 10 The FM Code itself does not have legislative backing, however it applies to all local authorities but recognises that some have different structures and legislative frameworks. Where compliance with the Code is not possible, adherence to the principles is still considered appropriate.

### **Responsibility**

- 11 Application of the FM Code is a professional responsibility of all finance staff and establishes how the Chief Financial Officer (CFO) demonstrates that they are meeting their statutory responsibility for sound financial administration.
- 12 However, CIPFA considers application of the Code to be the collective responsibility of each authority's organisational leadership team, not just the responsibility of the CFO or the finance team. For the purposes of the Code the 'Leadership Team' is defined as the collective group of elected members and senior officers. Therefore, for CEC it includes committees of the authority as well as senior officers.

### **Compliance**

- 13 It is for the individual authority to determine whether it meets the standards and to make any changes that may be required to ensure compliance. Authorities should be able to provide evidence that they have reviewed their financial management arrangements against the standards and that they have taken such action as may be necessary to comply with them.
- 14 It is important to note, also, that the financial management standards are minimum standards. Some authorities may feel that their own financial management arrangements exceed the standards set out in the FM Code.

### **CIPFA Principles of Good Financial Management**

- 15 The FM Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, it requires that an authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities, and circumstances and that they are proportionate

to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services.

16. The underlying principles that inform the FM Code have been developed in consultation with senior practitioners across the sector and associated stakeholders. The principles have been designed to focus on an approach that will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable.

17. The 6 Principles of Good Financial Management set out in the FM Code are:

- **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.

- **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.

- **Financial management** is undertaken with transparency at its core using consistent, meaningful, and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.

- Adherence to **professional standards** is promoted by the leadership team and is evidenced.

- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.

- The **long-term sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

### **CIPFA Financial Management Standards**

18. The FM Code sets out the seventeen CIPFA Financial Management Standards with detailed explanatory notes – a summary table is provided in Appendix 1.

### **FM Code Self-Assessment**

19. Cheshire East Council undertook an initial officer high level review exercise of the Council's process, procedures and governance arrangements to understand the baseline compliance against the FM Code and Standards.

- 20 This initial review indicated that the Council is generally complying with the overall principles of the CIPFA FM Code, with some improvements required within some specific areas.
- 21 The interim report in November 2023 recommended a further re-assessment exercise to bring the Council's current processes and practices and governance arrangements up to date for the 2023/24 year.
- 22 An update report in March 2024 provided the latest re-assessment position and developed further the initial officer high level assessment to include a self-assessment RAG Rating for each standard.
- 23 This current report provides a high-level action plan (Appendix 3), to be adopted to address improvements to those standards that are not currently rated as green will be made.
- 24 The self-assessment exercise to benchmark Cheshire East Council's current processes and practice against the FM Standards has been undertaken using a RAG Rating approach as set out below (also set out in Appendix 2).

<b>RAG Assessment</b>	<b>Description</b>
<b>5</b>	Achieves Best Practice
<b>4</b>	Substantial Compliance / Minor Areas of improvement
<b>3</b>	Reasonable Compliance / Some Areas of improvement
<b>2</b>	Minimum Compliance / Significant Areas of improvement
<b>1</b>	Does not meet requirements of the code

- 25 The following table summarises the 2023/24 self-assessment RAG Rating for each standard as at March 2024. The detailed analysis per standard is provided in Appendix 2.

Table 1: Financial Management Code Summary Self-Assessment

<b>Standard Reference</b>	<b>Financial Management Standard</b>	<b>RAG Rating</b>
	<b>Principle 1: Organisational Leadership</b> – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture	

A	The leadership team can demonstrate that the services provided by the authority provide value for money.	3
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	4
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	2
<b>Principle 2 : Accountability</b> – financial management is based on medium-term financial planning which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs		
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	4
P	The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom	4
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.	4
<b>Principle 3: Transparency</b> – Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.		
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	4
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	3
<b>Principle 4: Standards</b> – Adherence to professional standards is promoted by the leadership team and is evidenced.		

H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities – <i>amended since March 2024 due to ongoing Capital Review / Capital Programme affordability</i>	2
J	The authority complies with its statutory obligations in respect of the budget setting process	4
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	4
<b>Principle 5: Assurance</b> – Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.		
C	The leadership team demonstrates in its actions and behaviours, responsibility for governance and internal control.	4
F	The authority has carried out a credible and transparent financial resilience assessment	3
N	The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	3
<b>Principle 6: Sustainability</b> – The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.		
E	The financial management style of the authority supports financial sustainability	3
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	4
I	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	3

26 The self-assessment process will need to continue to be carried out annually in future (after the year end) to demonstrate ongoing compliance

with the FM Code. In addition, an interim update is to be provided to the Finance Sub-Committee in January 2025.

- 27 The Action Plan (Appendix 3) has been developed from the self-assessment exercise as at March 2024. The Council is going through a significant period of transformation and change following the recent Peer Review, DMA Review, CIPFA Resilience Review and Transformation programme, it is envisaged that the outcomes and actions relating to these reviews and resulting action plans will, where appropriate, be reflected in the next re-assessment exercise to be reported to the Finance Sub Committee in January 2025.

## **Implications and Comments**

### *Monitoring Officer/Legal*

- 28 The FM Code itself does not currently have legislative backing, although CIPFA have set out their intention to pursue this. CIPFA's judgement is that compliance with the FM Code will assist local authorities to demonstrate that they are meeting existing important legislative requirements.
- 29 There are no legal implications arising directly from this report.

### *Section 151 Officer/Finance*

- 30 The delivery of strong financial management is fundamental to the delivery of the Council's strategic aims.
- 31 There are no direct financial implications arising from this report.

### *Policy*

- 32 There are no Policy implications.

### *Equality, Diversity and Inclusion*

- 33 There are no Equality, Diversity or Inclusion Implications.

### *Human Resources*

- 34 There are no Human Resources Implications.

### *Risk Management*

- 28 Failure to demonstrate compliance with the FM Code as described above could in future result in a qualification of the accounts which may lead to further audit costs in future as well as an adverse impact on the Councils reputation.



*Rural Communities*

35 There are no Rural Communities implications.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

36 There are no Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND) Implications.

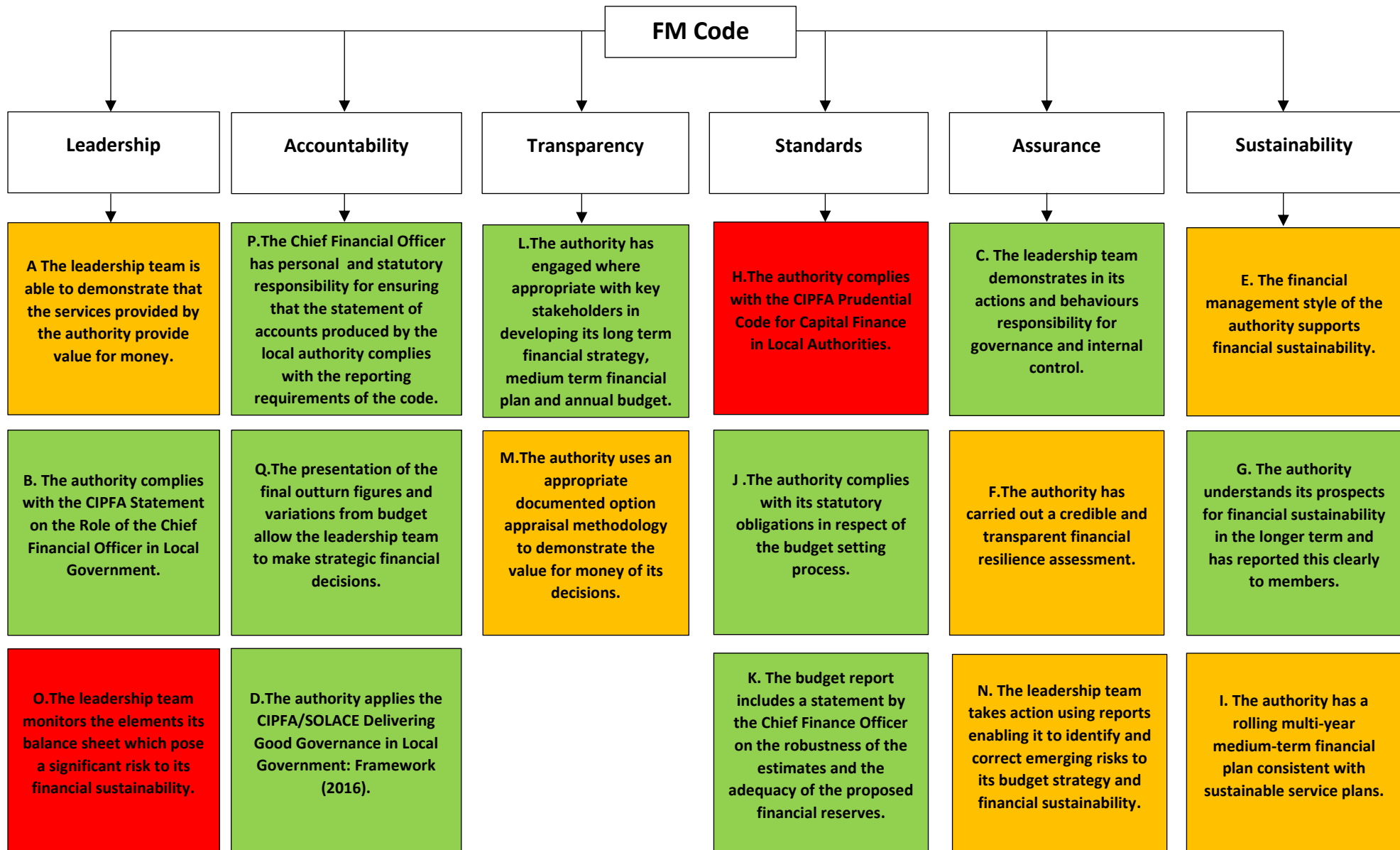
*Public Health*

37 There are no Public Health implications.

<b>Access to Information</b>	
Contact Officer:	<p>Adele Taylor Interim Director of Finance and Customer Services (Section 151 Officer)</p> <p><a href="mailto:adele.taylor@cheshireeast.gov.uk">adele.taylor@cheshireeast.gov.uk</a></p> <p>01270 685876</p>
Appendices:	<p>Appendix 1 – CIPFA Financial Management Code Standards</p> <p>Appendix 2 – CEC Draft Compliance CIPFA Financial Management Code 2023/24 (March 24)</p> <p>Appendix 3 – Draft CIPFA FM Code Action Plan</p> <p>Appendix 4 - Glossary</p>
Background Papers:	<p>The Chartered Institute of Public Finance &amp; Accountancy (CIPFA) launched a Financial Management Code (FM Code) 2019.</p> <p>Draft Annual Governance Statement 2023/24</p> <p>CIPFA Financial Management Code (FM Code) - update report – Finance Sub Committee 25 March 2024.</p>

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Appendix 1



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# APPENDIX 2

## Review of Cheshire East Council's compliance with the CIPFA Financial Management Code

### Introduction

The CIPFA Financial Management (FM) code sets the standards of financial management for local authorities. It is designed to support effective practice in financial management and to assist local authorities in demonstrating their budgetary sustainability. The code complies with other legislation and associated CIPFA codes and is evidence of compliance with statutory and professional frameworks. All local authorities are required to demonstrate full compliance with the Code by 31 March 2022 or provide a full explanation relating to areas of non-compliance, noting though that a local authority can do so within a more flexible framework where a proportionate approach can be taken. In practice this means that adherence to some parts of the Code will demonstrate a direction of travel with reference made in the Annual Governance Statement in respect of the organisation's compliance with the principles of the FM Code.

Demonstrating compliance with the CIPFA FM Code is a collective responsibility including the Leader of the Council, Members, the Chief Finance Officer, and their professional colleagues in the leadership team. This report is a self-assessment and review of the Council's compliance with the standards as set out in the FM Code. It documents the detail of what is expected within the standard. It also records evidence of areas of compliance, non-compliance and documents any further actions required to meet and/or improve current processes in place.

This report is to be considered alongside the Draft 2022/23 Annual Governance Statement (AGS), noting that the 2021/22 and 2022/23 (2 year) External Audit Value for Money (VfM) reports are being finalised and that following reflection of the findings some areas of this draft assessment may be subject to change.

### Principles of good financial management

The code is a principle-based approach. There are six principles:

1. Leadership
2. Accountability
3. Transparency
4. Standards
5. Assurance
6. Sustainability

The six principles are translated into seventeen Financial Management standards - see Appendix 1.

### Assessment of compliance

The following tables set out the latest self-assessment of the Council's ability to demonstrate that it meets the requirements of the FM Code.

Each of the seventeen standards have been re-assessed against the following definitions:

<b>RAG Assessment</b>	<b>Description</b>
<b>5</b>	Achieves Best Practice
<b>4</b>	Substantial Compliance / Minor Areas of improvement
<b>3</b>	Reasonable Compliance / Some Areas of improvement
<b>2</b>	Minimum Compliance / Significant Areas of improvement
<b>1</b>	Does not meet requirements of the code

A full re-assessment of all the FM Code Principles and Standards is ongoing.

The aim of the full draft re-assessment is to demonstrate the overall current level of compliance in line with the above RAG Rating and highlight any key themes that have been noted for improvements and associated action plans.

## Hyperlinks to Sections

[Standard A : The leadership team can demonstrate that the services provided by the authority provide value for money.](#)

[Standard B : The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.](#)

[Standard O. The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.](#)

[Standard D : The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework \(2016\)](#)

[Standard P: The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom](#)

[Standard Q : The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.](#)

[Standard L - The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget](#)

[Standard M : The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.](#)

[Standard H : The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities S](#)

[Standard J : The authority complies with its statutory obligations in respect of the budget setting process](#)

[Standard K : The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves](#)

[Standard C : The leadership team demonstrates in its actions and behaviours, responsibility for governance and internal control.](#)

[Standard F - The authority has carried out a credible and transparent financial resilience assessment](#)

[Standard G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members](#)

[Standard N - The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.](#)

[Standard E - The financial management style of the authority supports financial sustainability](#)

[Standard I - The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.](#)

# Leadership

**Principle 1: Organisational Leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture**

**Standard A : The leadership team can demonstrate that the services provided by the authority provide value for money.**

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<p>Compliance with FM Code requires an authority to <b>achieve</b> value for money and be able to <b>demonstrate</b> that its services represent value for money</p> <p><b>Promote/achieve value for money - examples</b></p> <ul style="list-style-type: none"> <li>• Clear Governance structure</li> <li>• Corporate Plan (clear objectives and strategy based on local need)</li> <li>• Effective Service and Financial planning</li> <li>• Financial Regulations</li> <li>• Procurement Regulations</li> <li>• Contract Management</li> <li>• Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>- Governance arrangements have moved to the Committee System (Committee membership &amp; purpose - <a href="#">Links below</a>)               <ul style="list-style-type: none"> <li>○ Structure of Committees approved</li> <li>○ Committee Terms of Reference (ToR) approved</li> <li>○ Chairs / Members appointed (Link below)</li> <li>○ Committee meeting schedule and workplans approved</li> <li>○ Annual Review of Committee System Report (CPC June 2023)</li> <li>○ Reports to all decision making committees</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Appointments to CLT – currently interim arrangements in place to cover the Executive Director – Corporate Services and Executive Director – Place.</li> <li>• CFO/S151 leaving May 2024 – Interim and permanent appointments being sought.</li> <li>• New Corporate Plan (CP) to be aligned to Committees</li> <li>• Performance Framework for Corporate Plan Actions / Measures needs to be in Service Plans</li> <li>• Atamis roll-out (incl dashboards and procurement pipeline) – In progress</li> </ul>	<p><b>3 Amber</b></p>	<ul style="list-style-type: none"> <li>• Publish Atamis dashboards (LH) – <b>In progress</b></li> <li>• CLT Appointments</li> <li>• Interim/Permanent S151/CFO appointment</li> <li>• Strategic Risk Register reports to progress onto the Service Committees (<b>Done for CPC</b>).</li> <li>• Potential further/ongoing work re Decisions - Wider Leadership Community (WLC) Training plus Directorate Led sessions.</li> </ul>



What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
	<p>produced in line with a reporting protocol, DMT clearance, legal/finance review, identification of mitigation of risks re report content.</p> <ul style="list-style-type: none"> <li>○ MTFs aligned to Committee Structure – annual report (FSC 08.03.23 and service committees)</li> <li>- Corporate Leadership Team – <u>see links below</u>. A new chief executive, Rob Polkinghorne was appointed by Full Council on 13.12.2023.</li> <li>- Group Governance arrangements. <ul style="list-style-type: none"> <li>○ Cheshire East Residents First Ltd (CERF) and Cheshire East Council hold the controlling shares and provide oversight of the Council’s subsidiary companies.</li> <li>○ Finance Sub Committee / Shareholder Working Group have ToR (June 2023 FSC)</li> </ul> </li> </ul>			

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
	<ul style="list-style-type: none"> <li>- Revised Constitution – <a href="#">see links below table.</a> <ul style="list-style-type: none"> <li>○ Aligns Medium Term Financial Strategy (MTFS) to Committees</li> <li>○ Budget &amp; Policy Framework (see link)</li> <li>○ Annually Reviewed financial limits (Constitution)</li> <li>○ Revised Finance Procedure Rules (FPRs) and Contract Procedure Rules (CPRs)</li> <li>○ Definition of a Significant Decision (Completed 2022/23)</li> <li>○ Governance Workstream established within Brighter Futures Commercial Board (BFCB) (completed, April 2022 agreed that BFCB had achieved its objectives)</li> <li>○ Decisions, Decisions, Decisions – Wider Leadership Community (WLC) Training plus Directorate Led sessions.</li> </ul> </li> <li>- Corporate Plan 2021 to 2025 (Link)</li> </ul>			

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
	<ul style="list-style-type: none"> <li>○ Aligns with MTFS proposals</li> <li>○ Aligns to Service Plans</li> <li>○ Performance Dashboard including Risk</li> <li>- Procurement System Implementation (Atamis) – Live Sept 2021 for ICT, Procurement, Childrens Services and Adults Health and Integration – ongoing through 2023               <ul style="list-style-type: none"> <li>○ Procurement Progress Report to FSC and A&amp;G (Completed 2022/23)</li> <li>○ Atamis Launch and Contract Manager training re Dashboards</li> </ul> </li> <li>- Strategic Risk Register (Link)               <ul style="list-style-type: none"> <li>○ Risks contained within Service Plans</li> <li>○ Risks recorded in hierarchy aligned with Directorate to Team level plans</li> <li>○ Risk Management Framework and Risk Management Strategy adopted</li> <li>○ Risk Reporting to CLT (Completed 2022/23)</li> </ul> </li> </ul>			

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
	<ul style="list-style-type: none"> <li>○ Council Strategic Risk Register Assurance Report – quarterly updates to Corporate Policy Committee (CPC July 2022)</li> <li>○ Risk Management Report (A&amp;G annually – 22/23 27.07.23) – latest report was presented 7.3.24 – see link below</li> <li>○ Operational risk registers included in directorate and service business plans</li> </ul>			
<p><b>Demonstrate value for money - examples</b></p> <ul style="list-style-type: none"> <li>● Scrutiny/Audit Arrangements</li> <li>● Benchmarking</li> <li>● Peer Review, Engagement with Service Users</li> <li>● Monitoring of Performance Data</li> <li>● Service Reviews</li> <li>● User Surveys</li> <li>● External Assessments, Equality Impact Assessments</li> </ul>	<ul style="list-style-type: none"> <li>- Committee System introduces cross party decision making.</li> <li>- Committees receive quarterly performance scorecards, in year financial monitoring reports and MTFS budget planning/setting reports relevant to their area of remit.</li> <li>- Single Scrutiny Committee sets own work programme</li> <li>- In addition to meetings of CLT, the three statutory officers – Chief Executive, S151 Officer and Monitoring Officer - also meet regularly.</li> <li>- External Auditors (Mazars)</li> </ul>	<ul style="list-style-type: none"> <li>● Evidence of benchmarking for Committees</li> <li>● Corporate overview of external assessments</li> <li>● Review adequacy and extent of external assessments</li> </ul>	<b>3 Amber</b>	<ul style="list-style-type: none"> <li>● Include external assessments as part of regular Performance Reporting (PC) -<b>Ongoing</b></li> <li>● Peer Review scheduled for end of March 2024 follows report to Corporate Policy Committee 13 Feb 2024 – recommend to authorise the Chief Executive to make arrangements for a local government peer review (RP).</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
	<ul style="list-style-type: none"> <li>○ Appointed via PSAA procurement</li> <li>○ Attend A&amp;G Committee</li> <li>○ Regular catch-ups with CFO</li> <li>○ Regular, private, catch ups with Chair/Vice Chair of A&amp;G Committee</li> <li>○ Unqualified opinion (Link)</li> <li>○ VFM review external audit assessment covering financial sustainability, governance, improving economy, efficiency and effectiveness</li> <li>- Peer Review completed</li> <li>- Consultation Hub (Link)</li> <li>- Performance Scorecards to Scrutiny</li> <li>- OFSTED / CQC assessment</li> <li>- Revised Equality Strategy (EIAs support HLBCs and other change activity)</li> <li>- Benchmarking data in Performance Reporting.</li> <li>- External Audit (EA) – met all actions arising from Public Interest Report (AGS 22/23 – A&amp;G 08.06.23 Satisfactory assurance opinion)</li> </ul>			

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
	<ul style="list-style-type: none"> <li>- Draft Financial Statements 2022/23 published on time, commencement of 2022/23 Audit deferred due to national issues (A&amp;G July2023)</li> </ul>			
<p><b>Key Questions:</b></p> <ul style="list-style-type: none"> <li>• Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?</li> <li>• Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?</li> <li>• Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?</li> </ul>				

**Risk Management report** (Latest): <http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=486&MId=9825&Ver=4>

### Decision making and governance

The Council’s Constitution sets out the governance and decision making structures and role of the Council, the roles of Members and Committees, and the roles and delegations to officers, including senior management.

[https://www.cheshireeast.gov.uk/council\\_and\\_democracy/your\\_council/constitution.aspx](https://www.cheshireeast.gov.uk/council_and_democracy/your_council/constitution.aspx)

It also features the Budget and Policy Framework, Finance Procedure Rules and Contract Procedure Rules.

<https://www.cheshireeast.gov.uk/pdf/council-and-democracy/constitution/january-2024/cheshire-east-council-constitution-chapter-3-december-2023.pdf>

The Corporate Leadership Team of the Council currently comprises of the Chief Executive, Executive Directors for Adults, Children's, Place (acting) and Corporate Services (vacant), the Director of Finance & Customer Services (S151 Officer) and Director of Governance & Compliance (Monitoring Officer).

[https://www.cheshireeast.gov.uk/council\\_and\\_democracy/your\\_council/corporate\\_leadership\\_structure/corporate-leadership-team.aspx](https://www.cheshireeast.gov.uk/council_and_democracy/your_council/corporate_leadership_structure/corporate-leadership-team.aspx)

In May 2021 the Council replaced its Cabinet system with a Committee system, made up of Corporate Policy Committee and five service committees; there is also the Finance Sub-Committee (a sub-committee of Corporate Policy Committee) and an Audit & Governance Committee, as well as a number of other committees.

The purpose and membership of each committee may be found here:

<http://moderngov.cheshireeast.gov.uk/ecminutes/mgListCommittees.aspx?bcr=1>

Whilst Corporate Policy Committee and Finance Sub-Committee have specific responsibilities for financial planning and management, all service committees are responsible for the oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of services within their remit.

**Principle 1: Organisational Leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture**

**Standard B : The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.**

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan / RAG
<p>Compliance with FM Code requires each of the following to be reliably and consistently met:</p> <ul style="list-style-type: none"> <li>• CFO is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority’s strategic objectives sustainably and in the public interest.</li> <li>• The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered and aligned with the authority’s overall financial strategy.</li> <li>• The CFO must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used</li> </ul>	<ul style="list-style-type: none"> <li>- The Director of Finance &amp; Customer Services (DF&amp;CS) is the Authority’s CFO / s151 Officer and is a professionally qualified accountant with significant experience.</li> <li>- Senior Officer Structure &amp; Statutory responsibilities reported on CEC website (June 2023)</li> <li>- The DF&amp;CS is a member of CLT and leads on development of financial strategy</li> <li>- Pipeline of Strategic discussion to CLT via BMST</li> <li>- Report templates for decisions allow Financial Implications to be addressed and reports are submitted to CLT</li> <li>- Some ODRs are referred to CFO in advance to confirm financial implications are addressed</li> <li>- Improved clarity in FPRs over financial limits and decision making</li> </ul>	<ul style="list-style-type: none"> <li>- Changes to personnel and approach for CLT are disrupting strategic discussion</li> <li>- Follow-up analysis of decisions not sufficient</li> <li>- Risk that not all ODRs reviewed by all necessary parties</li> <li>- Cascade consistent Budget Manager training of Unit4 and FP&amp;A Forecasting tool across the Council</li> </ul>	<p><b>4 Green</b></p>	<ul style="list-style-type: none"> <li>- Management Boards to be established with wider engagement of Directors and Heads of Service.</li> <li>- Performance Framework to include progress reporting of past recommendations / decisions (PC)</li> <li>- WOC Outturn reporting via CFO before Boards (AT) – <b>in progress</b></li> </ul>



What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan / RAG
<p>appropriately, economically, efficiently, and effectively.</p> <ul style="list-style-type: none"> <li>• The CFO must lead and direct a finance function that is resourced to be fit for purpose.</li> <li>• The CFO must be professionally qualified and suitably experienced.</li> </ul>	<ul style="list-style-type: none"> <li>- The DF&amp;CS ensures the financial statements are appropriately prepared and that they give a true and fair view.</li> <li>- The Finance Team suitably resourced and qualified</li> <li>- CFO for LEP / CEC Group</li> <li>- Regular meetings of Statutory Officers being the Chief Executive Officer (CEO), CFO and Monitoring Officer (MO)</li> <li>- DF&amp;CS – supports and advises Council, Corporate Policy Committee (CPC, Finance Sub-Committee (FSC), Policy Briefing. Forums provide sufficient opportunities for the Leader of the Council, CEO / CLT to have oversight of financial matters and the DF&amp;CS to be involved in developing and implementing strategy.</li> <li>- DF&amp;CS networks externally and works with other Local Authority S151 Officers</li> <li>- Effective financial management is promoted throughout the whole Council through business partnering approach, regular financial reporting to CLT, FSC, CPC, Committees, Full Council.</li> </ul>			

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan / RAG
	<ul style="list-style-type: none"> <li>- Finance Managers / Business Partners attend EDMT / DMT, Company SMT/Boards, Finance is represented on internal management teams and in wider Group</li> <li>- The Finance function underwent a restructure in 2022/23 and aims to meet business needs via a permanent staffing structure. Some advisory services are commissioned (treasury management, pensions, valuations, Tax). Professional qualification development is in place and appropriate members of the team are either qualified or actively studying for a qualification – monitored by KPI (Service Plan).</li> <li>- Finance Training provided to Committees in November 2022 and in 2023 following Elections, to support new and existing members.</li> <li>- Member Training programme on the Committee system for existing and new members.</li> <li>- CERF WOC Draft Out-turn reports reported to FSC and A&amp;GC (June 2023)</li> </ul>			

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan / RAG
	<ul style="list-style-type: none"> <li>- LEP Outturn reporting via CFO before LEP before LEP Finance &amp; Reporting Committee.</li> <li>- Quarterly 121 meetings for Shared Services / LEP / WOC CEOs with CFO.</li> <li>- WOC Out-turn reporting via CFO before Boards.</li> <li>- Following the publication of the council's 2023/24 First Financial Review report, in which potential gross budget deficit of £26.6m (£12.8 million after mitigation) has been identified, a budget emergency response team has been set up, called 'CEBERT' (Cheshire East Budget Emergency Response Team). CEBERT brings together Corporate Leadership Team and several senior officers from the corporate services directorate to lead on coordinating our work across the organisation to address the financial challenge and rebalance the council's budget forecast. CEBERT meets on a weekly basis to provide strategic oversight for a range of activity and workstreams and includes lead officers for each service</li> </ul>			

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan / RAG
	<p>committee to ensure that our response has appropriate political oversight and decision-making. Workstreams include Establishment Management, Spending Control Panel, Pricing Strategies and Capital Spending.</p>			
<p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?</li> <li>• Does the CFO lead and champion the promotion and delivery of good financial management across the authority?</li> <li>• Is the CFO suitably qualified and experienced?</li> <li>• Is the finance team suitably resourced and fit for purpose?</li> </ul>				

**Principle 1: Organisational Leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture**

**Standard O. The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.**

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability</li> <li>Engages with The CIPFA publication Balance Sheet Management in the Public Services: A Framework for Good Practice (2017).</li> </ul>	<ul style="list-style-type: none"> <li>Capital Schemes are monitored and reported on periodically in year.</li> <li>Capital Funding is reviewed by project and at strategic level.</li> <li>Report writing guidance has been developed to support improvement in articulating financial implications.</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet review is not part of the financial monitoring process</li> <li>CIPFA Balance Sheet Management is not reported on</li> <li>Limited oversight of LEP / WOC / SS / Investment Strategy impacts on balance sheet</li> <li>Insufficient clarity on potential financial liability arising from risks recognised across registers being realised</li> </ul>	<b>2 Red</b>	<ul style="list-style-type: none"> <li>'Decisions' work to keep asking the so what questions so that impacts of a decision understood (financially, risk management and legal). (DB / AT) <b>(Ongoing)</b></li> <li>Review reporting approach to impact of LEP / SS / WOC decisions on overall balance sheet – how does our existing contract management approach achieve this, what needs to change? (AT) <b>(Ongoing)</b></li> </ul>
<p>To comply with the FM Code the authority might choose to:</p> <ul style="list-style-type: none"> <li>determine which elements of its balance sheet pose a significant risk to its financial sustainability, through a comprehensive review of its assets and liabilities</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly reporting includes reviews of debt and borrowing (Link examples)</li> <li>The deficit on the DSG has been identified as a key risk in the MTFs, monitoring reports to Committees</li> <li>Reserves Strategy is approved as part of the MTFs and compliance with the minimum</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of entire balance sheet risk is not systematic.</li> <li>Limited oversight of LEP / WOC balance sheets</li> <li>Capital receipts strategy needs development to align with MTFs (Disposal programme – Assets Board)</li> </ul>	<b>2 Red</b>	<ul style="list-style-type: none"> <li>Enhance quarterly reporting to include balance sheet management. Specifically, debt / borrowing / assets / pension fund valuation (as appropriate) (AT) <b>(Ongoing)</b></li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>• put in place mechanisms to monitor these elements of its balance sheet</li> <li>• respond promptly and proactively to any issues that these mechanisms identify.</li> </ul>	<p>level of reserves and the impact of in year financial performance on the reserves and balances is monitored as part of the in year performance report.</p> <ul style="list-style-type: none"> <li>- Other potential key risk areas of the balance sheet – Pensions / Contingent Liabilities – captured as part of regular finance reporting.</li> <li>- Asset Management Report – covering property acquisitions and disposals undertaken by the Council and pending transactions (FSC 19.01.2023, next report scheduled FSC 17.01.2024)</li> <li>- Sundry Debt briefing report, sundry debt levels across all Council services (FSC 08.03.2023)</li> <li>- Sundry debt monitoring included as part of the in year finance performance report.</li> <li>- In year monitoring report (First Financial Review 2023/24 – Annex 1 CPC 05.10.23) includes Appendix 7 FSC and Appendix 7a Update to the Treasury Management Strategy as</li> </ul>			<ul style="list-style-type: none"> <li>• Annual review of LEP / WOC balance sheet to CFO via Finance Lead (AT).</li> <li>• Report disposals and acquisitions to Finance Sub-Committee and reference links to MTFS (PS) <b>(Done and Ongoing)</b></li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
	<p>relating Capital Strategy borrowing</p> <ul style="list-style-type: none"> <li>- Local Government Pension Scheme (LGPS) and Cheshire Pension Fund (CPF) Report (FSC Jun 2023) – Introduction paper on the LGPS, planning and reporting for pensions and keeping members informed including CPF Committee and reporting of minutes to CPC in future (due FSC 2.11.2023)</li> </ul>			
<p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?</li> <li>• Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet?</li> <li>• Is the authority taking action to mitigate any risks identified?</li> <li>• Does the authority report unplanned use of its reserves to the leadership team in a timely manner?</li> <li>• Is the monitoring of balance sheet risks integrated into the</li> </ul>				

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
authority's management accounts reporting processes?				



# Accountability

Principle 2 – Accountability – financial management is based on medium-term financial planning which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs

**Standard D** : The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<p>To ensure compliance with the FM Code, whatever form of governance arrangements are in place across the authority, the authority should assess its governance structures against the principles contained in the framework by:</p> <ul style="list-style-type: none"> <li>• reviewing its existing governance arrangements</li> <li>• developing and maintaining an up-to-date local code of governance, including arrangements for ensuring the ongoing effectiveness of this local code</li> <li>• reporting publicly on an annual basis its compliance</li> </ul>	<ul style="list-style-type: none"> <li>- Council has moved to a Committee System of Governance</li> <li>- As part of the transition, a review of the Constitution will be undertaken in the first 6 months of operation, with a report back to Council</li> <li>- Council has a Code of Corporate Governance and adopted the model principles in the Delivering Good Governance Framework in full. An annual review is carried out against this to inform the production of the Annual Governance Statement (AGS).</li> </ul>	<ul style="list-style-type: none"> <li>- Work on this standard is too focused on Audit</li> <li>- Decisions are not systematically reviewed to ensure they have been complied with</li> <li>- Code of Corporate Governance needs to be updated to reflect Council governance in Committee System model.</li> <li>- Greater involvement by CLT in the production of the Annual Governance Statement via a Corporate Assurance Group (does this need to be a separate group – see next point)</li> </ul>	<p><b>4 Green</b></p>	<ul style="list-style-type: none"> <li>- Establish Governance Workstream within BFT, ensuring allocation of responsibilities is wider than IA (DB) <b>(Done but stood down)</b></li> <li>- Amend Service Plans to include Accountability Statements and links (PC)<b>(Partially Done, but no links)</b></li> <li>- Update COCG with appropriate consultation and approval (JG)</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<p>with the authority's local code of governance and how the authority has monitored the effectiveness of its governance arrangements, together with how it plans to improve these arrangements in the future.</p> <ul style="list-style-type: none"> <li>This reporting on compliance, effectiveness and improvement can usually be undertaken within the authority's AGS, which must be published alongside its financial statements.</li> <li>Principles of the Good Governance Framework set out on p. 36 (FM Code guidance notes).</li> </ul> <p><b>Key questions</b></p> <ul style="list-style-type: none"> <li>Has the authority sought to apply the principles, behaviour and actions set out in the framework to its own governance arrangements?</li> <li>Does the authority have in place a suitable local code of governance?</li> </ul>	<ul style="list-style-type: none"> <li>Majority of the assessment against the Code for the AGS is carried out by Internal Audit in addition to their annual opinion.</li> <li>AGS is also informed by various sources of assurance reported to the A&amp;G Committee throughout the year; Information Governance Annual Report, MO annual report, regular reports on LGO complaints as well as annual summary, WARNs and risk management.</li> <li>AGS includes an action plan setting out improvements on significant governance issues.</li> <li>A&amp;G Committee have delegated authority from Council to approve the Statement of Accounts and AGS. Draft and final statements are presented to the Committee and Statement of Accounts/AGS are published on the Council's website together.</li> <li>An update is presented to the A&amp;G Committee on progress against significant governance</li> </ul>	<ul style="list-style-type: none"> <li>Wrap under the Governance Workstream for BFT; next phase, maintaining, developing enhanced governance – Governance. Next phase to move on from the implementation of the Committee system.</li> <li>Bring the AGS monitoring and reporting in line with quarterly risk review by CLT; draw out clearly where those AGS issues relate to the strategic risk registers.</li> </ul>		<ul style="list-style-type: none"> <li>Include AGS monitoring as part of Performance Framework (PC/JG)</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>Does the authority have a robust assurance process to support its AGS?</li> </ul>	<p>issues where these are recognised in the AGS.</p> <ul style="list-style-type: none"> <li>- Amend Service Plans to include Accountability Statements and links (Partially Done, but no links)</li> <li>- induction training for all new Members, following the May 2023 elections, includes a focus on governance, code of conduct and officer/member relations.</li> </ul>			

**Principle 2 – Accountability – financial management is based on medium-term financial planning which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs**

**Standard P: The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom**

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<p>In order to demonstrate compliance with the requirement of the FM Code that the authority's CFO has both personal and statutory responsibilities for ensuring that its financial statements comply with the local authority accounting Code, the authority could:</p> <ul style="list-style-type: none"> <li>ensure that the preparation and submission of annual financial statements that comply with the local authority accounting Code is included within the CFO's job/role description and annual performance management objectives</li> <li>consider the extent to which the CFO has prepared and submitted annual financial statements that comply with the local authority accounting Code as part of the CFO's performance management</li> </ul>	<ul style="list-style-type: none"> <li>Finance Team structure recognises key responsibilities for account preparation and disclosure</li> <li>Ongoing team development and training supports professional requirements for account closure</li> <li>The DFCS (S151) is responsible for ensuring that the statement of accounts produced by the Council complies with the reporting requirements of the "Code of Practice on Local Authority in the United Kingdom".</li> <li>The operational responsibility for production of the Statement of Accounts, in line with proper accounting practices rests with the Finance Team.</li> <li>The DFCS (S151) role has management responsibility through the Head of Finance</li> </ul>	<ul style="list-style-type: none"> <li>account closure is not part of performance review.</li> <li>Maintain appropriate staffing levels.</li> </ul>	<p><b>4 Green</b></p>	<ul style="list-style-type: none"> <li>Include SOA in performance framework (dates and qualification) (AT)</li> <li>Increase engagement of Finance Team with CFO (AT) <b>(Ongoing)</b></li> <li>Increase reporting on CPD / PDR to ensure development ongoing (AT)</li> <li>IA to attend regular wider Finance Team meetings to support development of work plan / risk review (JG) <b>(Ongoing)</b></li> <li>Quarterly liaison with external auditors to maintain quality of reporting (AT) <b>(Done / Ongoing)</b></li> <li>Create secondment opportunities for Audit / Finance staff to</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<p>review (or equivalent) and used to inform any performance management ratings or judgements</p> <ul style="list-style-type: none"> <li>challenge the CFO in the event that the annual financial statements are not prepared and submitted in line with the required timescales or if the review of the financial statements by the authority or its auditors identifies any other issues in respect of their preparation.</li> <li>The authority should, however, also ensure that the CFO is provided with sufficient resources – including a suitably-resourced finance team – to fulfil their personal and statutory responsibilities under this element of the FM Code.</li> </ul> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>Is the authority’s CFO aware of their responsibilities in terms of the preparation of the annual financial statements?</li> <li>Are these responsibilities included in the CFO’s role description, personal objectives</li> </ul>	<p>(Deputy S151) and FMT for the Finance Team.</p> <ul style="list-style-type: none"> <li>The annual accounts have been prepared in- line with the statutory requirements and comply with CIPFAs code of practice on a timely basis.</li> <li>The annual accounts are reviewed and signed by the DFCS (S151 Officer).</li> <li>The DFCS (S151) role includes responsibility for liaison with external audit</li> <li>Audit &amp; Governance Committee provide suitable challenge on timeliness and quality of accounts</li> <li>Sufficient resources and access to systems is adequate to complete account closure.</li> <li>Finance Leadership Team (DFCS/Head of Finance/FMT) meet monthly.</li> <li>With regard to production of the statutory Statement of Accounts, the Council is essentially ‘up-to-date’ in this regard, with draft accounts being prepared by the national deadline of 31 May.</li> </ul>			<p>enhance skills / experience (AT / JG)</p> <ul style="list-style-type: none"> <li>Ensure Finance Team is at appropriate capacity to function, recruitment and retention and succession planning – plan to provide capacity and resilience in meeting business demands, the complexity of solutions required to achieve balanced budget and value for money. (PG)</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<p>and other relevant performance management mechanisms?</p> <ul style="list-style-type: none"> <li>• Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom?</li> </ul>				

The audited accounts for 2021/22 may be found via the following link; they include the independent auditor's report from Mazars, providing an unqualified opinion on the financial statements and a positive report with regard to the Council's arrangements for securing economy, efficiency and effectiveness (value for money) in its use of resources:

<https://www.cheshireeast.gov.uk/pdf/council-and-democracy/statement-of-accounts/statement-of-accounts-2021-2022/statement-of-accounts-2021-22-final.pdf>

Similarly, the Accounts for 2022/23 were prepared by 31 May 2023 and the audit is nearing completion, with the auditors due to report their findings to the Audit & Governance Committee of the Council on 7 March 2024:

<https://www.cheshireeast.gov.uk/pdf/council-and-democracy/statement-of-accounts/statement-of-accounts-2022-2023/draft-statement-of-accounts-2022-23.pdf>

<http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=486&MId=9825&Ver=4>

**Principle 2 – Accountability – financial management is based on medium-term financial planning which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs**

**Standard Q : The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.**

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>The FM Code states that effective financial reporting is key to ensuring that the authority and its leadership team understand how effectively its resources have been utilised during the year, including how material variances from initial and revised budgets to outturn have arisen and been managed.</li> <li>The success of these arrangements will be demonstrated by the ability of the leadership team to use them to make informed decisions about the authority's future financial strategy and plans. In some circumstances, such reporting might lead to a reappraisal of the achievability of the long-term financial strategy and of the financial resilience of the authority.</li> </ul>	<p>The Council has a well-established financial cycle – of planning, monitoring and reporting – which includes formal in-year reviews (with reports going to three committee cycles) and an outturn report after year-end.</p> <ul style="list-style-type: none"> <li>Outturn reports are provided to CLT then onwards for appropriate member approval</li> <li>Outturn reporting includes assessment of financial performance across all services and central budgets, including narrative to explain variances</li> <li>Capital and revenue performance through the year</li> <li>Outturn reporting includes analysis of impacts on reserves and treasury management</li> <li>Outturn and Mid-Year Review support MTFS development process</li> <li>Third Quarter Review forecasts outturn, which aligns to MTFS opening balances</li> </ul>	<ul style="list-style-type: none"> <li>Capital performance is not strongly correlated with MTFS process</li> </ul>	<p><b>4 Green</b></p>	<ul style="list-style-type: none"> <li>BPs to provide insight reports to CFO, for discussion at DMTs with CFO present (AT) <b>(Ongoing)</b></li> <li>Consultation must include Capital and associated headlines / charts (AT)</li> <li>Enhance HLBC to align with Performance Framework and to other Strategies and Policies (AT)</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<p><b>Key Questions:</b></p> <ul style="list-style-type: none"> <li>• Is the authority’s leadership team provided with a suitable suite of reports on the authority’s financial outturn and on significant variations from budget?</li> <li>• Is the information in these reports presented effectively?</li> <li>• Are these reports focused on information that is of interest and relevance to the leadership team?</li> <li>• Does the leadership team feel that the reports support it in making strategic financial decisions?</li> </ul>	<ul style="list-style-type: none"> <li>• Outturn reported to CLT for review prior to draft accounts.</li> <li>• MTFS process includes Capital performance</li> <li>• MTFS Project Team established with PMO support</li> <li>• In year reporting includes variances to approved budget proposals</li> </ul>			



# Transparency

**Principle 3: Transparency – Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.**

**Standard L - The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget**

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	GAP	Action Plan
<ul style="list-style-type: none"> <li>The FM Code sets out clearly that stakeholder consultation can help to set the authority's priorities and to reduce the possibility of legal or political challenge. Furthermore, stakeholder consultation helps to encourage community involvement not just in the design of services but in their ongoing delivery.</li> <li>The FM Code requires the authority to engage, where appropriate, with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget. In</li> </ul>	<ul style="list-style-type: none"> <li>A comprehensive Stakeholder Analysis was completed.</li> <li>Budget Consultation is on-line and (when possible) available at public buildings to maximise engagement.</li> <li>Questions and material are co-designed with the Consultation Team.</li> <li>Publicity is co-designed with the Communications Team.</li> <li>All Stakeholders are communicated with and encouraged to respond through several forums, including Social Media. including the statutory consultation with business councillors, residents, staff,</li> </ul>	<ul style="list-style-type: none"> <li>Events to discuss the MTFS with partners need to be re-instated</li> <li>The number of budget consultations in 2024 was similar to 2023 (2,267), and significantly higher than in previous years.</li> </ul>	<p><b>4 Green</b></p>	<ul style="list-style-type: none"> <li>Events to discuss the MTFS with partners need to be re-instated</li> <li>Provide earlier public consultation with wider options contained within HLBCs (AT)</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	GAP	Action Plan
<p>complying with this element of the FM Code, there are a number of things to consider, namely:</p> <ul style="list-style-type: none"> <li>○ how to identify key stakeholders</li> <li>○ how to engage effectively with these stakeholders</li> <li>○ how to use the results of this engagement wisely.</li> </ul> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>● How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?</li> <li>● How effective has this engagement been?</li> <li>● What action does the authority plan to take to improve its engagement with key stakeholders?</li> </ul>	<p>town and parish councils, local community groups and other stakeholders including trade unions.</p> <ul style="list-style-type: none"> <li>- All feedback is reported to officers to develop responses / actions.</li> <li>- All feedback is reported to members to support decision making.</li> <li>- Changes following consultation are reported clearly.</li> <li>- EIAs accompany all HLBCs.</li> <li>- MTFS Project Team established with PMO support.</li> <li>- Develop stakeholder plan for MTFS process.</li> <li>- Track progress vs Stakeholder plan.</li> <li>- Stakeholder involvement undertaken as part of the development and implementation of service changes and major projects, with the extent of consultation required approved by Legal Services.</li> </ul> <p>-</p>			

Budget Engagement - The full report may be found here:

<https://www.cheshireeast.gov.uk/pdf/Council-and-democracy/Consultations/Consultation-results/Budget-Consultation-for-2024-to-2025.pdf>

**Principle 3: Transparency – Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.**

**Standard M : The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.**

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	GAP	Action Plan
<ul style="list-style-type: none"> <li>As a general rule, the approach taken by the authority to option appraisal should comply with the guidance set out in the IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal (2013).</li> <li>Consequently, rather than preparing its own documented appraisal methodology, the authority might prefer to record simply that any option appraisals that it undertakes should comply with the guidance set out in this publication, or in CIPFA’s own guide to undertaking an option appraisal: Option Appraisal: A Practical Guide for Public Service Organisations (2017 Edition).</li> </ul>	<ul style="list-style-type: none"> <li>HLBCs follow the Better Business Cases (5 Cases) Model which encourages options appraisal.</li> <li>The s.151 Officer frequently raises the quality of options development within Reports as part of CLT</li> <li>HLBCs include additional material in options that reflect Council Priorities such as Carbon.</li> <li>Amend HLBC template to require at least 3 Options (do nothing / do this / do something else) (Ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>The IFAC/PAIB publication has not been used as a guide so should be reviewed.</li> <li>Options appraisals are generally inadequate / articulated.</li> <li>Future options appraisals should reflect priorities within the Corporate Plan / Council Plan</li> <li>Reporting who considered options should be enhanced as frequently only one option is articulated in reports.</li> <li>Quality of risk management arrangement proposals could be better aligned to risk appetite and tolerance, and support options appraisal .</li> </ul>	<p><b>3 Amber</b></p>	<ul style="list-style-type: none"> <li>Training / presentation needed on IFAC/PAIB at EFMT at least (AT).</li> <li>Amend HLBC template to require at least 3 Options (do nothing / do this / do something else) (AT) <b>(Ongoing)</b></li> <li>Link HLBCs to Corporate Risk Register where applicable to enhance transparency (JG)</li> <li>Risks need to be aligned (CP / MTFS / HLBC / Corporate Register) (JG)</li> <li>Risks mitigation needs to be articulated as part of Finance / Performance Framework (JG) <b>(Ongoing)</b></li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	GAP	Action Plan
<p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal?</li> <li>• Does the authority offer guidance to officers as to when an option appraisal should be undertaken?</li> <li>• Does the authority’s approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?</li> <li>• Does the authority’s approach to option appraisal include suitable mechanisms to address risk and uncertainty?</li> <li>• Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)?</li> </ul>				

# Standards

Principle 4: Standards – Adherence to professional standards is promoted by the leadership team and is evidenced.

**Standard H** : The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities S

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	GAP	Action Plan
<ul style="list-style-type: none"> <li>• The FM Code requires the authority to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code), though there is an exception for chief constables in England and Wales as they only have very limited and specific borrowing powers.</li> <li>• In setting or revising its prudential indicators, the authority is required to have regard to the following matters:               <ul style="list-style-type: none"> <li>○ service objectives, e.g. strategic planning for the authority</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- The Council complies with the Prudential Code and monitors adherence through the Treasury Management Plan and as part of the MTFS approval process.</li> <li>- Borrowing is reviewed as part of the process to set the Capital Budget and is supported by frequent contract management and engagement meetings with Treasury Management Advisors</li> <li>- The Capital Programme Board (not currently happening but do have annual reviews) - board reviews schemes and funding to assess impact on borrowing / financing.</li> <li>- Options to manage funds are completed across the</li> </ul>	<ul style="list-style-type: none"> <li>- The impact of the MTFS proposals should be more clearly articulated in the Treasury Management Strategy (TMS).</li> <li>- Reporting against funding targets should be enhanced and assessed against risk.</li> <li>- Reporting to CLT should be simplified to enhance engagement with TMS</li> <li>- Capital Programme Board need resurrecting but in a different format/membership.</li> <li>- Capital Strategy Review to be undertaken to make the Capital Programme affordable</li> </ul>	<p><b>3.Amber</b></p>	<ul style="list-style-type: none"> <li>- Capital Strategy Review Process – see detail notes below this table – page 32.</li> <li>- Capital Strategy Review by 31.03.2024, Feedback 17.05.2024 – update Out-turn report June 24.</li> <li>- Whole organisation ‘benefit’ approach to strategic capital investment and prioritisation (following an effective review of current programme and its unaffordability against the available financing envelope)</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	GAP	Action Plan
<ul style="list-style-type: none"> <li>○ stewardship of assets, e.g. asset management planning</li> <li>○ value for money, e.g. option appraisal</li> <li>○ prudence and sustainability, e.g. risk implications for external debt and whole life costing</li> <li>○ affordability, e.g. implications for council tax/district rates</li> <li>○ practicality, e.g. achievability of the forward plan.</li> </ul> <ul style="list-style-type: none"> <li>● The Prudential Code also requires that, in making its capital investment decisions, the authority should have explicit regard to option appraisal and risk, asset management planning, strategic planning for the authority and achievability of the forward plan.</li> </ul> <p><b>Key questions</b></p> <ul style="list-style-type: none"> <li>● Has the authority prepared a suitable capital strategy?</li> </ul>	<p>programme, and not simply on a single item.</p> <ul style="list-style-type: none"> <li>- Quarterly reports on Capital to include impact on CFB and management of this through the Financing Reserve <b>(Done)</b></li> <li>- Capital Strategy features a number of sections, including an overview from the S151 Officer, prioritisation of capital expenditure, investment and risk strategy and governance; as well as the Capital Programme itself from page 379 – see link below.</li> </ul>	<p>for 2024/25 and beyond – See Capital Strategy – MTFS starting Page 361 – see link below table</p> <ul style="list-style-type: none"> <li>- Capital HLBC's to include whole life costs</li> <li>- Importantly in the context of the Council's current circumstances, the following extracts from the S151 Officer's overview are particularly relevant – see extract below.</li> </ul>		<ul style="list-style-type: none"> <li>- Align MTFS to cashflow, remove assumptions on slippage moving to risk assumptions instead.</li> <li>- Focus TMS reporting on MTFS and high level borrowing / investment targets and actions to change them if necessary</li> <li>- Widen HLBCs to cover whole life costs and cashflow implications (such as PMO dashboard)</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	GAP	Action Plan
<ul style="list-style-type: none"> <li>• Has the authority set prudential indicators in line with the Prudential Code?</li> <li>• Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set?</li> </ul>				

The Capital Strategy may be found in the MTFs, starting on page 361.

<https://www.cheshireeast.gov.uk/pdf/council-and-democracy/budget-report/appendix-c-mtfs-2024-2028.pdf>

Capital Strategy:

In the context of the Council’s current circumstances, the following extracts from the S151 Officer’s overview are particularly relevant:

*2023/24 has proven to be a difficult year for Cheshire East Council financially and the rise in interest rates has heavily impacted on the Capital Financing Budget. The revised Capital Financing Budget required for 2024/25 is £28.5m, an increase of £9.5m from 2023/24.*

*The Council also has a need to borrow and interest costs are anticipated to be in the region of £16.1m in 2024/25 and only reducing slightly in the following three years. Action needs to be taken to reduce the capital programme so that it is affordable and financially sustainable in the years to come.*

*A review of the programme commenced in October 2023. This work is ongoing but only schemes that are fully funded or of a nature where expenditure is essential whether that is a legal or compliance requirement will be allowed to continue in 2024/25.*

*The review will ensure projects have been prioritised, de-scoped or removed entirely, so that the Council can reduce the need borrow and reduce the minimum repayment of capital that is charged to the revenue account. Any scheme in one of the following categories must not proceed without further review from the s.151 Officer:*

- 1. Scheme requires Cheshire East resources, either immediate or in the future.*
- 2. Scheme requires forward funding from the Council that will impact the revenue budget.*
- 3. Scheme is due to commence in 2024/25 or is at a point where work / contracts can be ceased.*
- 4. Scheme is not essential for an invest-to-save business case scheme and does not bring a financial benefit to the revenue budget.*

Principle 4: Standards – Adherence to professional standards is promoted by the leadership team and is evidenced.

**Standard J** : The authority complies with its statutory obligations in respect of the budget setting process

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>• One of the principal objectives of the FM Code is to end the practice by which the annual budget process has often become the focal point of, if not the limit to, authorities’ financial planning.</li> <li>• The annual budget should be merely one element in a longer-term approach to ensuring financial sustainability. However, the annual budget preparation process must nevertheless be protected at a time when the need to make difficult decisions may threaten its integrity.</li> <li>• The FM Code requires the authority to be familiar with its statutory obligations in respect of the budget-setting process, to comply with these requirements, and to be able to demonstrate</li> </ul>	<ul style="list-style-type: none"> <li>- The authority has an established process for setting a balanced budget in line with statutory obligations.</li> <li>- The process for developing and setting the budget is set out in the policy and budget framework.</li> <li>- Financial Planning, Monitoring and Reporting are consistent with each other and remain compliant.</li> <li>- The requirement to produce a balanced budget is well publicised and has been enhanced to recognise the importance of each single year being part of the MTFS.</li> <li>- The MTFS / budget includes assumptions on funding, cost pressures, savings planning and delivery, the impact of any changes in key planning assumptions such as pay awards. The outcome provides an indication of the range of mitigation requirements (additional savings required) and</li> </ul>	<ul style="list-style-type: none"> <li>- Significant information within HLBCs and EIAs should be capable of publication (and be published)</li> <li>- Identify solutions – with Government – to the exceptional financial challenges of:               <ul style="list-style-type: none"> <li>a. Abortive costs of HS2 and potentially other capital projects (post-review)</li> <li>b. The High Needs/ DSG deficit, per se, and the directly related cashflow effects of interest costs</li> <li>c. Underlying operational deficits on our revenue account in 2024/25</li> </ul> </li> </ul>	<p><b>4 Green</b></p>	<ul style="list-style-type: none"> <li>- Identify solutions – with Government – to the exceptional financial challenges of:               <ul style="list-style-type: none"> <li>○ Abortive costs of HS2 and potentially other capital projects (post-review)</li> <li>○ The High Needs/ DSG deficit, per se, and the directly related cashflow effects of interest costs</li> <li>○ Underlying operational deficits on our revenue account in 2024/25</li> </ul> </li> <li>- Publish HLBCs, embed EIAs within HLBC template (<b>Ongoing</b>)</li> <li>- Enhance MSBI output to analyse / scenario plan demand led spending requirements.</li> </ul>



What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<p>that it has complied with them.</p> <ul style="list-style-type: none"> <li>While, in times of routine business, compliance is straightforward, it is in times of financial stress – when there may be pressures for delay or obfuscation in budget setting – that a comprehensive understanding of these statutory requirements is crucial. The same is true in placing reliance on information for budget-setting purposes from other authorities, such as independent precepting bodies.</li> </ul> <p><b>Key questions</b></p> <ul style="list-style-type: none"> <li>Is the authority aware of its statutory obligations in respect of the budget-setting process?</li> <li>Has the authority set a balanced budget for the current year?</li> <li>Is the authority aware of the circumstances under</li> </ul>	<p>levels of risk and resilience reserves.</p> <ul style="list-style-type: none"> <li>Decisions are supported by HLBCs, including EIAs and proposals are subject to Consultation.</li> <li>HLBC’s published alongside draft MTFS report on website</li> <li>The S.25 Statement of the s.151 Officer is personal and not subject to influence (see below)</li> <li>Setting of the Council Tax is compliant and engages precepting and levying bodies as required</li> <li>in-year budget monitoring process highlights risk and potential for overspend and ongoing impacts for the MTFS.</li> <li>In year reporting 2023/24 has recognised the scale of the current in year financial challenges, in line with many councils in England and has highlighted the risk associated with this and that the Council could act illegally, triggering the requirement for a Section 114 report from the Chief Financial Officer. The sources that could trigger a S114 have been set out</li> </ul>			<ul style="list-style-type: none"> <li>Develop Service Plans to address a profile aligned to MTFS, to move away from central bidding process.</li> <li>Budget setting can be improved by greater focus of senior management in understanding and engagement on whole-Council strategies and need for transformation, and supporting processes, as well as Service-level focus and support for financial risk management, recognising the Council’s low levels of reserves, and need to build greater resilience</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<p>which it should issue a Section 114 notice and how it would go about doing so?</p>	<p>and the consequences of issuing a S114 are also clearly stated.</p> <ul style="list-style-type: none"> <li>- 2024/25 – 2027/28 MTFS &amp; 24/25Draft Budget - Corporate Policy Committee 13.02.2024</li> <li>- Urgent Decision – Exceptional Financial Support for 23/24 and 24/25 re (i) HS2 and (ii) High Needs Education spending The total request is therefore £17.6m (£11.6m 2023/24 / £6.0m 2024/25). The impact of approving the application is that the Council would have access to reserves of approximately 5% of the net revenue budget. This is in-line with frequently quoted guidance levels for Council reserves. At this level of reserves the Council would not have an immediate risk of Section114 Notice.</li> </ul>			

Principle 4: Standards – Adherence to professional standards is promoted by the leadership team and is evidenced.

**Standard K** : The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>In line with Section 25 of the Local Government Act 2003, the FM Code requires the authority’s section 151 officer (for authorities in England and Wales) to report alongside the annual budget, when it is submitted for approval, on the robustness of the estimates and the adequacy of reserves allowed for in the budget proposals</li> <li>The aim of this report is to provide information and assurance in respect of the estimates included within the annual budget, so that those responsible for scrutinising and approving the budget can take these into account as part of the scrutiny and approval process.</li> </ul> <p><b>Key questions</b></p> <ul style="list-style-type: none"> <li>Does the authority’s most recent budget report include a statement by the CFO on the</li> </ul>	<ul style="list-style-type: none"> <li>The S.25 Report is written by the s.151 Officer and expresses their professional views.</li> <li>The report is included within the MTFs and members are asked to take this report in to account as part of the recommendations of the Report to Cabinet / Council</li> <li>Report reflects all elements of the financial cycle and the associated engagement</li> <li>Report highlights risks and performance in a strategic context.</li> <li>Widened engagement in drafting s.25 statement to allow more input. Added to timetable and request from EFMT (Done) Isolated S.25 statement within MTFs as a specific recommendation to note it. Also issued to Group Leaders</li> <li>Staff briefings (In the Know) Finance &amp; Budget Consultation Update (AT) 30.01.2024 –</li> </ul>	<p>Promotion of the s.25 Statement is limited so needs to be subject to a communication plan Report is not subject to specific scrutiny so should be considered as a specific agenda item for Committee</p> <p>Insufficient focus on ‘problem’ areas that need to be resolved, such as AMP and Capital Profiling.</p>	<p><b>4 – Green</b></p>	<ul style="list-style-type: none"> <li>Enhance CFO communications with planned conversations, BLOG, DMT attendance <b>(Ongoing)</b></li> <li>Use CIPFA FM Code review to report problem areas</li> <li>Exceptional Financial Support (DLUHC) – Urgent decision CPC 13.02.2024 (approved in principle by DLUHC).</li> <li>Continue to explore options with DLUHC, DfE and DfT to resolve material issues regarding HS2 and High Needs (SEND) education expenditure.</li> <li>Self-assessment of the Council against the Local Government Association – Transformation Capability Framework.</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<p>robustness of the estimates and a statement of the adequacy of the proposed financial reserves?</p> <ul style="list-style-type: none"> <li>• Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?</li> <li>• Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?</li> <li>• Does the report set out the current level of the authority’s reserves, whether these are sufficient to ensure the authority’s ongoing financial sustainability and the action that the authority is to take to address any shortfall?</li> </ul>	<p>specific coverage on the robustness of the budget estimates and adequacy of reserves.</p> <ul style="list-style-type: none"> <li>- <b>2023/24 S25</b> - The Section 25 report supporting the 2023/24 budget stated that “The balanced position relies on achieving each proposal within the strategy without delays. Low levels of reserves present limited scope to manage any unforeseen financial difficulties in the medium-term.” Savings targets were achieved by the Council, although some were realised later than planned. But the level of growth materially exceeded forecasts and created in-year overspending. The issue of having low levels of reserves must be addressed within the next 12 months.</li> <li>- <b>2024/25 S25</b> (CPC 13.02.24)- The Council must react to the financial deficit in this budget. Change and transformation is particularly important as overspending occurred in</li> </ul>			<ul style="list-style-type: none"> <li>- LGA Peer Review – CPC 13.02.2024 approved.</li> <li>- Whole organisation Transformation Plan / Programme – needed to help address the financial deficit will focus on: <ul style="list-style-type: none"> <li>• Reprioritisation to create an opportunity to invest in critical areas but also disinvest from areas</li> <li>• Customer engagement and experience through using technology to streamline service delivery enabling self-service available 24/7 whilst ensuring specialised support and guidance is given to those that need it</li> <li>• Achieving value for money in, and across all services, by reducing manual, repetitive tasks through automation of systems and processes</li> </ul> </li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
	<p>2022/23 and is forecast in 2023/24. This is a trend that cannot be sustained or managed through reserves.</p> <ul style="list-style-type: none"> <li>- Spending in 2022/23 alongside forecasts for 2023/24 and 2024/25, are reducing total reserves to an inadequate level. There are ongoing financial risks associated with High Needs grant (SEND) and the Private Finance Initiative (PFI) that the Council may have to address in the medium-term.</li> <li>- The 2024/25 budget presents a robust set of forecasts, but that the Council must address the current trend of overspending. This requires further engagement of the Committees alongside enhanced controls associated with adherence to the CIPFA Financial Management Code.</li> <li>- Based on S151 Officer assessment of the risks that the Council can currently value S151 Officer is not satisfied that the Reserves Strategy presents an</li> </ul>			<ul style="list-style-type: none"> <li>• Reviewing organisational structures and operating models to maximise performance and outcomes</li> <li>• Developing the right skills and behaviours across the entire workforce to achieve high productivity levels</li> <li>• Achieving financial targets through the effective implementation of well informed and clear decisions informed by data and insight</li> <li>• Developing the Asset Management Plan to align it to service requirements and dispose of surplus assets</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
	<p>adequate level of reserves to support the MTFs.</p> <ul style="list-style-type: none"> <li>- To mitigate the risk of financial failure, and the consequential impact on local services, S151 Officer has been in regular contact with the Exceptional Financial Support Team of DLUHC, alongside the Council's Chief Executive.</li> <li>- Exceptional Financial Support Report taken to Corporate Policy Committee 13.02.2024 – see link below to report.</li> <li>- EFS request approved by Government 29.02.2024 (see below).</li> </ul> <p>In addition:</p> <ul style="list-style-type: none"> <li>- The Chief Executive has taken the initiative to engage senior officers in self-assessment of the Council against the Local Government Association – Transformation Capability Framework.</li> </ul> <p>The results will inform a programme of activity across the Council.</p> <p>This will include reviewing how senior officers can work more</p>			

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
	<p>collaboratively within a management board operating model. The intention being to provide more opportunities to focus on strategic outcomes and manage change.</p> <ul style="list-style-type: none"> <li>- Members have also discussed options related to LGA Peer Review which will input into the Council’s transformation ambitions. (Also CPC 13.02.2024)</li> <li>- Exceptional Financial Support granted by Government 29.02.2024 This request has been approved by Government, with the official announcement being made after the Council set its budget. Consequently it may be viewed that our revenue reserves will be ‘saved’ from incurring these costs and provide some ‘relief’ as regards reserves levels in the short term.</li> </ul>			

Exceptional Financial Support Report – Link: <http://moderngov.cheshireeast.gov.uk/ecminutes/documents/b25707/Urgent%20Decision%20-%20Exceptional%20Financial%20Support%2013th-Feb-2024%2014.00%20Corporate%20Policy%20Committee.pdf?T=9>

# Assurance

**Principle 5: Assurance – Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.**

**Standard C : The leadership team demonstrates in its actions and behaviours, responsibility for governance and internal control.**

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>In setting out the requirement for the authority’s leadership team to demonstrate in its actions and behaviours responsibility for governance and internal control, the FM Code emphasises the importance of the ‘Nolan principles’ (listed p. 32 FM Code Guidance Notes).</li> </ul> <p><b>Key questions</b></p> <ul style="list-style-type: none"> <li>Does the leadership team espouse the Nolan principles?</li> <li>Does the authority have in place a clear framework for</li> </ul>	<ul style="list-style-type: none"> <li>The Audit &amp; Governance Committee ToRs are reviewed frequently and reflect input of the s.151 Officer.</li> <li>AGS is prepared within Audit Team and reviewed by CLT / A&amp;G</li> <li>S.151 Officer stresses requirement for appropriate ethics and behaviours from Team and Peers.</li> <li>Code of Ethics specific for Internal Audit</li> <li>Officer Code of Conduct</li> <li>Member Code of Conduct</li> <li>CFO promotes ethics and Nolan Principles.</li> </ul>	<ul style="list-style-type: none"> <li>Adherence to Nolan Principles is not frequently assessed by CLT / WLT / WLC</li> <li>There is evidence of confusion over some decision making.</li> <li>Examples of non-compliance are not systematically used to provide learning.</li> <li>Publication of spend analysis is not reviewed or promoted.</li> </ul>	<p><b>4 – Green</b></p>	<ul style="list-style-type: none"> <li>Develop accountability statement for Service Plans (including links to supporting policies and guidance) and require positive acknowledgement of agreement. <b>(Ongoing)</b></li> <li>Allow areas of development to be flagged via AGS.</li> <li>Add recognition of principles to AGS.</li> <li>Use CFO comms to articulate issues and solutions.</li> <li>Ensure IA manage spot-check reviews of spend.</li> </ul>



What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<p>governance and internal control?</p> <ul style="list-style-type: none"> <li>• Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?</li> <li>• Does the leadership team espouse high standards of governance and internal control?</li> <li>• Does the leadership team nurture a culture of effective governance and robust internal control across the authority?</li> </ul>	<ul style="list-style-type: none"> <li>- Procurement pipeline reviewed at FSC, including backwards look.</li> <li>- The behaviours and values are part of appraisal conversations as well as key to the way we recruit and develop colleagues.</li> <li>- We have arrangements to provide assurance that our behaviours are being upheld and that members and officers demonstrate high standards of conduct. These include: <ul style="list-style-type: none"> <li>&gt; codes of conduct for officers and members (including gifts and hospitality, registering interests, anti-fraud, and whistleblowing); and</li> <li>&gt; inclusion of ethical values in policies and procedures for all areas including procurement and partnership working.</li> </ul> </li> <li>- Our Constitution sets out the framework to ensure that all officers, key post holders and Members are able to fulfil their responsibilities in accordance with legislative requirements.</li> </ul>			<ul style="list-style-type: none"> <li>- Enable regular scrutiny of financial proposals by relevant committees, including recording (or approval) of mitigating actions</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
	<ul style="list-style-type: none"> <li>- We have governance arrangements for our wholly owned trading companies</li> <li>- DFCS and Monitoring Officer both attend Corporate Policy Committee to ensure strong financial governance and oversight of decision-making.</li> <li>- All reports to Committees, CLT, DMT are required to include a financial implications section overseen by Senior Finance Officer and a representative of the Finance Service attends all meetings.</li> </ul>			

**Principle 5: Assurance – Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.**

**Standard F - The authority has carried out a credible and transparent financial resilience assessment**

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>• The FM Code sets out that if the authority has not tested and demonstrated its long-term financial resilience, then its financial sustainability remains an open question.</li> <li>• The FM Code requires, therefore, that the authority assesses critically its finance resilience. This is undertaken by means of an explicit financial resilience assessment.</li> </ul> <p><b>Key questions</b></p> <ul style="list-style-type: none"> <li>• Has the authority undertaken a financial resilience assessment?</li> <li>• Has the assessment tested the resilience of the authority’s financial plans to a broad range of alternative scenarios?</li> <li>• Has the authority taken appropriate action to address</li> </ul>	<ul style="list-style-type: none"> <li>- Growth and Savings feature in equal prominence within the MTFS.</li> <li>- The MTFS process reflects impact of MYR / TQR at key stages.</li> <li>- The MTFS includes an assessment of resilience issues.</li> <li>- HLBCs supports inclusion of data analysed to support the proposal</li> <li>- Unachievable proposals within the MTFS are addressed and reversed / amended when necessary</li> <li>- The Reserves Strategy identified key risks and potential values.</li> <li>- The CIPFA Resilience Index is reviewed when published and discussed by CEO / s.151 / MO</li> <li>- First Finance Review of financial outlook prompts and highlights early pressures and mitigations that might be required. Supplemented in 23/24 by Big</li> </ul>	<ul style="list-style-type: none"> <li>- There is no specific format to the testing of resilience</li> <li>- A detailed resilience assessment is not publicised</li> <li>- CIPFA Resilience Index is not specifically shared with A&amp;G Cttee</li> <li>- HLBCs frequently do not link to data analysis or KPIs.</li> <li>- HLBCs tend to provide a single figure and not a range, often linked to limited options appraisal work</li> <li>- Alongside Oflog (Office for Local Government), DLUHC is publishing performance data on a new stat tool – the Local Authority Data Explorer – 4 initial areas of performance – Adult</li> </ul>	<p><b>3 - Amber</b></p>	<ul style="list-style-type: none"> <li>- Review CIPFA assessment tool (<b>Done</b>)</li> <li>- Produce timely resilience report for A&amp;G. Include key indicators plus external assessment – EA, CQC, OFSTED, ICO, LGO</li> <li>- Review DLUHC Local Authority Data Explorer performance stats – Finance Stats reviewed (<b>Ongoing</b>)</li> <li>- Value for Money and Financial Resilience – review and publish annually</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
any risks identified as part of the assessment?	<p>Board tracking of progress of policy proposals re growth/savings and the extent agreed/achieved/not achieved/mitigations, and later in year as a consequence of the financial position, introduction of CEBERT weekly meetings across all Directorates/Committees.</p> <ul style="list-style-type: none"> <li>- Value for Money and Financial Resilience 2023/24 published on website 1.3.24 -see link below</li> </ul>	Social Care, Waste Management, Adult Skills, Local Authority Finance - review		

Value for Money 2023-24:

[https://www.cheshireeast.gov.uk/council\\_and\\_democracy/your\\_council/council\\_finance\\_and\\_governance/value\\_for\\_money/value-for-money-and-financial-resilience-202324.aspx](https://www.cheshireeast.gov.uk/council_and_democracy/your_council/council_finance_and_governance/value_for_money/value-for-money-and-financial-resilience-202324.aspx)

**Principle 5: Assurance – Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.**

**Standard N - The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.**

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>• The earlier the authority identifies that it is deviating from its plans, the easier it is to get things back on course.</li> <li>• Consequently, proactive review of focused financial and activity performance reports should be a regular task for the leadership team.</li> <li>• In order for the leadership team to have access to the information it needs to identify emerging risks, the authority needs to ensure that its leadership team:               <ul style="list-style-type: none"> <li>○ receives reports about the right things</li> <li>○ receives reports at the right time</li> <li>○ receives reports in the right format</li> <li>○ takes action in respect of any issues identified.</li> </ul> </li> </ul> <p><b>Key questions</b></p>	<ul style="list-style-type: none"> <li>- The Council has a well-established financial cycle - of planning, monitoring and reporting – which includes formal in-year reviews (with reports going to three committee cycles) and an outturn report after year-end.</li> <li>- MYR / TQR / Outturn Reports are supported by Finance Business Partners.</li> <li>- Financial Reports are reviewed by CLT</li> <li>- Budget Managers use forecasting tools to support process of budget monitoring.</li> <li>- All Directors meet 121 with CFO on a quarterly basis.</li> <li>- Reporting considers Revenue / Capital / Reserves / Debt Grants / Budget Changes</li> <li>- Reporting focuses on Income and Expenditure</li> <li>- Reports to members include mitigating activity and</li> </ul>	<ul style="list-style-type: none"> <li>- There is no monthly reporting of financial activity</li> <li>- Whilst there are examples of sound integration of monitoring and forecasting within projects and recognition of wider effects on service/ organisational reporting, there is room for improvement to ensure necessary quality is realised across all areas.</li> <li>- Revenue / Capital reporting is not entirely inter-linked</li> <li>- Financial Implications in reports are not regularly reviewed to reflect if achieved or not.</li> <li>- Individual transaction processes and approval</li> </ul>	<p><b>3 - Amber</b></p>	<ul style="list-style-type: none"> <li>- Develop Unit4 enquiries to provide up to date info</li> <li>- Develop Unit4 / MSBI to develop scenario / forecasting data for review as part of MTFS process</li> <li>- Governance Workstream to establish review of decisions (ensure clear, complete and monitored) <b>(Ongoing)</b></li> <li>- Enabling of Services and service management to meet their financial management responsibilities through technology and training (including FP&amp;A for budget management and forecasting)</li> <li>- Improve the quality of spend control and</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>• Does the authority provide the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability?</li> <li>• Do the reports cover both forward and backward-looking information in respect of financial and operational performance?</li> <li>• Are there mechanisms in place to report the performance of the authority’s significant delivery partnerships such a contract monitoring data?</li> <li>• Are the reports provided to the leadership team in a timely manner and in a suitable format?</li> <li>• Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?</li> </ul>	<p>indications of how this will be achieved.</p> <ul style="list-style-type: none"> <li>- Reporting to service committees through the year provides significant visibility and transparency for Members, and accountability for officers with regard to use of resources and delivery to budgets.</li> <li>- In year reporting includes variances to approved budget proposals.</li> <li>- CLT - Big Board tracking of progress of policy proposals re growth/savings and the extent agreed/achieved/not-achieved/mitigations .</li> <li>- Following the publication of the council’s 2023/24 First Financial Review report, in which potential budget deficit of £12.8 million has been identified, a budget emergency response team has been set up, called ‘CEBERT’ (Cheshire East Budget Emergency Response Team). CEBERT brings together Corporate Leadership Team and a number of senior officers from the corporate services</li> </ul>	<p>limits are built into systems – though improvements could be made in service and project management with regard to overall budgetary control, with greater focus on high risk areas of activity.</p> <ul style="list-style-type: none"> <li>- Whilst there are examples of sound integration of monitoring and forecasting within projects and recognition of wider effects on service/ organisational reporting, there is room for improvement to ensure necessary quality is realised across all areas</li> </ul>		<p>financial information and intelligence.</p> <ul style="list-style-type: none"> <li>- Shareholder oversight of Wholly Owned Company Business Plans and In-year performance <b>(Ongoing)</b></li> <li>- Whole organisation transformation programme to change service budget envelopes and re-establish corporate financial resilience and sustainability, including adequate reserves.</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
	<p>directorate to lead on coordinating our work across the organisation to address the financial challenge and rebalance the council's budget forecast. CEBERT meets on a weekly basis to provide strategic oversight for a range of activity and includes lead officers for each service committee to ensure that our response has appropriate political oversight and decision-making.</p> <ul style="list-style-type: none"> <li>- Procurement Pipeline reports to FSC / A&amp;G</li> <li>- Quarterly performance reports to Committees</li> <li>- Risk Reporting to CLT (Completed 2022/23)</li> <li>- Council Strategic Risk Register Assurance Report – quarterly updates to Corporate Policy Committee</li> <li>- Risk Management Report (A&amp;G annually – 22/23 27.07.23)</li> </ul>			

Examples of in year reports to Service Committees may be found via the following links:

<http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=959&MId=9839&Ver=4>

<http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=965&MId=9863&Ver=4>

<http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=965&MId=9939&Ver=4>



# Sustainability

**Principle 6: Sustainability – The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.**

## **Standard E - The financial management style of the authority supports financial sustainability**

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>Financial sustainability is about the ability of the authority to continue to fund its activities not just in the present, but also in an increasingly uncertain future. Developing a robust approach to ensuring the financial sustainability of the authority’s activities is central to compliance with the FM Code.</li> <li>Achieving financial sustainability requires the authority to have the capacity, the capability and the confidence to plan for the long term and to focus on the achievement of longer-term objectives, rather than to exist simply from year to year.</li> <li>Challenges to the above include:</li> </ul>	<ul style="list-style-type: none"> <li>The MTFS is supported by HLBCs that focus on 4yr estimates</li> <li>MTFS is forecast over 4yrs with allocations between Revenue / Capital / Reserves</li> <li>HLBCs include growth and savings with supporting evidence for forecasts</li> <li>HLBCs are prepared and owned by Service Directors</li> <li>MTFS does not include un-identified savings proposals</li> <li>Strategy focuses on reducing reliance on government funding</li> <li>Revenue impact of Capital expenditure is reflected in MTFS</li> </ul>	<ul style="list-style-type: none"> <li>HLBCs tend to focus on proposals in year 1 with less planning for new proposals in yrs 2+</li> <li>Policy proposals taking too long to realise, or not achieving the extent of savings originally envisaged.</li> <li>Some reticence to recognise forecasts of pressures early in the year.</li> <li>Beneficial impacts of capital investment are rarely reflected in Revenue budget</li> <li>Impact on KPIs is not reflected in HLBCs</li> </ul>	<p><b>3 - Amber</b></p>	<ul style="list-style-type: none"> <li>All HLBCs to consider whole life impact to support decision</li> <li>Update Council charging strategy</li> <li>Income targets must be aligned to pricing strategies (and articulated in HLBCs if necessary) <b>(Ongoing)</b></li> <li>Continue to develop the financial literacy of managers/budget holders to ensure that they have access to the performance and financial information needed to deliver their services effectively.</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>○ changes to the nature and level of public funding</li> <li>○ an ageing population</li> <li>○ ongoing pressures on adult and children’s social care and other service areas</li> <li>○ a drive for greater efficiency in response to resource constraints</li> <li>○ increased demand for affordable housing</li> <li>○ uncertainty regarding the UK’s ongoing relationship with the EU</li> <li>○ new risks associated with commercialisation.</li> </ul> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>● Does the authority have in place an effective framework of financial accountability?</li> <li>● Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?</li> <li>● Does the authority’s finance team have appropriate input</li> </ul>	<ul style="list-style-type: none"> <li>- Enablers are included in the MTFs development process</li> <li>- All HLBCs to reflect 4yr impact on Capital and Revenue.</li> <li>- Monitor progress of HLBCs across all years</li> <li>- Align performance reporting to Corporate Plan to allow review of achievement against priorities</li> <li>- Financial management framework in place: Corporate Plan / MTFs / Capital Strategy / Annual Budget (underpinned by Policy &amp; Budget Procedure Rules, Financial Regulations, Scheme of Delegation , Procurement Regulations, risk management) / in Year monitoring / Statement of Accounts.</li> <li>- Finance Service has a Business Partner approach, attend EDMTs, DMT regularly.</li> <li>- Annual budgets and policy proposals/HLBC’s are verified by ED’s. Regular meetings with budget holders as part of in year monitoring.</li> <li>- In year reports to CLT/Committees on forecast</li> </ul>	<ul style="list-style-type: none"> <li>- Capital spend forecasting is overly optimistic</li> <li>- Pricing strategies are not consistent or published</li> <li>- Investment / Savings are not led by Corporate Plan</li> <li>- HLBCs are not subject to individual risk assessment / provisions</li> </ul>		<ul style="list-style-type: none"> <li>- Consider mandatory training</li> <li>- Peer Review underway March 2024.</li> <li>- Corporate financial challenge – a need for a whole-Council response; and the committee system and the wider engagement of elected Members</li> <li>- Whole organisation transformation programme to change service budget envelopes and re-establish corporate financial resilience and sustainability, including adequate reserves</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<p>into the development of strategic and operational plans?</p> <ul style="list-style-type: none"> <li>• Do managers across the authority possess sufficient financial literacy to deliver services cost-effectively and to be held accountable for doing so?</li> <li>• Has the authority sought an external view on its financial style, for example through a process of peer review?</li> <li>• Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?</li> </ul>	<p>financial information – oversight and scrutiny of Council’s financial position and any ongoing funding pressures.</p> <ul style="list-style-type: none"> <li>- CLT – Big Board tracking of approved policy proposals and included in quarterly reports.</li> <li>- Finance representation on major projects</li> <li>- Reports include financial implications section signed off by a senior finance officer and a Finance Manager attends Committee meetings.</li> </ul>			

**Principle 6: Sustainability – The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.**

**Standard G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members**

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>The FM Code sets out that, having carried out a finance resilience assessment, the authority should demonstrate how the risks identified have informed the development of its longer-term financial strategy. The authority should, furthermore, report the implications of these risks on its future financial sustainability to its leadership team, including its elected members.</li> <li>This requires consideration of how financial resilience is integrated into the authority’s strategic plan and into the financial strategy associated with the delivery of this strategic plan.</li> <li>One way in which this can be achieved in an uncertain and dynamic operating environment is through the use of scenario planning, which is introduced here as a suggestion.</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Risks are reported to A&amp;G Committee</li> <li>S.25 Statement includes reflection of risks and how they are being managed</li> <li>Financial Reports include responses to mitigate adverse forecasts</li> <li>MTFS reflects impact of quarterly reporting issues</li> <li>Members receive quarterly reports, including key decisions</li> <li>Reserves Strategy reflects analysis of risk</li> <li>CEO / MO / CFO meet regularly and discuss key risks</li> <li>In February 2023, as in previous years, Council approved a 4-year balanced Medium Term Financial Strategy (MTFS) – Link below.</li> <li>Early monitoring and forecasting during 2023/24 showed clear evidence of the full effects on the Council of the period of high inflation and interest rates, as well as increasing demand and</li> </ul>	<ul style="list-style-type: none"> <li>CIPFA Resilience Index is not specifically shared with members.</li> <li>HML forecasts do not feature are part of financial implications of member reports.</li> <li>Scenario planning is not a specific exercise within financial planning</li> <li>List of ‘difficult events’ needs further development as part of approach to risk management.</li> <li>Members rarely focus or take the opportunity to reflect on areas of overspending</li> </ul>	<p><b>4 - Green</b></p>	<ul style="list-style-type: none"> <li>Options appraisals can include HML approach to allow more risk managed approach</li> <li>Financial monitoring to committees to include mitigation of overspending as opposed to single CEC response (<b>Ongoing</b>)</li> <li>Develop Unit4 / MSBI to develop scenario / forecasting data for review as part of MTFS process</li> <li>CIPFA Resilience Index – See Std F</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>Other approaches to complying with this financial management standard are available. It is up to the authority to select an approach that is commensurate with its own requirements and with the resources that it has available.</li> </ul> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?</li> <li>Does the authority have a strategic plan and long-term financial strategy that adequately address these risks?</li> <li>Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (e.g. using a technique such as scenario planning)?</li> <li>Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for</li> </ul>	<p>complexity of cases in social care (see below).</p> <ul style="list-style-type: none"> <li>Due to these pressures – and in recognition of a very uncertain environment for local government where many experts in the sector are reporting the view that the funding system is ‘broken’ – in February 2024 Council considered and approved its updated MTFs, but only the 2024/25 budget presents a balanced position – Link Below.</li> <li>High Needs / DSG Deficit - The Council’s spending on High Needs does not match the funding received via DSG, due to the growth in the number of pupils with an Education Health and Care Plan. This has resulted in a significant deficit, which is currently permitted to be held on the Balance Sheet in a ‘negative DSG reserve’ (i.e. a temporary accounting ‘override’, approved by the Department for Levelling Up, Housing and Communities). This override has been extended to 31 March 2026 – Risks included in the MTFs approved February 2023, in year reporting</li> </ul>			

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
short and medium-term decision making?	<p>and MTFS approved February 2024.</p> <ul style="list-style-type: none"> <li>- MTFS / Capital Strategy, set out key financial principles and reflects the main risks to sustainability.</li> <li>- MTFS/Annual Budget agreed at Full Council annually and reported on through the financial cycle in monitoring reports to officers/members.</li> <li>- MTFS development reports to Committees – to engage and input into the development of the MTFS and budget.</li> <li>- Finance training provided to members.</li> <li>- MTFS/Budget – member briefings to explain key assumptions and risk areas in financial planning.</li> <li>- Value for Money and Financial Resilience 2023/24 published on website 1.3.24 -see link at Std F</li> </ul>			

Medium Term Financial Strategy - Link

MTFS Feb 2023: [https://www.cheshireeast.gov.uk/council\\_and\\_democracy/your\\_council/council\\_finance\\_and\\_governance/cheshire\\_east\\_budget/cheshire-east-budget-2023-24.aspx](https://www.cheshireeast.gov.uk/council_and_democracy/your_council/council_finance_and_governance/cheshire_east_budget/cheshire-east-budget-2023-24.aspx)

MTFS Feb 2024:

[https://www.cheshireeast.gov.uk/council\\_and\\_democracy/your\\_council/council\\_finance\\_and\\_governance/cheshire\\_east\\_budget/cheshire-east-budget.aspx](https://www.cheshireeast.gov.uk/council_and_democracy/your_council/council_finance_and_governance/cheshire_east_budget/cheshire-east-budget.aspx)

**Principle 6: Sustainability – The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.**

**Standard I - The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.**

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>• The FM Code does not anticipate that a longer-term financial strategy will – or, indeed, should – provide sufficient detail to allow for it to be translated directly into an annual income and expenditure budget.</li> <li>• To bridge this gap, therefore, and to allow the authority to ensure that its annual budget is in alignment with its longer-term financial aims, the FM Code requires the authority to prepare a multi-year medium-term financial plan.</li> <li>• Furthermore, this plan should also be consistent with associated service plans for the authority’s principal services.</li> </ul> <p><b>Key questions</b></p>	<ul style="list-style-type: none"> <li>- The 2023/24 MTFS covers 4yrs of activity with HLBCs linked to appropriate years.</li> <li>- Annual budgets are approved, using the additional years of the MTFS as evidence of the robustness and whole life impact of yr1 proposals.</li> <li>- Income and expenditure forecasts are consistent and reflect up to date analysis to support longer term planning.</li> <li>- The MTFS is provided in full as part of the Council approval of the annual budget.</li> <li>- All strategies within the MTFS reflect the 4yr planning timeframe.</li> <li>- HLBC’s published alongside MTFS Report</li> </ul>	<ul style="list-style-type: none"> <li>- There is potential ambiguity over the ‘approval’ of proposals beyond yr1.</li> <li>- The MTFS does not compare scenarios, such as HML, but is presented as a single plan.</li> <li>- The Asset Management Plan (AMP) is not suitably aligned to the MTFS.</li> <li>- Lifetime costs of assets does not systematically feature within the MTFS.</li> </ul>	<p><b>3 - Amber</b></p>	<ul style="list-style-type: none"> <li>- Develop approach to vary MTFS as opposed just to vary current year</li> <li>- Review Capital Strategy for 2024/25 re affordability - target 31.03.2024</li> <li>- Transformation Plan / balance MTFS in the medium term and increase GF reserves to sustainable level</li> <li>- Publish HLBCs to demonstrate options <b>(ongoing)</b></li> <li>- Align Capital Strategy to AMP</li> </ul>

What we need to do	What we are doing (evidence of compliance)	Gap Analysis	RAG	Action Plan
<ul style="list-style-type: none"> <li>• Does the authority have in place an agreed medium-term financial plan?</li> <li>• Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?</li> <li>• Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?</li> <li>• Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?</li> <li>• Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?</li> </ul>	<ul style="list-style-type: none"> <li>- The MTFS forecasts the Council's financial position considering known service pressures, major issues affecting the Council's finances, global, national and local economic influences, as well as local priorities, internal/external risk factors and opportunities.</li> <li>- Annual budget aligned with Service Planning – collaboration and consultation across the Council and with members, in developing the budget.</li> <li>- 2024/25 – 2027/28 MTFS – balanced for 2024/25 only, future years as yet to be balanced – See also Standard K re S25 Statement re robustness of estimates and adequacy of reserves and proposed actions.</li> </ul>			



## Cheshire East Council: CIPFA Financial Management Code - Action Plan (Draft)

FM Standard	2023/24 RAG	Gap / Actions Identified	Recommended Action Plan (Responsible)	Timeframe Target Date	Outcome/Update
A - The leadership team can demonstrate that the services provided by the authority provide value for money	Amber	<ul style="list-style-type: none"> <li>○ Vacancies/Act up arrangements CLT – currently interim arrangements in place to cover roles with the corporate leadership team including the S151 Officer</li> <li>○ New Corporate Plan (CP) to be aligned to Committees with performance Framework for Corporate Plan Actions / Measures aligned to service plans</li> <li>○ Atamis roll-out (including dashboards and procurement pipeline)</li> <li>○ Strategic Risk Registers to be reported to Service Committees</li> <li>○ Review of scheme of delegation and finance procedure rules</li> <li>○ Evidence of benchmarking for Committees to demonstrate value for money</li> <li>○ Review adequacy and extent of external assessments to be able to demonstrate VFM compliance.</li> </ul>	<p>A1-1 Urgent recruitment to interim senior vacancies to support pace of change is complete (Director of Finance/S151, Director of Policy &amp; Change, Director of Transformation, Director of Commissioning)</p> <p>Consultation on restructure commenced August 2024 with recommendations due at Corporate Policy Committee and then full Council in October 2024. Recruitment to any vacant posts expected to be concluded by March 2025</p> <p>A1-2 2024/25 corporate plan agreed at full council in July 2024. Timetable to be agreed for development of a new corporate plan prior to new plan aligned to MTFS by March 2025</p> <p>A1-3 Review procurement information used by organisation to manage procurement pipeline</p> <p>A1-4 Strategic Risk Register reports to be brought to the attention of Service Committee Chair/VC – (Head of Audit &amp; Risk).</p> <p>A1-5 Updating scheme of delegation to be approved by full council</p> <p>A2-1 Decision making reports to include relevant benchmarking and performance information</p> <p>A2-2 Peer Review undertaken March 2024 (following report to Corporate Policy Committee 13 Feb 2024). Report published July 2024 and Council have published comprehensive action plan</p>	<p>May 2024 (Complete)</p> <p>March 2025</p> <p>March 2025</p> <p>From September 2024</p> <p>November 2024</p> <p>October 2024</p> <p>From September 2024</p> <p>Aug 2024 (Complete)</p>	<p>Senior Management Structure appointments to be in place by March 2025 (Peer Review action 2)</p> <p>Aligned Corporate Plan and MTFS able to demonstrate VFM. 2024/25 Corporate Plan aligned to Committees</p> <p>Monthly procurement group initiated as part of Strategic Finance Management Board</p> <p>Link between finance, performance and risk information provides overall strategic management</p> <p>Complete and published. Updates on progress to be considered by Corporate Policy Committee</p>
B - The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	Green	<ul style="list-style-type: none"> <li>○ The S151 Officer is a member of CLT and leads on development of financial strategy</li> <li>○ Improved clarity in FPRs over financial limits and decision making to avoid risks that not all ODRs reviewed by all necessary parties. Follow-up analysis of decisions not sufficient</li> </ul>	<p>B-1 Management Boards to be established with wider engagement of Directors and Heads of Service - Management Boards established and CEBERT to continue (now SFMB). (Chief Executive / Executive Directors)</p> <p>B-2 Included in scheme of delegation review</p>	<p>April 2024 + Ongoing</p> <p>October 2024</p>	<p>New cross-council officer boards established for Performance and Improvement, Strategy, Policy and Legislation, Risk and Assurance with Executive Director chairs/sponsors and highlight reports to CLT</p>

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		<ul style="list-style-type: none"> <li>Improvements in financial monitoring required</li> </ul>	B-3 Updated reporting on a monthly basis with formal committee reporting through financial reviews using one single finance report for all committees	From September 2024	Approved MTFS items (Feb24) monitored monthly and reported on at each Committee meeting during 2024/25 Committee Work Programme
O - The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability	Red	<ul style="list-style-type: none"> <li>Balance sheet review is not part of the financial monitoring process / Monitoring of entire balance sheet risk is not systematic.</li> <li>Need to make better use of external financial advisors that we subscribe to – ensure implications are reviewed and utilised in in year monitoring and MTFS documents.</li> <li>Insufficient clarity on potential financial liability arising from risks recognised across registers being realised and impact.</li> <li>Capital receipts strategy needs development to align with MTFS (Disposal programme – Assets Board)</li> </ul>	<p>O-1 Enhance quarterly reporting to include balance sheet management - Specifically, debt / borrowing / assets / pension fund valuation (as appropriate) (Interim DoF/S151)</p> <p>O-2 a Review CIPFA Balance Sheet Management publication alongside LG Improve Balance Sheet reporting information and determine links with CIPFA Balance Sheet Management and/or appropriate level of engagement compared to current reporting (Interim DoF/S151)</p> <p>O-2 b Balance Sheet Review/benchmarking to be undertaken by LG Improve (Interim DoF/S151)</p> <p>O3 – review of financial implications from risk registers to be included in management team meetings at Directorate and Corporate level</p> <p>O4 – Strategic Asset management group to report through to Strategic Finance Management Board on potential capital receipts. In depth review of capital strategy to be completed alongside the MTFS</p>	<p>From September 2024</p> <p>From June 2024</p> <p>September 2024</p> <p>March 2025</p> <p>From September 2024</p>	Understand the whole financial sustainability of the Council and recognise the medium to long term implications of decision that are made
D - The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	Green	<ul style="list-style-type: none"> <li>Council has a Code of Corporate Governance and adopted the model principles in the Delivering Good Governance Framework in full. An annual review is carried out against this. Much of the assessment against the Code for the AGS is carried out by Internal Audit, greater involvement by CLT in the production of the Annual Governance Statement via a Corporate Assurance Group</li> </ul>	<p>D-1 Establish Governance Workstream ensuring allocation of responsibilities is wider than IA (DoG&amp;C)</p> <p>D-2 CLT to review progress against the AGS action plan on a regular basis</p> <p>D-3 Update COCG with appropriate consultation and approval - Organisational review of the Code of Corporate Governance,</p>	<p>March 2025</p> <p>March 2025</p>	<p>Risk &amp; Assurance Management Board established - Work Programme and timeline to be developed</p> <p>Needs to align with AGS timetable</p>

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		<ul style="list-style-type: none"> <li>The Code of Corporate Governance (COCG) needs to be updated to reflect Council governance in Committee System model.</li> <li>Bring the AGS monitoring and reporting in line with quarterly risk review by CLT; draw out clearly where those AGS issues relate to the strategic risk registers.</li> </ul>	<p>including identifying amendments as needed (Risk &amp; Assurance Management Board)</p> <p>D-4 Include AGS monitoring as part of Performance Framework (Head of Audit &amp; Risk / Risk &amp; Assurance Board)</p> <p>D-5 Include AGS monitoring of risk &amp; performance to committees (Head of Audit &amp; Risk)</p>	<p>timeline to be developed.</p> <p>March 2025</p>	Progress on AGS Items reported to A&GC - providing assurance/escalation
P - The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom	Green	<ul style="list-style-type: none"> <li>The Accounts closure is not part of performance review</li> <li>The DFCS (S151) role has management responsibility through the Head of Finance (Deputy S151) and FMT for the Finance Team.</li> <li>Finance Team – maintain appropriate staffing levels to ensure that the CFO is provided with sufficient resources, including a suitably-resourced finance team, to fulfil their personal and statutory responsibilities under this element of the FM Code.</li> </ul>	<p>P-1 Include SOA in performance framework (targets dates and qualification) (Interim DoF/S151 )</p> <p>P-2 Quarterly liaison with external auditors to maintain quality of reporting (Interim DoF/S151)</p> <p>P3 – CFO needs to ensure that the team is appropriately staffed with skilled, capable resources to be able to comply with codes of practice. This needs to include appropriate workforce development to ensure that there is succession planning in place for key roles where there are national skills shortages in technical finance</p>	<p>By March 2025</p> <p>From April 2024</p> <p>March 2025</p>	<p>New performance management framework aligned to Corporate Plan 2025+ Note: Ernst &amp; Young – new audit team</p> <p>Workforce plan in place for finance including recruitment, retention and talent management</p>
Q - The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.	Green	<ul style="list-style-type: none"> <li>Outturn reporting includes assessment of financial performance across all services and central budgets, including narrative to explain variances. Given the variations between FR3 and Out-turn 2023/24 for some Directorates – detailed review and analysis on a Line by Line basis is required to establish the ongoing nature of favourable/adverse movements on the base budget 2024/25 and future MTFS 2025/26+.</li> <li>Capital performance is not strongly correlated with MTFS process</li> </ul>	<p>Q-1 Reporting out-turn forecast/variations to budget to allow strategic financial decisions – FMT/Finance Business Partners to provide insight to CFO for discussion with Directorates with CFO present.</p> <p>Q-2 Enhance capital performance monitoring and correlations to the MTFS process. The MTFS Consultation must include Capital and associated headlines / charts, this needs to include the impacts the capital programme has on the capital financing budget which has a direct link to the Revenue Outturn (Interim DoF/S151)</p>	<p>July 2024</p> <p>Sept 2024</p>	<p>Line by Line Review of 2022/23 and 2023/24 Out-turn</p> <p>2024/25 In year reporting to include additional detail on capital monitoring and the ongoing capital review and funding.</p>
L - The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	Green	<ul style="list-style-type: none"> <li>MTFS consultation with all stakeholders/partners needs to be re-instated. Consultation has previously (last 2 years) been condensed into the protracted engagement period</li> </ul>	<p>L-1 Events to discuss the MTFS with partners need to be re-instated (Interim DoF/S151 / Consultation Team)</p> <p>L-2 Provide earlier public consultation with wider options contained within published HLBCs and Transformation proposals (Interim DoF/S151 / CLT)</p>	<p>Oct–Nov 2024</p> <p>Oct-Nov 2024</p>	Per Combined MTFS & Transformation timetable – Budget Consultation period

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			L-3 MTFS timeline for 2025/26 sets out earlier engagement with key stakeholders and partners for example earlier sight of the Budget Consultation material before public launch. The Communications Team maintain a detailed stakeholder engagement list and sessions with each are to be run during the consultation period (Oct-Dec) so allow adequate engagement. (Interim DoF/S151)	Oct-Nov 2024	
M - The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	Amber	<ul style="list-style-type: none"> <li>○ The approach taken by the authority to option appraisal should comply with the guidance set out in the IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal (2013) - The IFAC/PAIB publication has not been used as a guide so should be reviewed.</li> </ul> <p>The authority might prefer to record simply that any option appraisals that it undertakes should comply with the guidance set out in the IFAC/PAIB publication, or in CIPFA's own guide to undertaking an option appraisal: Option Appraisal: A Practical Guide for Public Service Organisations (2017 Edition).</p> <ul style="list-style-type: none"> <li>○ Options appraisals/High Level Business Cases (HLBC's) are generally inadequately articulated</li> <li>○ Future options appraisals should reflect priorities within the Corporate Plan / Cheshire East Council Plan</li> <li>○ Reporting on considered options should be enhanced as frequently only one option is articulated in reports.</li> <li>○ The quality of risk management arrangement proposals could be better aligned to risk appetite and tolerance, and support options appraisal .</li> </ul>	<p>M-1 Consider training / presentation on IFAC/PAIB and/or CIPFA's own guide to undertaking an option appraisal: Option Appraisal: A Practical Guide for Public Service Organisations (2017 Edition) for FMG at least (Interim DoF/S151 / PMO)</p> <p>M-2 Risks need to be aligned (Cheshire East Plan / MTFS / HLBC / Strategic Risk Register) to enhance transparency (Interim DoF/S151 / Risk &amp; Assurance Management Board)</p> <p>M-3 Amend HLBC template to require at least 3 Options (do nothing / do this / do something else) (Interim DoF/S151 / PMO) [see also G-1]</p> <p>M-4 Risks mitigation (considered options) needs to be articulated as part of Finance / Performance Framework (Interim DoF/S151 / Risk &amp; Assurance Management Board)</p>	In line with MTFS development timetable	Fully aligned MTFS and Corporate Plan will provide stronger value for money evidence, based on consistent options appraisal methodology
H - The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	Red	<p>In March 2024 this standard initially RAG rated Amber however the ongoing Capital Review and affordability of the Capital Programme indicates that the capital programme needs to come in line with the Prudential Code, in that it needs to be prudent, affordable and sustainable within the current budget envelopes, it is therefore reassessed as Red.</p> <ul style="list-style-type: none"> <li>○ The impact of the MTFS proposals should be more clearly articulated in the Treasury Management Strategy (TMS).</li> </ul>	H-1 Align MTFS to cashflow, remove assumptions on slippage moving to risk assumptions instead.( Interim DoF/S151)	Oct 2024 – Feb 2024	Per Combined MTFS & Transformation timetable – Budget Consultation period

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		<ul style="list-style-type: none"> <li>○ Reporting against funding targets should be enhanced and assessed against risk.</li> <li>○ Reporting to CLT should be simplified to enhance engagement with TMS</li> <li>○ The Capital Programme Board needs resurrecting but in a different format/membership.</li> <li>○ Capital Strategy Review to be undertaken to make the Capital Programme affordable for 2024/25 and beyond – See Capital Strategy – MTFS starting Page 361</li> <li>○ Capital HLBC's to include whole life costs</li> </ul>	<p>H-2 Focus Treasury Management Strategy reporting on MTFS and high level borrowing / investment targets and actions to change them if necessary (Interim DoF/S151)</p> <p>H-3 Whole organisation 'benefit' approach to strategic capital investment and prioritisation (following an effective review of current programme and its unaffordability against the available financing envelope). (Interim DoF/S151)</p> <p>H-4 Capital Strategy Review Process – Refer to MTFS Page 361, Capital Strategy Review Interim DoF/S151 ). [See also Q-3]</p> <p>H-5 Widen HLBCs to cover whole life costs and cashflow implications (such as PMO dashboard) (Interim DoF/S151 / PMO)</p>	<p>Oct 2024 – Feb 2024</p> <p>March 2025</p> <p>March 2025</p> <p>March 2025</p>	
J - The authority complies with its statutory obligations in respect of the budget setting process	Green	<ul style="list-style-type: none"> <li>○ In year reporting 2023/24 recognised the scale of the in- year financial challenges, in line with many councils in England and has highlighted the risk associated with this and that the Council could act illegally, triggering the requirement for a Section 114 report from the Chief Financial Officer. The sources that could trigger a S114 have been set out and the consequences of issuing a S114 are also clearly stated. The Council set a one year budget for 2024/25 in Feb 2024. Based on the S151 Officer assessment (S25 Statement) of the risks that the Council can currently value, the S151 Officer is not satisfied that the Reserves Strategy presents an adequate level of reserves to support the MTFS. Action required to identify solutions with Government to the exceptional financial challenges.</li> <li>○ MTFS decisions are supported by HLBCs, including EIAs and proposals are subject to Consultation – there is significant information within HLBCs and EIAs and these should be capable of publication (and be published)</li> <li>○ Scenario Planning – stress test assumptions around funding, cost pressures, savings planning and delivery and the impact of any changes and identify a range of mitigation/additional savings required set against levels of risk and reserve levels.</li> </ul>	<p>J-1 Identify solutions – with Government – to the exceptional financial challenges of:</p> <ul style="list-style-type: none"> <li>• Abortive costs of HS2 and potentially other capital projects (post-review)</li> <li>• The High Needs/ DSG deficit, per se, and the directly related cashflow effects of interest costs, need to follow up with</li> <li>• Government if there are alternative ways to account for the impact of the interest payable on the DSG deficit, as we do with the deficit itself.</li> <li>• Underlying operational deficits on our revenue account in 2024/25 (Interim DoF/S151 / Chief Executive / CLT)</li> </ul> <p>J-2 Publish HLBCs, embed EIAs within HLBC template (Interim DoF/S151 / PMO)</p> <p>J-3 MTFS Assumptions / scenario plan demand led spending requirements (SFMB / CLT / FSC Working Group).</p> <p>J-4 Develop Service Plans to address a profile aligned to affordable MTFS, to move away from central bidding process. (SFMB / CLT)</p>	<p>Ongoing</p> <p>Done/Ongoing</p> <p>MTFS &amp; Transformation Timetable</p> <p>MTFS &amp; Transformation Timetable</p>	<p>Exceptional Financial Support (EFS) Report taken to Corporate Policy Committee 13.02.2024</p> <p>EFS request approved by Government 29.02.2024.</p> <p>Follow on impacts</p> <ul style="list-style-type: none"> <li>• Peer Review – March 2024 Action Plan – CPC Aug24</li> <li>• DMA Review – March 2024 Appointments in place by Mar 2025</li> <li>• Transformation Programme Plan in place/submitted – Aug 2024</li> <li>• CIPFA Review (EFS) - ongoing</li> </ul> <p>FSC Jun24 MTFS Assumptions All Member briefing – Aug24</p> <p>FSC Workshop MTFS Assumptions – Aug24</p>

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			J-5 Budget setting to be improved by greater focus of senior management in understanding and engagement on whole-Council strategies and need for transformation, and supporting processes, as well as Service-level focus and support for financial risk management, recognising the Council's low levels of reserves, and need to build greater resilience. (SFMB / CLT)	MTFS & Transformation Timetable	Dependant on Revised Cheshire East Plan / Transformation Plan / Peer Review / DMA Review outcomes, actions and timelines.
K - The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	Green	<ul style="list-style-type: none"> <li>○ S.25 Statement in 2024/25 MTFS identifies inadequate level of reserves to support the MTFS 2024/25+ - action needed to mitigate financial failure and the consequential impact on local services. Following reports to Corporate Policy Committee 13.02.2024 the following were taken and approved: <ul style="list-style-type: none"> <li>● Exceptional Financial Support Report</li> <li>● Local Government Association – Transformation Capability Framework (DMA Review)</li> <li>● LGA Peer Review which will input into the Council's transformation ambitions.</li> <li>● Whole Organisation Transformation Plan</li> </ul> </li> <li>○ The 2024/25 budget presents a robust set of forecasts, but that the Council must address the current trend of overspending. This requires further engagement of the Committees alongside enhanced controls associated with adherence to the CIPFA Financial Management Code.</li> </ul>	<p>K-1 Enhance CFO communications with planned conversations, BLOG, DMT attendance, Management &amp; Support briefings (Interim DoF/S151)</p> <p>K-2 Use CIPFA FM Code review to report problem areas - FM Code Action Plan (Interim DoF/S151)</p> <p>K-3 Exceptional Financial Support (DLUHC) – Report to Corporate Policy Committee (approved). Transformation Plan required by August 2024 (Chief Executive)</p> <p>K-4 Continue to explore options with DLUHC, DfE and DfT to resolve material issues regarding HS2 and High Needs (SEND) education expenditure. (Interim DoF/S151 / CLT)</p> <p>K-5 Budget delivery 2024/25</p> <ul style="list-style-type: none"> <li>● monitor progress and performance against MTFS proposals delivery and developing MTFS 25 – 29 to CLT/SFMB/Committees</li> <li>● monthly financial forecasting to CLT/SFMB</li> <li>● In year reporting to Committees</li> <li>● MTFS tracking to each Committee cycle</li> </ul> <p>K-6 Adequacy of reserves – 2024/25 and MTFS 2025 – 2029</p> <ul style="list-style-type: none"> <li>● Out-turn 2023/24 report</li> <li>● In year monitoring 2024/25 – delivery of proposals</li> <li>● MTFS Assumptions - Funding, income, expenditure</li> <li>● MTFS Development</li> </ul>	<p>From April 2024</p> <p>September 2024</p> <p>Complete August 2024</p> <p>Ongoing</p> <p>Ongoing since Apr 24</p>	<p>EFS request approved in principle by Government 29.02.2024.</p> <p>Next steps - dependant on 2024/25 in year reporting and deliverability of approved 24/25 MTFS proposals / Transformation Programme / Peer Review action plan / DMA Review outcome and their impact on 2024/25 and MTFS cycle 2025/26 to 2028/29.</p> <p>MTFS Tracker</p> <p>Commenced June 2024</p>

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C - The leadership team demonstrates in its actions and behaviours, responsibility for governance and internal control.	Green	<ul style="list-style-type: none"> <li>○ Adherence to Nolan Principles is not frequently assessed by CLT / WLT / WLC</li> <li>○ There is evidence of confusion over some decision making - ODR/FPR/Delegations</li> <li>○ Publication of spend analysis is not reviewed or promoted</li> </ul>	<p>C-1 Add recognition of Nolan principles to AGS. (Head of Audit &amp; Risk) –</p> <p>C-2 Develop accountability statement for Service Plans (including links to supporting policies and guidance) and require positive acknowledgement of agreement. [see D-2] (Head of Audit &amp; Risk)</p> <p>C-3 Adequate review of Internal Audit action completion as part of internal control framework. (Head of Audit &amp; Risk)</p> <p>C-5 Ensure oversight and spot-check reviews of spend (SFMB – Spend Control Panel)</p>	March 2025	Demonstrable adherence to control framework
F - The authority has carried out a credible and transparent financial resilience assessment	Amber	<p>Consider / Review the CIPFA resilience assessment tool as there is no specific format to the testing of resilience</p> <p>Publish financial resilience assessment information This covers ctax/business rates, core spending power, capital/borrowing and reserves.</p> <p>CIPFA Resilience Index is not specifically shared with the Audit &amp; Governance Committee</p> <p>Alongside Oflog (Office for Local Government), DLUHC is publishing performance data on a new statistical tool – the Local Authority Data Explorer – there are 4 initial areas of performance – Adult Social Care, Waste Management, Adult Skills, Local Authority Finance</p> <p><b>This area is subject to changes depending on government policy on data publications</b></p>	<p>F-1 Review CIPFA assessment tool (Interim DoF/S151)</p> <p>F-2 Review the inclusion of relevant data and benchmarking information around financial resilience in all relevant finance reporting</p>	Complete (but reviewed as part of MTFS development)	Review as part of financial monitoring report development and MTFS development
N - The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	Amber	<ul style="list-style-type: none"> <li>○ Starting monthly reporting of financial activity to help support early identification that the authority is deviating from its approved budget and take prompt action from the start of financial year 2024/25</li> <li>○ Revenue / Capital reporting is not entirely inter-linked</li> </ul>	<p>N-1 Develop Unit4 enquiries to provide up to date monthly info (Interim DoF/S151 / FLST)</p> <p>N-2 Develop Unit4 / MSBI to develop scenario / forecasting data for review as part of MTFS process (Interim DoF/S151 / FLST / BI)</p> <p>N-3 Enabling of Services and service management to meet their financial management responsibilities through technology and training (including FP&amp;A for budget management and forecasting) (Interim DoF/S151 / FLST)</p>	Subject to Unit 4 review timetable	Improvements in use of technology, systems and data capture will improve decision making

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		<ul style="list-style-type: none"> <li>Whilst there are examples of sound integration of monitoring and forecasting within projects and recognition of wider effects on service/organisational reporting, there is room for improvement to ensure necessary quality is realised across all areas.</li> <li>Individual transaction processes and approval limits are built into systems</li> </ul>	<p>N-4 Improve the quality of spend control and financial information and intelligence. (CLT / Interim DoF/S151 / SFMB / Performance Management Board)</p> <p>N-5 Oversight of Wholly Owned Company In-year performance (ASDV Review / FSC)</p> <p>N-6 Governance Workstream to establish review of decisions as part of scheme of delegation work</p>	<p>July 2024 / Ongoing</p> <p>Ongoing</p> <p>October 2024</p>	<p>Monthly monitoring implemented until FP&amp;A forecasting can be launched across the authority</p> <p>Weekly officer CEBERT (Cheshire East Budget Emergency Recovery Team) replaced by Strategic Finance Management Board + Task &amp; Finish Groups (Peer Review Action 1)</p>
E - The financial management style of the authority supports financial sustainability	Amber	<ul style="list-style-type: none"> <li>Achieving financial sustainability requires the authority to have the capacity, the capability and the confidence to plan for the long term and to focus on the achievement of longer-term objectives, rather than to exist simply from year to year.</li> <li>The MTFS is supported by HLBC's and the MTFS should cover a 4 year period. HLBCs tend to focus on proposals in year 1 with less planning for new proposals in yrs 2 – 4.</li> <li>Beneficial impacts of capital investment are not always clearly linked with revenue implications</li> <li>There has been inconsistent forecasting of some income and expenditure in terms of recognising financial risks and opportunities, for both revenue and capital</li> <li>Pricing Strategies are not consistent or published</li> <li>Not all investment/savings are led by the Corporate Plan / Cheshire East Plan</li> </ul>	<p>E-1 Peer Review - March 2024. [See A2-2] (Chief Executive)</p> <p>E-2 Corporate financial challenge – a need for a whole-Council response; and the committee system and the wider engagement of elected Members (Interim DoF/S151)</p> <p>E-3 Whole organisation transformation programme to change service budget envelopes and re-establish corporate financial resilience and sustainability, including adequate reserves</p> <p>E-4 All HLBCs to consider whole life impact to support decision (Interim DoF/S151 / PMO / CLT)</p> <p>E-5 Continue to develop the financial literacy of managers/budget holders to ensure that they have access to the performance and financial information needed to plan and deliver their services effectively. Consider mandatory training (Interim DoF/S151 / FLST)</p> <p>E-6 Update Council charging strategy (Interim DoF/S151 / CLT / SFMB)</p>	<p>Aug 2024 MTFS Timetable</p> <p>Aug 2024 / MTFS Timetable</p> <p>MTFS timetable</p> <p>Sept 2024</p> <p>MTFS Timetable and corporate plan development fully aligned</p>	<p>Action Plan August 2024 Corporate Policy Committee to lead on Financial Recovery</p> <p>MTFS/Transformation – proposals development</p> <p>Needs to be a recognition that finance is everyone's business by ensuring that our budget mangers have the right tools and training to do their jobs and make appropriate decisions</p>



FM Standard	2023/24 RAG	Gap / Actions Identified	Recommended Action Plan (Responsible)	Timeframe Target Date	Outcome/Update
G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	Green	<ul style="list-style-type: none"> <li>○ Scenario planning is not currently a specific exercise within financial planning or the MTFS</li> <li>○ Financial Reports include responses to mitigate adverse forecasts and need to include information on actions that are being taken to address financial sustainability</li> <li>○ MTFS clearly articulated the need to address the medium term gap but that plan needs to be agreed alongside the transformation delivery plan</li> </ul>	<p>G-1 Develop Unit4 / MSBI to develop scenario / forecasting data for review as part of MTFS process (Interim DoF/S151) [See N-2]</p> <p>G-2 Financial reporting to all committees to include mitigating actions</p> <p>G-3 MTFS to be clearly linked with transformation plan and identify options to close the financial gap with a clearly articulated financial strategy</p>	MTFS Timeline	MTFS to be clearly linked with transformation plan and identify options to close the financial gap with a clearly articulated financial strategy that aligns with the corporate plan
I - The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	Amber	<ul style="list-style-type: none"> <li>○ The FM Code requires that the authority prepares a multi year financial plan – the Annual budget is approved and the MTFS additional years should support/evidence the robustness and whole life impact of year 1 proposals.</li> <li>○ The current MTFS does not compare scenarios, such as High/Medium/Low but is presented as a single plan.</li> <li>○ Lifetime costs of assets does not systematically feature within the MTFS.</li> <li>○ 2024/25 – 2027/28 MTFS – balanced for 2024/25 only, future years as yet to be balanced – See also Standard K re S25 Statement re robustness of estimates and adequacy of reserves and proposed actions.</li> <li>○ The Asset Management Plan (AMP) is not suitably aligned to the MTFS.</li> </ul>	<p>I-1 MTFS is being refreshed during 2024/25 including the alignment of the Council’s published transformation plan and to align with the Council’s Target Operating Model.</p> <p>I-2 The refreshed MTFS will include sensitivity analysis and will include risk</p> <p>I-3 Transformation Plan / Corporate Plan / balance MTFS in the medium term and increase GF reserves to sustainable level</p> <p>I-5 Align Capital Strategy to AMP (Strategic Asset Board)</p> <p>I-2 Review Capital Strategy for 2024/25 re affordability</p>	<p>February 2025</p> <p>October 2024</p> <p>Aug 2024 / MTFS Timetable</p> <p>Oct 2024 Ongoing</p>	<p>MTFS &amp; Transformation timetable – Development/Decision Making stage</p> <p>MTFS &amp; Transformation timetable –</p>

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Acronym	Full Title
(initials)	Brackets around two letters are initials of individual people
A&G	Audit and Governance
AGS	Annual Governance Statement
AMP	Asset Management Plan
BFT	Brighter Future Together
BFTP	Brighter Future Together Programme
BLOG	BLOG – Web Log
BMST	Business Management Support Team
BP	Business Partner
C&F	Children and Families
CEBERT	Cheshire East Budget Emergency Response Team
CEC	Cheshire East Council
CEO	Chief Executive Officer
CERF	Cheshire East Residents First Ltd
CFB	Capital Financing Budget
CFO	Chief Finance Officer
CIPFA	Chartered Institute of Public Finance and Accountancy
CLT	Corporate Leadership Team
COCG	Code of Conduct Group
CP	Corporate Plan
CPC	Corporate Policy Committee
CPD	Continued Professional Development
CPF	Cheshire Pension Fund
CPR	Contract Procedure Rules
CQC	Care Quality Commission
DMT	Directorate Management Team
DoGC	Director of Governance and Compliance
DSG	Dedicated Schools Grant
EA	External Audit
ED	Executive Director
EFMT	Extended Finance Management Team
EIA	Equality Impact Assessments
EU	European Union
FM	Financial Management
FPR	Finance Procedure Rules
FSC	Finance Sub-Committee
GT	Grant Thornton
HLBC	High Level Business Case
HML	High Medium Low
IA	Internal Audit
ICO	Information Commissioners Office
Interim DoF	Interim Director of Finance
IFAC	International Federation of Accountants

## FM Code – Glossary

## Appendix 4

KPI	Key Performance Indicator
LEP	Local Enterprise Partnership
LEP F&R	Local Enterprise Partnership Finance & Reporting Committee
LGO	Local Government Ombudsman
LGPS	Local Government Pension Scheme
MO	Monitoring Officer
MSBI	Microsoft Business Intelligence (Power BI)
MTFS	Medium Term Financial Strategy
MYR	Mid-Year Review
ODR	Officer Decision Record
OFSTED	Office for Standards in Education
PAIB	Professional Accountants in Business
PDR	Performance Development Review
PMO	Project Management Office
PP	Pay Policy
PSAA	Public Sector Audit Appointments
RAG	Red, Amber, Green
SFMB	Strategic Finance Management Board
S151	Section 151 Officer
SOA	Statement of Accounts
SOLACE	Society of Local Authority Chief Executives
SS	Shared Service
TMS	Treasury Management Strategy
ToRs	Terms of reference
TQR	Third Quarter Review
UK	United Kingdom
WARN	Waiver Approval / Record of Non-Adherence
WLC	Wider Leadership Community
WLT	Wider Leadership Team
WOC	Wholly Owned Company

## Finance Sub Committee Work Programme 2024-25

Report Reference	Date of Sub-Committee	Title	Purpose of Report	Lead Officer	Consultation	Equality Impact Assessment	Part of Budget and Policy Framework	Corporate Plan Priority	Exempt Item
FSC/21/24-25	TBC	ECW (Enterprise Cheshire & Warrington) First Financial Review 2024/25	To note and comment on the ECW (Enterprise Cheshire & Warrington)'s First Financial Review and Performance position of 2024/25.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/09/24-25	07/11/24	Financial Management Code - In Year Update (Finance Sub Committee)	To inform on the current status of the Council's compliance with CIPFA's Financial Management Code and to advise on next steps.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/10/24-25	07/11/24	Second Financial Review of 2024/25	To note and comment on the Second Financial Review and Performance position of 2024/25, and (if necessary) approve Supplementary Estimates and Virements.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No

FSC/12/24-25	07/11/24	Medium Term Financial Strategy Consultation 2025/26 - 2028/29	To provide feedback in relation to their financial responsibilities as identified within the Constitution and linked to the budget alignment approved by the Finance Sub-Committee in March 2024.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/22/24-25	07/11/24	ECW (Enterprise Cheshire & Warrington) Second Financial Review 2024/25	To note and comment on the ECW (Enterprise Cheshire & Warrington)'s Second Financial Review and Performance position of 2024/25.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/05/24-25	09/01/25	Local Government Pension Scheme and Cheshire Pension Fund Update - December 2024	To inform the Sub Committee about the Local Government Pension Scheme, its importance in respect of the Council's financial planning and reporting, and to introduce the first in a series of briefing notes of items presented to the Cheshire Pension Fund Committee.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/13/24-25	09/01/25	Third Financial Review of 2024/25	To note and comment on the Third Financial Review and Performance	Director of Finance and Customer	No	No	Yes	Open	No

			position of 2024/25, and (if necessary) approve Supplementary Estimates and Virements.	Service – Section 151 Officer					
FSC/15/24-25	09/01/25	MTFS Strategies – Investment Strategy	To note and comment on the Council's Investment Strategy in light of the ongoing budget consultation document and to set out the Council's approach to managing investments in 2025/26.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/16/24-25	09/01/25	MTFS Strategies – Treasury Management Strategy	The Treasury Management Strategy details the activities of the Treasury Management function in the forthcoming year 2025/26. To review the draft Treasury Management Strategy as part of the performance management framework.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No

FSC/17/24-25	09/01/25	MTFS Strategies – Capital Strategy	The Capital Strategy is a key document for the Council and forms part of the authority's integrated revenue, capital and balance sheet planning. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. It also provides a framework within which the Council's capital investment plans will be delivered.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/18/24-25	09/01/25	MTFS Strategies – Reserves Strategy	To provide information about the requirements to maintain financial reserves and to provide statements on the types of reserves and current and predicted balances.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/23/24-25	09/01/25	ECW (Enterprise Cheshire & Warrington) Third Financial Review 2024/25	To note and comment on the ECW (Enterprise Cheshire & Warrington)'s Third Financial Review and Performance position of 2024/25.	Director of Finance and Customer Service – Section	No	No	Yes	Open	No



				151 Officer					
FSC/24/24-25	09/01/25	Medium Term Financial Strategy Consultation 2025/26 - 2028/29 Provisional Settlement Update	To provide feedback in relation to their financial responsibilities as identified within the Constitution and linked to the budget alignment approved by the Finance Sub-Committee in March 2024.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/19/24-25	10/03/25	Local Government Pension Scheme and Cheshire Pension Fund Update - March 2025	The purpose of this report is to present the latest in a series of briefing notes in respect of key items being presented to the Cheshire Pension Fund Committee	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/20/24-25	10/03/25	Service Budgets 2025/26	The purpose of the report is to set out the allocation of budgets for 2025/26, for all Committees, following Council's approval of the Medium Term Financial Strategy in February 2025	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No

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