Local Government Act 2003: Section 25
Report by the Assistant Director of Finance & Section 151 Officer (Chief Finance Officer)

Background

1. Section 25 of the Local Government Finance Act 2003 requires that when a local authority is agreeing its annual budget and council tax precept, the Chief Finance Officer must report to it on the following matters:

    - The robustness of the estimates made for the purposes of the (council tax requirement) calculations
    - The adequacy of the proposed financial reserves

2. The council is required to have due regard to this report when making decisions on the budget. The law expects councillors to consider this advice and not set it aside lightly.

3. In expressing my opinion, I have considered the financial management arrangements and control frameworks that are in place, the budget assumptions, the adequacy of the Budget & Business Planning process, the financial risks facing the council and the level of total reserves.

4. Section 25 of the Local Government Act 2003 concentrates primarily on the uncertainty within the budget year (i.e. 2022/23). However, future uncertainties, particularly around the delivery of savings and the increasing pressures in demand driven services also inform the need for reserves and balances in the medium term.

Executive Summary

5. In preparing the Budget and Medium Term Financial Strategy for 2022/23 – 2026/27 a number of processes have been put in place to ensure that the budget is achievable and sustainable and services can be delivered within the anticipated funding available.

6. In order to provide assurances that the budget estimates are robust the Assistant Director of Finance (Section 151 Officer) has had regard to the following factors:

    - Financial Management arrangements and control frameworks
    - The ongoing financial impact of Covid-19
    - The Budget and Business Planning Process
    - Budgeting assumptions, including:
        - resources available from central Government and local taxation
        - impact of inflation and pay awards
        - locally identified budget pressures
    - The affordability of the capital programme
    - Financial risks

7. In setting the budget and prudently managing its finances, the Council holds both general balances and specific earmarked and ring-fenced reserves. A risk assessment is carried out to determine the minimum level of general balances that the Council should hold. This has been determined to be £6.0m for 2022/23.

Financial management arrangements and control frameworks

8. The council received an unqualified opinion for the Authority in 2019/20 and expects the same for 2020/21. In respect of securing value for money, the conclusions are based on whether the organisation has proper arrangements in place for securing financial resilience and for challenging how it secures economy, efficiency and effectiveness. The council received an unqualified value for money conclusion for 2019/20 and expects the same for 2020/21.

9. The council has good governance arrangements in place. The Section 151 Officer has responsibility for ensuring that an effective system of internal control is maintained to provide an assessment of the current position across the whole council and identifying areas for improvement where appropriate. Areas for improvement are reported to Accounts, Audit & Risk Committee and monitored in year through the Corporate Governance Assurance Group.

10. The Code of Practice for Financial Management (the FM Code) was introduced by CIPFA in November 2019. The Code clarifies how Chief Finance Officers should satisfy their statutory responsibility for good financial administration as required in Section 151 of the Local Government Act 1972. Full compliance with the FM Code is expected for 2022/23. Annex 1 below sets out a compliance assessment against the Code’s standards. All of the 19 Standards have been assessed as Green meaning that compliance can be evidenced. Where relevant, proposed further actions that can be taken to enhance compliance have been included in the assessment. The assessment will also be used to help inform the council’s Annual Governance Statement (AGS) which will be published alongside the Statement of Accounts.

11. Financial Management remains a key focus. A new financial system was implemented in April 2021 and, as part of the project, training to support effective financial management performance across the council has been made available to all users. New ways of working were introduced in 2021/22 and further culture change necessary for managers to take greater ownership of budgets will continue to be developed in line with other organisational changes.

Ongoing Financial Impact of COVID-19

12. Since March 2020, the pandemic has required local authorities to make rapid adjustments to meet new demands and to step up work in critical frontline services. These new and increased demands have resulted in significant additional expenditure. At the same time, council income streams have been

severely damaged by lockdowns and other restrictions. During 2020/21 and 2021/22, some funding was provided from central Government to help councils with the financial impact of COVID-19.

13. The financial impact of COVID-19 will clearly extend beyond 2021/22 into 2022/23 and the medium term, but there has not been specific COVID-19 funding announced by the Government for 2022/23. The Council has been prudent by not assuming a full return to its pre-COVID-19 income levels and also factored in a permanent adjustment to the loss of car parking income based on the 2021/22 budget monitoring position and forecast recovery in the future. To help insulate the Council from further COVID-19 financial impacts, there is £1.1m available in a commercial risk contingency in 2022/23 as well as there being a separate £1.6m COVID-19 reserve.

Budget Assumptions

14. The formation of the 2022/23 budget and indicative budgets for the following four years to 2026/27 have allowed for best estimates of the total financial envelope over the medium term, taking into account anticipated unavoidable pressures plus investments and the savings then required to match the funding available. In forming the estimates various assumptions have been made. The main assumptions together with an assessment of their risk are set out below:

a) Funding assumptions – General Government funding by way of the Settlement Funding Assessment for 2022/23 has been notified by MHCLG as part of the Local Government Finance Settlement. Where specific government grants have been notified, these are reflected in the Medium Term Financial Strategy (MTFS).

   Beyond 2022/23, there is no certainty in terms of local government finance. This makes it difficult to plan for the medium term. Details and assumptions have been set out in the Revenue Budget Strategy at Section 3.3.
   A Band D Council Tax increase of £5 is proposed for 2022/23 (within the referendum limit confirmed in the Local government Finance Settlement) and across the medium term. This is a 3.6% increase in the Council's element of Council Tax.

   Business rates forecast income for 2022/23 is based on the statutory NNDR1 return. It is assumed that all growth will be removed when the business rate baseline is reset, now forecast to be in 2023/24. The Government has indicated that there will be a phased approach to resets, but not issued any guidance over the period or profile over which this will take. Therefore, the Council has taken the prudent position of assuming a full reset from 2023/24. As the Government makes further announcements this will be factored into the MTFS and fed into the 2023/24 Budget and Business Planning Process.

The increase in the council tax base for 2022/23 was broadly in line with the assumptions in the 2021/22 MTFS, with an actual increase of 2.1% Band D equivalent properties compared to 1.7% forecast in the 2021/22 MTFS. The cause is due to both fewer council tax support claimants than assumed plus a slight increase in the rate of house building. This is an improvement on the rate of growth assumed for 2021/22 and growth continues to be assumed for 2023/24 and across the medium term.

b) Inflation – The Spending Review 2021 set out that public sector pay rises would be resumed for 2022/23. The Council has built an assumed 2.5% pay award into its 2022/23 assumptions.

Contract inflation is provided for at 2% within the services budgets. The Council is also holding a contingency for contract inflation of a further 4% increase. The latest figures from December 2021 show increases from the previous year with CPI running at 5.4% (compared to 0.6% in December 2020). No inflation is built in for other categories of spend, however, a 1% inflation uplift on other areas of spend only equates to £0.4m so, alongside the increases built in for contracts, there should be no further inflationary pressure in 2022/23.

Overall, the Council holds an inflation contingency in 2022/23 of £0.7m, although some of this would be required to fund the ongoing impact of any pay award agreed between local government employers and the trade unions in relation to 2021/22.

c) 2022/23 Budget Pressures – The Council has undertaken regular budget monitoring throughout 2021/22. As part of this process detailed monitoring of the savings programme has been introduced. Where savings have been identified as undeliverable in 2021/22 and won't be delivered in 2022/23 they have been identified as a pressure in 2022/23. Furthermore, services have identified budget pressures for 2022/23, which have also been reviewed by Finance officers.

d) 2021/22 Forecast Outturn – The Council's forecast financial position up to the end of November 2021 shows a forecast overspend of £0.2m. This is made up of £0.1m base budget pressures, £0.7m savings non-delivery, offset by £0.6m mitigations identified in-year.

e) Treasury Management – at 30 September 2021, the Council held £75m of long term debt and £92m of short term debt. Whilst all existing debt is under fixed interest rates the short-term debt will need to be refinanced so is effectively at variable rates. Since the last external Treasury Management report the Council has taken advantage of low interest rates and borrowed a further £25m from the Public Works Loans Board, locking in an historically low interest rate for the next 25 years. The MTFS assumes continuation of the strategy to borrow internally at £70.0m. The Council has a Capital Financing Requirement of £270.7m which debt will remain below. Debt as at 31 March 2022 is forecast to be £226.2m. The Council has assessed that its Authorised Limit for External Debt for

2022/23 will be £310m. A large proportion of the borrowing costs will be met by additional income streams. Additionally, all borrowing costs have been included in the Budget and MTFS so the Council is able to understand the overall commitments required on it over the medium term.

The proposed MTFS assumes the bank rate will gradually increase from 0.25% during 2022/23 to 1.25% by March 2025. For 2022/23 there is an assumption that new short term loans will be borrowed at average interest rate of 0.45%. Based on market rates, the target in-house rate of return is 0.22% for 2022/23.

The Council makes loans to organisations that help to deliver the priorities of the Council. Risk assessments of default against these loans are made to determine an upper limit that the Council is prepared to provide across different classes of borrower. For 2022/23 the proposed limit of loans the Council can provide is £87.2m, of which £85.9m would be to subsidiaries of the Council.

f) Capital Programme – the proposed Capital Programme has a balanced funding position over the 5-year period to 2026/27 with required borrowing costs being reflected in the MTFS. The total capital programme is £23.2m, of which £18.0m is expected to be spent in 2022/23. The Capital and Investment Strategy identifies that the Council expects its overall debt to remain within both its Operational Boundary for Total External Debt of £290m and Authorised Limit for Total External Debt of £310m.

Budget & Business Planning Process

15. The Budget & Business Planning process is well established. The construction of the budget and examination of the budget proposals has been subject to challenge by the Directorate Leadership Teams, the council's leadership team and the Director of Finance. There has been engagement with the Executive, the Political Group Leaders as well as a number of member engagement and briefing sessions.

16. Budget Planning Committee considered the revenue savings and pressures and capital bids at its meeting in December 2021. In January 2022, the Committee considered the Capital & Investment Strategy and Reserves Policy and projected Reserves Levels. Comments from these meetings were considered by the Executive. In addition, the Accounts, Audit and Risk Committee considered and recommended to full Council the Capital & Investment Strategy and Treasury Management Strategy in January 2022.

17. A public consultation on the budget was also held over a five-week period which closed on 4 January 2022. 176 online survey responses were received as well as two written responses. Scrutiny of the budget savings has also been considered from an equalities perspective.

Financial Risks

18. Given the reductions in government grant funding, the limits placed on the level of Council Tax increases, the continuing financial impacts of COVID-19, the ending of the partnership arrangement with Oxfordshire County Council (OCC), the growing unavoidable pressures and the need to deliver savings, the budget will inevitably contain a degree of risk. The key risks are set out in the following paragraphs. However, to help manage the impact of financial risk, a corporate contingency is proposed. The level of corporate contingency for 2022/23 is £3.6m. The corporate contingency budget is held to cover;

- Affordable housing and commercial risks, including those linked to the ongoing impact of COVID-19
- the risk that inflationary pressures are higher than forecast;
- it is unclear whether there will be any separation costs associated with the ending of the formal relationship with OCC, so a contingency has been provided to be prudent;
- the risk that proposed savings are not achieved in full.

a) COVID-19 –The impact of COVID-19 on public health, the economy and services will continue throughout 2022/23 and over the medium term. This will present several risks to the council including:
    - Insufficient market capacity to meet demand;
    - Sustainability of existing contracts for supply of works, goods and services;
    - Increase in price for goods and services;
    - Reduced capacity and availability in the supply chain creating delays in delivery;
    - Workforce availability, recruitment and retention;
    - Reduced income.

    Paragraph 13 sets out that there are reserves and contingencies to address these

b) Achievement of planned savings – the council has limited experience of delivering significant savings programmes. However, it was successful in identifying and delivering the in-year savings required from its Revised Budget for 2020/21. The Council identified a savings programme of £4.3m for 2021/22. Progress against delivery of savings will be reported to the Executive monthly as part of the Performance, Risk and Finance Monitoring Report and 84% of the savings programme is assumed to be delivered with the Council identifying mitigations for the majority of the remaining non-delivery. Ongoing savings in the existing and proposed MTFS which are required to be delivered up to 2026/27 total £3.9m.
    All managers have a responsibility to ensure the efficient delivery of services and, when savings are proposed, that those savings are both realistic in terms of the level of savings and the timing. Should the level and timing of such savings vary due to unforeseen events, management actions within the relevant services, directorates and subsequently corporately will need to be identified and implemented.

c) Local Government Funding – changes to the local government funding regime could create significant financial challenges to the Council. Uncertainty around the future of New Homes Bonus and the anticipated Fair Funding Review as well as the expected business rates reset in 2023/24 could have significant financial consequences on the level of resources available to the Council. The 2021 Spending Review was for three years outlining the overall local government resource envelope for this period. However, the Local Government Finance Settlement was for one year only indicating that the Government will look to introduce financial reform from 2023/24. The Council has assumed that a full business rates reset will take place from 2023/24 and is therefore planning prudently. The Government has indicated that the financial implications of local government reform will be phased though not given an indication of the period or profile of the phasing. It is expected that the Government will issue a consultation during 2023/24 on its proposals for funding reform and the MTFS will be updated as further information is made available.

d) Inflation – As set out in paragraph 14b above, the Council has made provision for contract inflation of up to 6% falling back to 2% from 2023/24. Pay increases are also based an assumed 2.5% annual increase over the MTFS period. The contingency budget will help mitigate the inflationary risk.

e) Ending of S113 Partnership Agreement with OCC – The ending of the S113 Partnership Agreement with OCC brings uncertainty around the future shape of CDC as an organisation and how some of its services will be provided.

   In principle the reversion to operate as an independent Council represents a transition to a long established and understood operating arrangement. However, with any change there is risk which will be managed through the plan devised to give effect to the transition. This may include new arrangements for the mutual delivery of services.

   As the Council decides how to deliver its services and functions, there is some risk in making any change. As part of the due diligence and business plans for future delivery, it will be mandatory for the risks associated with that plan to be managed and mitigated as part of the plan approval and implementation.

   Financial principles have been agreed between CDC and OCC as being applicable for the apportionment of costs of terminating the S113 Agreement between the two organisations. One of these principles is to, “use all reasonable endeavours to agree the apportionment of settlement costs arising from the termination proportionately, fairly and taking into account historic or actual cost sharing percentages and any mutual provision that it is agreed will be put in place for discrete service areas.”

   The costs of the new arrangements cannot be quantified until new structures are put in place during 2022/23. It is also anticipated that some one-off settlement costs may arise. Additional costs that may be incurred in 2022/23 as a result of new structures will be funded from an earmarked a contingency budget of £0.350m. If costs are likely to exceed £0.350m the total £3.6m contingency budget can be reviewed to determine what additional resources can be made available. To the extent that any costs identified are permanent, these will be addressed as part of the Council's 2023/24 Budget and Business Planning process.

Level of total reserves

19. As described above the financial environment in which the Council operates is subject to risk and uncertainty. There is significant risk to the Council's medium-term funding with local government funding reviews expected to take place to consider how resources should be allocated across local government and how a reset of business rates income will be introduced.

20. The Reserves Policy at Appendix 13 sets out the Council's policies underpinning the maintenance of a level of general balances and earmarked reserves. As well as holding a contingency budget, general balances are also held to ensure that a major incident or emergency can be managed without impacting on other services. In reaching my decision on the level of balances I feel are appropriate to be held for 2022/23, I have considered the strategic, operational and financial risks facing the authority including the ability to deliver planned savings, as well as external risks such as further economic shocks. The recommended level of balances for 2022/23 based on this risk assessment is £6m, an increase of £0.5m from 2021/22 outturn position. This can be seen at Appendix 14.

21. Earmarked reserves are also held for specific planned purposes. In assessing the appropriate level of reserves, a review has been undertaken to determine if they are both adequate and necessary. The review has identified where there are plans for future spending to take place and that there are sufficient reserves available for this. There are also sufficient earmarked reserves available to support budgetary challenges and pump prime work to identify service changes necessary to operate within the Council's future financial envelope. It is currently anticipated that the total medium-term reserves and balances to be held by the Council is £29.4m.

22. It should be noted that in the event that reserves are used to support the Council's budget position, they will only be able to be used on a one-off basis and do not provide a permanent budget solution to the financial challenges faced as, once a reserve is used, it cannot be used again.

CIPFA Financial Resilience Index

23. CIPFA's Financial Resilience Index is a comparative analytical tool that is used to support good financial management, providing a common understanding within a council of their financial position. The index shows a council's position on a range of measures associated with financial risk. The index is made up of a set of indicators which take publicly available data and

compare similar authorities across a range of factors. There is no single overall indicator of financial risk, so the index instead highlights areas where additional scrutiny should take place in order to provide additional assurance.

24. COVID-19 has had an impact on the 2022 resilience index, as the data is obtained from the Revenue Expenditure and Financing England Outturn Report 2020/2021. It should therefore be viewed in the context of this having been a transitional year.

25. The following paragraph comments on the areas in the index where Cherwell District Council is indicating a comparatively higher level of financial stress compared to all other non-metropolitan district councils and comments upon the position.

a) Reserves Sustainability Measure – This indicator measures the ratio between the current level of reserves and the average change in reserves in each of the last three years. A negative value (which implies reserves have increased) or one greater than 100 is recoded to 100. The Council's score is 100 in a range of 0 – 100, with the vast majority of Council's all scoring 100. This is due to all District Council's seeing an increase in their level of reserves due to the timing of grant being received for business rates reliefs awarded and the recognition of reduced income in the following financial year for the associated collection fund deficit.

b) Interest Payable/Net Revenue Expenditure – This indicator is the ratio of interest payable to net revenue expenditure. The range for all District Councils is -1.82% (lowest risk) to 423.28% (highest risk). The Council's ratio is 9.50%. The Council has borrowed money in order to pay for projects such as Castle Quay. As a result, the Council has higher interest costs, but also has greater levels of income to repay these costs.

c) Gross External Debt – This indicator compares the gross external debt held by Councils. The range for District Councils is from £0 to £1,706m, with Cherwell at £184m. This reflects the decisions taken to finance Castle Quay and Graven Hill through borrowing.

d) Fees & Charges to Service Expenditure Ratio – This indicator shows the proportion of fees and charges against the council's total service expenditure. The range for District Councils is 0.55% (highest risk) to 73.28% (lowest risk), with Cherwell at 11.88%. The Council has relatively low fees and charges income compared to its total expenditure which means it is more susceptible to changes in Government funding, but also makes it less vulnerable to economic shocks.

e) Growth Above Baseline - This indicator is calculated as the difference between the baseline funding level and retained rates income, over the baseline funding level. The range for District Councils is -153.23% (lower risk) to 435.83% (higher risk) with the Council at 171.60%. This is perceived as a risk as, in comparison with many other Districts, the Council's retained income from business rates is high. However, the proposed MTFS assumes all of the growth is lost upon a reset and implementation of funding reforms in 2023/24. The Council has already acknowledged this risk and will plan to address this in developing the 2023/24 budget.

Assurance Statement of the Chief Finance Officer

26. The proposed budget for 2022/23 and Medium-Term Financial Strategy to 2026/27 addresses the demand pressures, inflationary risks and impacts of COVID-19 which are expected to continue into the medium term.

27. Whilst the 2022/23 budget is balanced, there remains a significant gap between estimated spend and funding streams for 2023/24. This is due to the uncertainty of funding pending the future of New Homes Bonus funding alongside the implementation of the new needs-led funding formula and business rates reset. Therefore, the council needs to maintain focus on financial sustainability and producing a balanced budget over the medium term.

28. The risks in the 2022/23 budget are predominantly in relation to the uncertainty around recovery from COVID-19, affordable housing, inflation and separation from joint arrangements with OCC. To help mitigate this a contingency budget of £3.6m is available.

29. The system of financial control remains robust, and financial management and financial systems are monitored to ensure they remain effective and relevant. Where areas for improvement are identified actions are agreed with directorates and support provided to implement them.

30. I believe the level of the council’s total reserves are sufficient to provide both general balances to manage the impact of unexpected events in line with the risk assessment; and the setting aside of earmarked reserves to meet known or anticipated liabilities.

31. Therefore, I am satisfied that the budget proposals for 2022/23 recommended by the Executive are robust.

Michael Furness, Assistant Director of Finance (S151 Officer)

14 February 2022

Annex 1 – Summary Financial Management Code Assessment

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
1.	**Responsibilities of the CFO and Leadership Team**			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	All services reviewed to ensure being delivered efficiently and appropriate savings identified. All tenders consider VfM by considering the quality of service and not just price.	Develop a statement of how proposals in Executive Reports will deliver value for money where appropriate	
B	The authority complies with the CIPFA "Statement of the Role of the CFO in Local Government"	The CFO is qualified accountant with significant experience working as an active member of the leadership team. The CFO is a member of CEDR (Chief Executive Direct Reports) and has an influential role with members of the Cabinet, Audit & Governance Committee and lead opposition members.	Set out clear statement of roles and responsibilities of CFO, CEDR and the Exec.	
2.	**Governance and Financial Management Style**			
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	The Corporate Governance and Assurance Group (CGAG) exists to ensure good governance and internal control, including driving the production of the Annual Governance Statement (AGS) and Action Plan through the completion of Professional Lead Statements and engagement with Corporate Directors.	CGAG to continue to establish itself and enhance its workload including driving consistency across the partnership between the County Council and CDC.	
D	The authority applies the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)"	Annual Governance Statement includes audit opinion on effectiveness of internal control environment and systems of internal control.	Continue to enhance and develop the AGS through CGAG.	
E	The Financial Management style of the authority supports financial sustainability	The Council has adopted a Business Partnering model that supports managers to deliver financially sustainable services by providing strategic advice and support. This is underpinned by a Corporate Function that manages the strategic financing issues and	Continue to develop the skills of managers to ensure that they have access to performance and financial information that enables them to deliver services that are financially sustainable.	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
		provides the budget setting and accounting framework for the organisation.		
3.	**Long to Medium-Term Financial Management**			
F	The authority has carried out a credible and transparent financial resilience assessment	A Financial Resilience assessment is included within the Budget Documents. The assessment is consistent with the Medium-Term Financial Strategy (MTFS) assumptions.		
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	MTFS far more transparent than in previous years clearly outlining the financial challenges facing CDC in the Budget and Business Planning Process 2021/22 – 2025/26 Report	Continue to update CEDR and the Executive throughout year and within Budget/MTFS documents	
H	The authority complies with the CIPFA "Prudential Code for Capital Finance in Local Authorities"	Capital Strategy is produced. Quarterly Treasury Management monitoring considered at the Accounts, Audit and Risk Committee.	Develop a profiled five-year capital programme. Provide quarterly TM and Prudential Indicator updates as part of monitoring reports.	
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	CDC has an Integrated Business Planning and Budget Process with a five-year MTFS.	Ensure services aware of future savings plans committed to and savings are implemented.	
4.	**The Annual Budget**			
J	The authority complies with its statutory obligations in respect of the budget setting process	The Council produces its annual balanced budget and supporting documentation.		
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	S25 report accompanies the suite of Budget documents. Enhanced by including an assessment of readiness for implementing the FM Code		
5.	**Stakeholder Engagement and Business Plans**			
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	Significant consultation on the budget proposals as well as ensuring carry out the statutory business rate payers' consultation.	Continue with corporate and directorate consultation where appropriate.	
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	A business case is required for all capital schemes which sets out alternative options, the reasons for discounting them and benefits	Agree consistent business case templates from outline through to full across the partnership between	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
		of progressing with the scheme. All tenders consider VfM by considering the quality of service and not just price – the appraisal process is documented.	the County Council and CDC for both revenue and capital schemes.	
6.	**Monitoring Financial Performance**			
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The monthly Performance, Risk and Financial Monitoring Report to Executive enables CEDR and Executive to respond to emerging risks – the effectiveness was evidenced during 2020/21 as the Council agreed an in-year budget to respond to the financial impact of COVID-19.	The Capital Programme monitoring element requires enhancement to: • better reflect performance and the delivery of outcomes linked to the completion of capital schemes. • Explain differences in in-year slippage and total cost variances	
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	Reserves and balances are monitored monthly and changes in budgeted use require appropriate approvals before they can be assumed. Debtor monitoring takes place quarterly identifying aged debt of Council debt.	Review aged debt to consider the collectability of this.	
7.	**External Financial Reporting**			
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom”	The annual accounts are produced in compliance with the CIPFA Code.		
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	CEDR and Executive consider outturn report and year end variances enabling strategic financial decisions to be made as necessary.		