

Key:	RED – Actions at risk of not being completed
	AMBER – Actions which are being progressed but are delayed
	GREEN – Actions which are being progressed as planned
	BLUE – Actions which are complete
	NEW – New actions identified as part of the progress update

Section	Statement	What FM Code guidance states in relation to compliance	Revised Self-Assessment July 2024	Action Plan	RAGB Status	Action Status Update – July 2024
1	The Responsibilities of the Chief Finance Officer and Leadership Team					
A	The leadership team is able to demonstrate that the services provided by the authority are Value for Money (VfM)	The authority has a clear and consistent understanding of what value for money means to it and its leadership team. There are suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services. The authority is able to demonstrate the action that it has taken to promote value for money and what it has achieved.	<p>The Council has the following frameworks and systems in place to support Value for Money (VfM) in service delivery.</p> <p>Governance</p> <ul style="list-style-type: none"> The Finance Procedure Rules (FPRs) (Chapter 10 of the Council's Constitution) and Contract Procedure Rules (CPRs) set out the financial governance arrangements for the Council including the requirement to achieve VfM. Supporting policies and procedures and service Schemes of Financial Delegation have been produced as per the requirements. The Leadership Team and services have been actively involved in the development of these and their associated roles and responsibilities have been communicated via departmental management team meetings and through wider communications. These documents are available to all employees via the Council's Intranet. The CPRs were updated – including changes linked to the UK's exit from the EU. The Assistant Director is engaged and attends all relevant seminars on how local authorities should administer procurement. <p>Assets</p> <ul style="list-style-type: none"> All members and staff have responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, is warranted, properly authorised, provides VfM and achieves best value and is in the interest of the Council's citizens. Security of assets is governed by the Inventory Guidance issued as a supplementary document to the Council's FPRs. The Council has an Asset Management Strategy and Disposal Policy in place to sets out the vision and aspirations for the effective management of the Council's corporate asset portfolio and the role it plays in supporting and shaping the Council's agenda. <p>Procurement</p> <ul style="list-style-type: none"> The Council has dedicated procurement function in place which advises on procurement activity and helps to ensure VfM. For tender exercises, the FPRs state that all tenders should be evaluated on the basis of quality and price to ensure VfM is obtained. The Council's CPRs require that all award criteria must be designed to secure an 	<ol style="list-style-type: none"> It is recommended that further action is carried out regarding the CPRs within the next 12-18 months to include any additional legislative requirements. To ensure compatibility with the latest operating system, software and for cyber security purposes, the Council intends to procure a significant number of new ICT devices during 2024/25. Therefore, it is recommended that a detailed reconciliation of service inventory and stock lists is conducted following this procurement to ensure that these have been updated accordingly. 	<p>GREEN</p> <p>NEW</p>	Ongoing (Contract Procedure Rules) – The Procurement Act 2023 is due to come into effect from October 2023. The Contract Procedure Rules will be reviewed and updated in advance of this date to ensure compliance with the new legislation.

		<p>outcome giving best VfM for the Council and these award criteria are defined by Assistant Directors or their representatives and all tenders are evaluated and awarded on this basis. Arrangements for contract management and procurement are subject to regular review, and the associated documents are updated as appropriate.</p> <ul style="list-style-type: none"> • A contracts register is maintained and reported to services on a regular basis <p>Audit and Risk Management</p> <ul style="list-style-type: none"> • The role of the Audit and Governance Committee includes the requirement to comment on the scope and depth of the assurance work and ensure it gives VfM. This includes consideration and approval of the Council's accounts, internal control systems, risk management and corporate governance issues, as set out in Chapter 7 of the Council's Constitution. • External auditors conduct a VfM assessment on an annual basis and this is incorporated into the statement of accounts. In the latest published statements, the external auditors gave an opinion that the Council had put proper arrangements in place to secure economy, efficiency and effectiveness. • Risk management reports are produced and shared with ELT, SLB and Audit and Governance each cycle. <p>Capital Expenditure Proposals</p> <ul style="list-style-type: none"> • The S151 Officer in conjunction with the Chief Executive have set up procedures in which capital expenditure proposals are appraised to ensure VfM is being achieved in accordance with the FPRs. <p>Financial and Performance Reporting on Service Delivery</p> <ul style="list-style-type: none"> • The Council operates regular budget monitoring which is co-produced by service areas with input from business partners within Finance. This is reviewed by the Leadership Team and reported to Cabinet and Council on a monthly basis. Action is taken where variances against budget are identified. All savings options are produced with full engagement of the Leadership Team and service areas. • Reports include specific reference to service performance against non-financial outcomes in the form of key performance targets. • Meetings are held between S151 Officer and Directors of Finance across the local region to discuss financial management including emerging pressures and how the Council is managing them. • Executive Directors and Assistant Directors are expected to achieve VfM in the delivery of services 			
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			<p>and reporting should demonstrate how this is achieved together with an analysis of how key policies and expenditure proposals have been implemented as per the FPRs.</p> <ul style="list-style-type: none"> Benchmarking is used across a range of Council services and is used to inform the budget setting process. Most significantly this is used within Adult Social Care which represents a major element of the Council’s budget. Benchmarking is used to compare fee levels across the Liverpool City Region to inform the fee setting process and to demonstrate Value for Money (VfM). 		<p>GREEN</p>	<p>ACTION (Value for Money) – The FM Code is clear on the requirement that services demonstrate that they achieve VfM. Therefore, services should demonstrate that they achieve VfM and compare themselves against nearest neighbours and statistical comparators with the findings reported back into senior leaders to support decision making. This should be an annual review.</p> <p>This action is being progressed.</p>
B	<p>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</p>	<p>The CFO is a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions. The CFO leads and champions the promotion and delivery of good financial management across the authority. The CFO is suitably qualified and experienced. The finance team is suitably resourced and fit for purpose.</p>	<p>CIPFA Statement on the Role of the Chief Finance Officer in Local Government</p> <p>The key principles of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government are:</p> <ul style="list-style-type: none"> Principle 1 - The CFO in a local authority 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. Principle 2 - The CFO in a local authority 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 alignment with the authority’s overall financial strategy. Principle 3 - The CFO in a local authority 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 appropriately, economically, efficiently, and effectively. Principle 4 - The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose. Principle 5 - The CFO in a local authority must be professionally qualified and suitably experienced. <p>The Executive Director for Corporate Resources and Customer Services is the CFO and Section 151 Officer at Sefton Council. They are a member of the Executive Leadership Team (ELT), help to develop and implement strategy, and to resource and deliver the authority’s strategic objectives sustainably and in the public interest.</p> <p>The Section 151 Officer is the financial adviser to the Council, the Cabinet and officers and is the Council’s ‘responsible financial officer’ under the Accounts and</p>	<p>3. It is recommended that succession planning arrangements, and the associated Finance Service’s CIPFA Graduate Trainee Programme, are progressed to ensure that the service continues to be suitably resourced and fit for purpose.</p>	<p>GREEN</p>	<p>UPDATE (CIPFA Graduate Trainee Programme) - Trainees are gaining a range of experience across the whole finance function through a system of rotations through a number of different disciplines during their 3 - 4 year training period.</p> <p>Four of the nine trainees recruited over the past years have now qualified and the majority are now in substantive posts within the service. This represents an increase of one since the last update and a further three trainees are due to qualify in the summer of 2024 pending exam success.</p> <p>In addition, a further two CIPFA Graduate Trainees have been recruited and are due to start in placement in September 2024. It has also been agreed to support another existing member of the finance service to undertake CIPFA which ensures the service is bringing new talent into the authority but also developing and providing opportunities for existing staff within the service.</p> <p>Sefton’s cohort of trainees continue to develop well. Trainees have been recognised for their successes as part of National Apprenticeship Week by the Council and by CIPFA. Trainees also received nominations for PQ Awards for their outstanding commitment and dedication and one trainee received a certificate for the Best Overall Performance in CIPFA’s Financial Management examination for their exemplary performance.</p> <p>The CIPFA Graduate Trainee Programme is seen as critical to ensuring that the service continues to be suitably resourced and fit for purpose over the medium to long term.</p> <p>UPDATE (General Succession Planning) – Continued investment is being made in the finance service, with officers actively engaged in training programmes including those delivered by CIPFA, the Association of Accounting Technicians (AAT), other partner organisations and also through participation in the Council’s Senior</p>

		<p>Audit Regulations. They are responsible for the proper administration of the Council’s affairs as specified in, and undertaking the duties required by, Section 151 of the Local Government Act 1972, Section 114 of the Local Government Finance Act 1988, the Local Government and Housing Act 1989, the Local Government Act 2003 and all other relevant legislation.</p> <p>The Section 151 Officer is responsible generally, for discharging, on behalf of the Council, the responsibilities set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Chief Financial Officer in Local Government. This includes leading and directing a finance function that is resourced to be fit for purpose together with:</p> <ul style="list-style-type: none"> a. in conjunction with the Executive Directors and Assistant Directors, the proper administration of the Council’s financial affairs b. setting and monitoring compliance with financial management standards c. advising on the corporate financial position and on the key financial controls necessary to secure sound financial management d. providing financial information e. preparing the revenue budget and capital programme f. treasury management. <p>Each year the Section 151 Officer is responsible for preparing a budget plan for the Council including an approved revenue budget, capital programme, treasury management strategy and capital strategy.</p> <p>The Finance Team</p> <p>The S151 Officer is supported by a highly skilled team and is able to offer advice and support when required. A significant proportion of the Finance team have accountancy qualifications (and maintain membership) or are actively involved in training. This includes the Accounting Technician qualification (AAT) and finance and accountancy professional level qualifications (such as CIPFA, CIMA, ICAEW etc). The Chief Financial Officer is a fully qualified member of the Chartered Institute of Public Finance and Accountancy (CIPFA).</p> <p>Members of the finance team attend relevant conferences, events and training courses throughout the year in order to maintain up-to-date knowledge and skills in relation to their specialist subject areas. Succession planning arrangements are being progressed via the Finance Service’s CIPFA Graduate Trainee Programme to ensure that the team</p>		<p>GREEN</p> <p>GREEN</p> <p>GREEN</p>	<p>Leadership Development Programme. Finance staff are also given opportunity to develop further through practical application of the knowledge, skills and behaviours in the workplace.</p> <p>Recruitment to the post of VAT Officer was completed following the retirement of the previous postholder in July 2023. This is a critical role to ensure that the Council’s VAT requirements are met.</p> <p>UPDATE (Internal Audit) – Further recruitment has taken place since the last update to Audit and Governance Committee in July 2023 and new members of the Internal Audit service have been appointed. In addition, the CIPFA Graduate Trainee placement setup during 2023/24 has proved to be mutually beneficial with the trainee providing additional support to Internal Audit and also benefiting from the enhanced and well-rounded experience that this placement offers for their own individual development.</p> <p>ACTION (Internal Audit Capacity Review) – The volume and range of Audit work has increased significantly over recent years. Therefore, it was previously reported that a full review of the capacity of the Internal Audit team was required. A re-structure of the Risk and Audit team has now been undertaken to reflect the capacity of the internal Audit Team. Recruitment of an additional Principal Auditor has been included in the re-structure alongside approval to appointment of a full time Trainee ICT Auditor.</p> <p>ACTION (Finance Team Capacity Review) – The previous update to Audit and Governance recognised that the range and complexity of support required from the Finance team has changed in recent years as a result of changes within Adults Social Care, Children’s Social Care, High Needs and support required in relation to the Town Deal. As part of the review of the capacity of the Finance team, approval has been given for additional support at the strategic finance level to support Adults and Children’s Social Care.</p>
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2	Governance and Financial Management Style					
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control	The leadership team espouses the Nolan principles. The authority has a clear framework for governance and internal control. The leadership team has established effective arrangements for assurance, internal audit and internal accountability. The leadership team espouses high standards of governance and internal control. The leadership team nurtures a culture of effective governance and robust internal control across the authority.	<p>The Leadership Team</p> <p>The leadership team espouses the 7 principles of public life (the Nolan principles) through compliance with the Council’s Governance Framework. The Council has the core frameworks and systems in place expected of a local authority to support proper governance and internal control, which are endorsed and overseen by the Council’s Leadership Team. This includes a Constitution, decision making through Committees, an Internal Audit function which focuses on governance, together with Codes of Conduct for Members and Officers, registers of gifts, hospitality and interests.</p> <p>To support this, the Council’s Chief Legal and Democratic Officer (Monitoring Officer) reports directly to the Executive Director of Corporate Resources and Customer Services and advises the Leadership Team and also attends meetings of Full Council and the Audit and Governance Committee.</p> <p>Controls</p> <p>There are a number of controls in place to ensure key financial decisions and scrutiny - including various officer boards, the Contract Procedure Rules (CPRs) and Financial Procedure Rules (FPRs). The FPRs are regularly reviewed and updated together with the supporting policies and procedures and schemes of financial delegation. They have been communicated via service management teams and are available on the Council intranet for all employees to view. Further training and support is available to services regarding these documents.</p> <p>Internal Audit are a key part of the Council’s assurance framework and meet routinely with the S151 Officer and chief officers to ensure that Audit resources are appropriately directed towards areas of greatest need (applying a risk-based approach) and that audit actions are followed up.</p> <p>Internal Audit</p> <p>The Annual Report and Opinion of the Chief Internal Auditor, as required by the Accounts and Audit regulations and the Public Sector Internal Audit Standards, gives the Chief Internal Auditor’s opinion on the overall adequacy and effectiveness of the organisation’s governance arrangements, risk management and internal control environment, drawing attention to any issues particularly relevant to the preparation of the Annual Governance</p>	4. The previous update to Audit and Governance Committee recommended that supplementary guidance be produced to clarify the requirements of the Financial Procedure Rules with respect to Partnership Arrangements so that this can support Assistant Directors to meet these requirements.	GREEN	<p>Update (Partnership Arrangements) – Progress is being made with regard to this action. The Financial Procedure Rules were updated to clarify the requirements around Partnership Arrangements to support Assistant Directors in meeting these requirements and these updates were shared with Assistant Directors.</p> <p>Supplementary guidance is under development for officers and is in draft form and will be issued in due course. This guidance will be subject to internal review by the relevant officers before it is finalised and issued to Executive Directors and Assistant Directors.</p> <p>This will support Executive Directors and Assistant Directors to carry out their responsibilities regarding partnership arrangements in line with the FPRs and to make evidence available to provide assurance that partnership arrangements are being adhered to.</p>

			<p>Statement (AGS). It also sets out key themes arising from the work of the Audit Team during the financial year, and compared the audit work undertaken with that planned, summarising the performance of the Internal Audit function against its performance measures and targets.</p> <p>Regular reporting on the Risk and Audit Service Performance to the Audit and Governance Committee are included within the work programme – including improvements. The mission of the Service is “to deliver a first-class risk and audit service that is highly respected and valued by Sefton and is the envy of our peers” and the Service has the following objectives:</p> <ul style="list-style-type: none"> • To lead the Council in embedding a system of internal control and risk management that facilitates the achievement of the organisation’s objectives. • To be a valued corporate influence in promoting the due consideration of risk in Council decisions, strategies and • To align the service with the Council’s changing needs. <p>The Council continually reviews the internal control arrangements that exist and reports on them to Audit and Governance Committee. Where there are areas for improvement found, these will be the subject of further review to address the issues identified.</p> <p>This review includes: the implementation of audit recommendations and ensuring compliance with the agreed risk management approach of the Council - including Corporate Risk Registers and Business Continuity Plans and continual reviews of working arrangements by Assistant Directors.</p>			
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	The authority is aware of the provisions of the CIPFA Delivering Good Governance Framework. The authority has sought to apply the principles, behaviour and actions set out in the Framework to its own governance arrangements. The authority has in place a suitable code of governance.	<p>Code of Corporate Governance</p> <p>The Council’s Code of Corporate Governance sets out the Council’s governance arrangements in conjunction with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. Compliance with Framework is confirmed within the AGS. The code engages the seven core principles of corporate governance as set out in the CIPFA/SOLACE Framework and describes the systems and processes that support these in the Council. The review of effectiveness is informed by: Senior Managers who have responsibility for the development and maintenance of the governance</p>	5. An update of the Code of Corporate Governance will be produced and taken to Audit and Governance Committee for approval and then to Council for approval.	COMPLETE	UPDATE (Code of Corporate Governance) – work in relation to the update to the Code of Corporate Governance is now complete. This was included within the Audit and Governance Committee Annual Work Programme and the update was approved by the Committee on the 6 th September 2023.

			<p>environment within their service areas; the Chief Internal Auditor’s annual report; and feedback, recommendations and comments made by the external auditors and other review agencies and inspectorates. The Annual Governance Statement is linked to the Good Governance Code through assessment of compliance with the framework principles. The Code of Corporate Governance and Annual Governance Statement are reviewed and presented to Audit and Governance Committee on an annual basis.</p> <p>Statutory Officer Group Sefton has in place a Statutory Officer Group which meets monthly to discuss all things in relation to governance and includes the Chief Executive, the Section 151 Officer, the Monitoring Officer and the Chief Internal Auditor.</p> <p>Audit and Governance Committee The Council has an Audit and Governance Committee that meets regularly and provides independent assurance on the adequacy of the Council’s Risk Management Framework and the associated control environment. The role of the Audit and Governance Committee under their Terms of Reference includes considering the Council’s arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice; to monitor the effective development and operation of risk management and corporate governance in the Council; and to consider the Chief Internal Auditor’s Annual Report and Opinion, and the level of assurance it can give over the Council’s Corporate Governance arrangements. The Council has a Risk Management Handbook and the Audit and Governance Committee review the Corporate Risk Register at each meeting.</p> <p>The Terms of Reference of the Audit and Governance Committee are reviewed and updated regularly and are presented to Council for approval. Reviews of the Officers’ and Members’ Codes of Conduct are also carried out and presented to Audit and Governance Committee for approval.</p>	<p>6. Audit and Governance Committee approved a programme of briefing sessions for committee members and substitutes in March 2022. An update was presented to committee in March 2023 including a number of recommendations for the briefing sessions and the associated training and development including additional Treasury Management training for all Councillors.</p>	<p>COMPLETE</p>	<p>ACTION (Member Training and Development) – An update report was presented to Audit and Governance Committee on the 20th March 2024. This sets out the programme for 2024/25 based on the Core Areas of Knowledge for Audit and Governance Committee Members as outlined by the Chartered Institute for Public Finance and Accountancy (CIPFA) together with a Treasury Management course which is offered to all Members. Audit and Governance Committee also endorsed the importance of all Audit and Governance Committee Members and Substitutes buying into and showing commitment to training and development.</p>
<p>E</p>	<p>The Financial Management Style of the authority supports financial sustainability</p>	<p>The authority has an effective framework of financial accountability. The authority is committed to continuous improvement in terms of the economy, efficiency, effectiveness and</p>	<p>Financial sustainability underpins the Council corporate objectives with Sefton’s Vision and Core Purpose being the key focus for service transformation. The Council’s financial management style has the following characteristics: • As highlighted in the Section 151 Officer’s Annual</p>	<p>7. It is recommended that targeted financial training be provided to support the financial literacy of officers with delegated budget responsibility within the organisation.</p>	<p>GREEN</p>	<p>ACTION (Targeted Training) – The previous update to Audit and Governance stated that additional targeted training was being provided during 2023/24 to Children’s Social Care which represents a major proportion of the Council’s budget and has received significant additional investment in recent years. This was to cover: the requirements of the Constitution, finance, performance, risk, audit and procurement.</p>

		<p>equity of its services. The authority’s finance team has appropriate input into the development of strategic and operational plans. Managers across the authority possess sufficient financial literacy to deliver services cost-effectively and to be held accountable for doing so. The authority has sought an external view of its financial management style, for example through a process of peer review.</p>	<p>Robustness Report to Council, the Council has an embedded process with regards to its Financial Management.</p> <ul style="list-style-type: none"> • The MTFP process means that the Council is able to understand longer term risks and plan a response to those appropriately. • The use of resources is controlled through the Constitution, Finance Procedure Rules, Policies and Procedures and Schemes of Financial Delegation. • All budget managers are given direct access to financial information to enable them to do this, including the Council’s Financial Management System Agresso and budget monitoring system Collaborative Planning, for forecasting their outturn position. Budget managers are expected to understand and explain significant variances from the budget to relevant Service Managers. • The MTFP sets targets based on a minimum level of General Reserves by the end of each rolling financial planning period. • All spending and resource proposals are brought to the attention of the Executive Director of Corporate Resources and Customer Services (s151 Officer) and/or their Deputy for prior sign-off. <p>A finance business partnering culture is embedded within the organisation to maximise performance and support the effective use of resources. Financial training is also provided to aid the financial literacy of staff within the organisation.</p>			<p>In addition, a session has been delivered to senior managers within the service focussing on governance requirements.</p> <p>Following on from the approval of the changes to the Children’s Services staffing structure by Cabinet in May 2024, targeted financial training will continue to be made available to support existing and new officers within the service.</p>
3	Long to Medium Term Financial Management					
F	<p>The authority has carried out a credible and transparent Financial Resilience Assessment</p>	<p>The authority has undertaken a financial resilience assessment. That assessment tested the resilience of the authority’s financial plans to a broad range of alternative scenarios. The authority has taken appropriate action to address any risks identified as part of the assessment.</p>	<p>Robustness of Budget Estimates An annual report is taken by the Chief Finance Officer on the "Robustness of the Budget Estimates and the Adequacy of Reserves – Local Government Act 2003 - Section 25 " along with the Revenue and Capital Budget Plan and Council Tax to Cabinet and Council with statements on:</p> <ul style="list-style-type: none"> • The robustness of the estimates made for the purposes of the calculations of the budget; and • The adequacy of the proposed level of financial reserves. <p>CIPFA Financial Resilience Index <u>Budget Flexibility</u> The latest reported CIPFA Resilience Index relating to 2021/22 referenced within the Robustness Report indicates that, when compared to other metropolitan district councils, that social care spend in Sefton is classed as a medium risk (this being a relative conclusion when the overall financial</p>	<p>8. It is recommended that Demand Management workstreams within the Framework for Change continue to ensure budget flexibility to respond to risk and financial sustainability as per CIPFA Resilience Index.</p>	GREEN	<p>Update (Demand Management) – As per the Revenue and Capital Budget Plan 2024/25 – 2026/27 and Council Tax 2024/25 report presented to Council on the 29th February 2024, demand led budgets across the Council continue to represent a significant proportion of the Council’s budget. The budget has increased over recent years to include additional contributions to these areas which reflects an ever-increasing demand and further significant increases in these budgets were approved by Council for 2024/25.</p> <p>The report identifies, the Adult Social Care budget experienced additional pressure in 2023/24 as a result of increased demand and increased costs and that significant additional cost pressures will continue into 2024/25 alongside further demand and cost pressures. Additional investment has been provided for within the budget. However, the report states that the current budget planning assumption will be considered further during the Council’s first quarter budget review of 2024/25 with any further pressure either arising from 2023/24 or in 2024/25 requiring additional savings to be made.</p>

			<p>environment within with the Council is operating is considered) to the authority within the latest resilience index analysis due to restrictions on the Council’s budget flexibility. i.e., the proportion of its budget spent on high-risk services, where the ability to reduce overall expenditure on these services is less due to rising demand, is average compared to other local authorities.</p> <p>There has been significant additional investment in recent and future years in Children’s Social Care across the sector, and currently Sefton is classed as medium risk in comparison to other local authorities with regard to budget flexibility. However, there are still significant challenges with Children’s Social Care and the delivery of the improvement plan is critical to next year’s budget as highlighted in paragraph 2.8. In addition, Adult Social Care is now classed as high risk compared to other local authorities which further limits budget flexibility.</p> <p><u>Income</u> Sefton compares favourably in that it is relatively less reliant on grant income, being more reliant on Council Tax income as an overall percentage of its funding.</p> <p><u>Financial Stress</u> The Index shows that Sefton is at a higher risk of financial stress due to its level of reserves and balances being relatively low in comparison to other Metropolitan District Councils, however the direction of travel with the increase in General Balances is positive and these are set to be increased further as part of this budget package. Unallocated General Balances are classed as medium risk whereas Earmarked Reserves are classed as high risk (however, this may be distorted by COVID funding). Therefore, it is important that an appropriate level of reserves is maintained to mitigate against this risk and that this supports the proposed increase to the level of Council reserves as set out in the budget report.</p>		<p>GREEN</p> <p>COMPLETE</p>	<p>ACTION (Children’s Social Care) – As per the Revenue and Capital Budget Plan 2024/25 – 2026/27 and Council Tax 2024/25 report presented to Council on the 29th February 2024, significant additional investment made in the service. The MTFP has been aligned to the Services Improvement Plan that was signed off by the then Director of Childrens Services and communicated to the DFE commissioner. All assumptions have been reviewed as part of the budget process.</p> <p>The report states that improvements in practice have resulted in more children being placed in more appropriate settings at a lower cost. This has continued throughout the year and therefore shows a positive direction of travel.</p> <p>However, the significant increase to the budget limits the Council’s overall budget flexibility and therefore it is critical that expenditure is maintained within the approved budget.</p> <p>ACTION (Reserves Strategy) – The previous update to Committee included a recommendation that the Council’s Reserves Strategy should be reviewed in full as part of the next 3-year budget plan 2024/25 to 2026/27 as when compared to nearest neighbours and statistical comparators the Council’s overall level of general fund and earmarked reserves are low.</p> <p>This was completed as part of the budget setting process as per the Revenue and Capital Budget Plan 2024/25 – 2026/27 and Council Tax 2024/25 report presented to Council on the 29th February 2024. The report states that General Balances have been increased and are considered appropriate for 2024/25 and that any use of reserves must be replenished in the following year.</p>
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to	The authority has a sufficiently robust understanding of the risks to its financial sustainability. The authority has a strategic plan and long-term financial strategy that addresses adequately those risks.	The Council’s Vision and Core Purpose are clear and demonstrate its commitment to its stakeholders. The MTFP and Transformation Programme has been developed to achieve financial sustainability, to ensure services align with the core purpose and that the Council works with partners to achieve better outcomes. This focusses on the Core Business, the Growth Programme and a number of Change	9. In order to address the issues with the High Needs Budget, the High Needs Budget Improvement Plan has focused on three key areas: i. Short-term mitigating measures to help to reduce in-year spend;	GREEN	Update (High Needs Budget) – As per the Revenue and Capital Budget Plan 2024/25 – 2026/27 and Council Tax 2024/25 report presented to Council on the 29 th February 2024, the budget continues to face severe cost pressures with a significant overspend in 2023/24 and an increased overall deficit balance at the end of the financial year. The 2014 SEND reforms, while raising expectations and extending support from birth to 25 years, did not initially come with adequate

	<p>Members</p>	<p>The authority reports effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making.</p>	<p>Projects including service development and transformation projects as contained within the budget report presented to Council on the 29th February 2024.</p> <p>Medium-Term Financial Plan (MTFP) For longer term financial sustainability, the Council has prepared and consulted on a subsequently approved 3-year Medium Term Financial Plan. Sefton complies with CIPFA's advocacy of a 3-year minimum MTFP. The Budget Report is reported to Members and provides them with an update on the overall financial position of the Council. It refreshes the MTFP. In addition, it provides an initial view on the likely funding position that the Council will face over the medium term. In doing so the report presents the proposed budget.</p> <p>As well as the aforementioned demand pressures highlighted previously, there is a key risk to financial sustainability relating to the High Needs Budget. It is important that the Transformation Programme and the associated elements are progressed to deliver financial sustainability.</p> <p>Capital Strategy Alongside the MTFP, the Council has a Capital Strategy, also a CIPFA requirement which is approved by Members. Again, this allows for visibility of long-term sustainability. The Capital Strategy is a key policy document for Sefton and follows guidance issued in the Prudential Code for Capital Finance in Local Authorities. It is an overarching document which sets the policy framework and governance for the development, management and monitoring of capital investment and the use of capital resources. The strategy reflects the Council's Vision, Core Purpose, and sets out how capital expenditure will play a significant role in its delivery through the Transformation Programme. The Capital Strategy is aligned to the Treasury Management Strategy, MTFP, Asset Management Strategy and the Disposal Policy and all other approved policies and frameworks.</p>	<p>ii. Longer-term aims and objectives linked to improving process, consistency and transparency in the funding process; and</p> <p>iii. Sufficiency planning to ensure that future provision meets the needs of children and young people whilst ensuring financial sustainability.</p> <p>From a financial perspective the measures need to address the existing in-year funding shortfall, i.e. annual spend exceeding the annual High Needs funding allocation.</p> <p>10. The Transformation Programme – focussing on the Core Business, the Growth Programme and a number of Change Projects including service development and transformation projects – is the vehicle to deliver financial resilience and sustainability. Therefore, it is important that the different</p>	<p>NEW</p>	<p>uplifts in funding to reflect the significant increased cohort numbers and complexity of children and young people. The annual uplifts to the High Needs Budget have not increased in line with the significant increases in SEND demand each year.</p> <p>The increase to the High Needs funding allocation for 2024/25 is well below the 2023/24 level of High Needs expenditure.</p> <p>Some of the initiatives to help reduce costs and generate future cost efficiencies have started to be rolled out during 2023/24, including growing the number of inhouse places in special schools and resourced units to meet future demand and hourly rates of SEN Inclusion support have been uplifted to current pay levels to support keeping children with EHCPs in mainstream settings.</p> <p>Much more work is required in 2024/25 and over the coming years including investment in the expansion special school places and SEN Resource Unit places attached to mainstream schools. This will require significant Capital funding to help this process. It is hoped, that by growing in-house places across the Council's current provision, that this will help reduce (though not eliminate) the need for high cost, out of Borough placements at independent special schools and non-maintained special schools in the future.</p> <p>The Delivering Better Value (DBV) Programme commenced in January 2023 and has brought representatives appointed by the DfE together with key officers of the Authority, to share and analyse the Council's High Needs data and decision making, with a view to ensuring our actions to restrain and control High Needs spending are in line with general best practice and that they are the right approach to take. Plans have been set out and these will be monitored as to progress. This programme does carry with it some funding nationally (£55m), £1m of which has now been made available to Sefton to help develop in-house changes, which is underway. The DBV programme is not prescriptive on the Council, nor will it carry funding to off-set any of the accumulated deficit on High Needs. Members will continue to be kept updated on High Needs spending on an ongoing quarterly basis via the standard reporting channels.</p>
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				elements are progressed.		
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	The authority is aware of its obligations under the Prudential Code. The authority has prepared a suitable capital strategy. The authority has a set of prudential indicators in line with the Prudential Code. The authority has suitable mechanisms for monitoring its performance against the prudential indicators that it has set.	<p>Sefton complies with the CIPFA Prudential Code through approval on an annual basis of:</p> <ul style="list-style-type: none"> • Prudential indicators • Annual Treasury Management Strategy including an Annual Investment Strategy and an annual Minimum Revenue Provision (MRP) Policy Statement • A Capital Strategy • A Capital Programme <p>CIPFA’s Code has been adopted in setting the estimated Prudential Indicators for the Council. The indicators are reviewed annually. The Treasury Management Strategy has been produced to incorporate the requirements of the CIPFA Code of Practice on Treasury Management and the Prudential Code for Capital Finance. Updates on this are provided regularly to Audit and Governance Committee and to Cabinet and Council. Local Authorities have a statutory requirement to set aside each year part of their revenues as a provision for the repayment of debt, called the Minimum Revenue Provision (MRP). The provision is in respect of capital expenditure incurred in previous years and financed by borrowing. The MRP is reviewed annually. Updates on the Capital Programme are reported regularly to Cabinet to keep members informed of the progress of the Capital Programme against the profiled budget and agreed allocations for future years.</p>	No action required.		
I	The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans	The authority has in place an agreed medium-term financial plan. The medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy. The medium-term financial plan has been prepared on the basis of a robust assessment of the relevant drivers of cost and demand. The medium-term financial plan has been tested for resilience against realistic potential variations in key drivers of cost and demand.	<p>Medium Term Financial Plan Sefton has a rolling multi-year MTFP which is revised annually and reflects the latest position of the Council in terms of funding, cost pressures, investments and savings. A Revenue and Capital Budget Update is presented to Cabinet monthly and provides a view on the forecast Revenue and Capital Programme outturn position.</p> <p>Financial Sustainability Financial sustainability within the MTFP is a key feature of the Framework for Change programme. The Framework for Change programme links to Sefton’s Vision and the Core Purpose and the MTFP underpins this.</p>	No action required.		

4	The Annual Budget					
J	The authority complies with its statutory obligations in respect of the budget setting process	The authority is aware of its statutory obligations in respect of the budget-setting process. The authority has set a balanced budget for the current year. The authority is likely to be able to set a balanced budget for the forthcoming year. The authority is aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so.	A legal and balanced budget and corresponding Council Tax levels are set annually, by the statutory deadline of midnight on the 10 th March. These, alongside the Robustness Report of the Chief Financial Officer, are presented to Cabinet ahead of final budget proposals being considered and agreed. Sefton's MTFP process is designed to deliver a balanced budget each year. The authority is aware of the circumstances under which it should issue a section 114 notice and how it would go about doing so.	No action required.		
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	The authority's most recent budget report includes a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves. The report accurately identifies and considers the most significant estimates used to prepare the budget, the potential for these estimates to be incorrect and the impact should this be the case. The authority has sufficient reserves to ensure its financial sustainability for the foreseeable future. The report sets 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 taking to address any shortfall.	To comply with statute, the Executive Director of Corporate Resources and Customer Services (s151 Officer) is required to report to Council prior to the approval of the budget and the setting of the Council Tax, to give assurance that the budget is robust and that there are adequate reserves and balances. This is set out in Robustness of the Budget Estimates and the Adequacy of Reserves – Local Government Act 2003 - Section 25 report alongside the Revenue and Capital Budget Plan and Council Tax report. The most recently reported CIPFA Financial Resilience Index shows that Sefton is classed as a higher risk of financial stress (relative to others) due to its level of reserves (both General Fund Balances and Earmarked Reserves) at the end of 2021/22 (as published in 2023). The Council has previously adopted a strategy to increase the level of reserves and this is evidenced in the positive direction of travel highlighted in the CIPFA Resilience Index.	No action required.		
5	Stakeholder Engagement and Business Plans					
L	The authority has engaged where appropriate with key stakeholders in developing its	The authority knows who its key stakeholders are. The authority has sought to engage with key stakeholders in developing	The MTFP and budget is developed in consultation with Members and the Leadership Team as well as key partners and stakeholder groups. In recent years the Council has carried out extensive consultation with the community and has a proven	No action required.		

	long-term financial strategy, medium term financial plan and annual budget	its long-term financial strategy, its medium-term financial plan and its annual budget. The authority has assessed the effectiveness of this engagement. The authority has a plan to improve its engagement with key stakeholders.	track record of engagement, consultation, listening and considering feedback in the budget setting process. Engagement and consultation will continue over the budget plan period and standard Council procedures will be observed in the instances where we are required to inform the public. Significant consultation took place regarding the Sefton Vision which informs the MTFP. Whenever budget proposals are produced then external and internal consultation takes place as necessary. The MTFP, annual budget and Sefton Vision are all published on the Council website.			
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	The authority has 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'. The authority offers guidance to officers as to when an option appraisal should be undertaken. The authority's approach to option appraisal includes appropriate techniques for the qualitative and quantitative assessment of options. The authority's approach to option appraisal includes suitable mechanisms to address risk and uncertainty. The authority reports 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).	Capital Investment Appraisals Sefton use the national Treasury Green Book Appraisal Methodology for all capital investment proposals to ensure they demonstrate VfM and officers receive guidance from the Finance Service when developing business cases and options appraisals for investment proposals. These include detailed sensitivity analysis to highlight the associated risks and uncertainty. These are captured within individual business cases together with clear recommendations. Where significant policy decisions of a revenue nature have financial implications, these should also be supported by appropriate options appraisals. Governance Internal governance processes are embedded in respective programmes of activity and workstreams including appropriate guidance on project development. Reporting Cabinet reports include revenue and capital implications to ensure decision makers are fully informed of the associated financial implications. To improve reporting, further training should be delivered regarding the early identification of the financial implications of policy proposals. Where significant policy decisions of a revenue nature have financial implications – they are supported by appropriate options appraisals. A section is included with the standard reporting template to capture alternative options considered and rejected.	11. It is recommended that training is delivered to officers with delegated budget responsibility regarding the early identification of financial implications of policy proposals. A review will be undertaken of the Cabinet reporting template in support of this.	GREEN	UPDATE (Training in relation to Delegated Reporting Responsibility / Review of Cabinet Reporting Template) – Training continues to be provided as part of the Finance Business Partnering Project. The Cabinet Reporting Template will be reviewed as part of this project.
6	Monitoring Financial Performance					
N	The leadership team acts using reports enabling	The authority provides the leadership team with an appropriate suite of reports	Monthly summary financial monitoring is presented to Senior Officers, the Leadership Team and Members. Significant variances and emerging risks	12. It is recommended that the Finance Service continue with the rollout of a	GREEN	UPDATE (Finance Business Partnering Project) – The previous update to Audit and Governance Committee stated that the project relating to the rollout of a business partnering approach across the Council is

	<p>it to identify and correct emerging risks to its budget strategy and financial sustainability</p>	<p>that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability. The reports cover both forward- and backward-looking information in respect of financial and operational performance. There are mechanisms in place to report the performance of the authority’s significant delivery partnerships. The reports are provided to the leadership team in a timely manner and in a suitable format. The leadership team is happy with the reports that it receives and with its ability to use these reports to take appropriate action.</p>	<p>are identified, and mitigating actions are discussed and agreed in response. The reports cover the position to date and the forecast for the remainder of the financial year. Monthly Revenue and Capital updates are reported to Cabinet addressing pressures, savings and potential offsetting measures for the current financial year budget and 3-year MTFP period. The financial monitoring is incorporated into these updates. All members of Cabinet, ELT and SLB receive 3-year view forward looking view. The accuracy of budget monitoring has improved over the medium term and there have been improvements in the culture linked to financial monitoring and review. The embedded business partnering approach includes greater co-production of financial forecasts with frontline services, i.e., those making financial decisions, supported by the appropriate use of technology and with the intention of freeing up capacity to focus on future risks and opportunities.</p>	<p>business partnering approach across the Council.</p>		<p>largely complete.</p> <ul style="list-style-type: none"> - Financial policies and procedures and service schemes of financial delegation continue to be updated at regular intervals, communicated those with delegated budget responsibility and are readily available via the Council’s intranet - A new dedicated budget forecasting IT solution has been implemented and this was supported by appropriate training for those with delegated budget responsibility and staff within the Finance Service. <p>Following on from the approval of the changes to the Children’s Services staffing structure by Cabinet in May 2024, the budgeted establishment will be updated accordingly, and further associated work linked to the business partnering project will be progressed during 2024/25.</p> <p>Similarly, work has been progressing in relation to budget delegation within Adult Social Care including the approval of the latest Scheme of Financial Delegation which clearly set outs budgetary delegation to individual officers within the service. The budget will be reviewed to ensure alignment with these delegations and then support and training will be provided to those officers so that the full benefits of the new approach can be realised during 2024/25.</p> <p>So far, the project has focussed on revenue budget monitoring, but a project team will be setup to support the implementation for the Capital Programme and the associated schemes. The target date for this is 2025/26.</p>
<p>O</p>	<p>The leadership team monitors the elements of the balance sheet that pose a significant risk to its financial sustainability</p>	<p>The authority has identified the elements of its balance sheet that are most critical to its financial sustainability. The authority has put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet. The authority is acting to mitigate the risk identified. The authority reports unplanned use of its reserves to the leadership team in a timely manner. The monitoring of balance sheet risks is integrated into the authority’s management accounts reporting processes.</p>	<p>Reserves The overall level of reserves and their planned use is reviewed each year as part of the outturn, MTFP and budget processes including the Reserves Strategy.</p> <p>The Revenue and Capital Budget Plan and Council Tax report presented to Council each year highlights:</p> <p>Schools Deficits – With the current cost of living crisis and the impact of inflation and pay awards, the financial pressure on schools is ever increasing and this reduction is expected to accelerate. The Council has clear financial procedures for schools, that reflects that annual budgets should be set within agreed resources available and sustainable three-year plans should also be approved. Any school that doesn’t meet these requirements has to seek approval for a licensed deficit with a view to returning to a balanced position. This will require careful management by schools with support from the Council’s finance team but there must be clarity</p>	<p>13. It is recommended – as per the budget report – that the work is completed to understand the risk presented to the Council regarding the deficit balance on some schools and also the scale of financial resources currently within the Council that support schools. A report on this will be presented to Cabinet and Council by the Assistant</p>	<p>NEW</p>	

			<p>around setting sustainable budgets each year so that the Council’s position is protected. This is even more important as there continues to be a central government policy drive to move schools to academy status. This poses a significant financial risk to the Council both through the deficit position of some schools but also the scale of resources currently within the Council that support schools. Work is underway to fully evaluate this exposure and a report will be presented to Cabinet and Council by the Assistant Director for Children’s Services Education) in 2024/25 on this.</p> <p>High Needs – Regular reporting is taken to Cabinet regarding the challenging position with respect to the High Needs deficit balance. Work is ongoing to mitigate some of these costs but, in the absence of any additional funding, this deficit will need to be met. The development and monitoring of these costs needs to be a key feature of the quarterly reports to Cabinet and Council.</p> <p>Commercial Activity The Council has a number of officer and shareholder boards for commercial assets which have delegated responsibility in relation to Commercial Activity as defined by the FPRs. Reports are made to members on this activity as and when required to ensure that any significant risks to financial sustainability are identified and appropriate action is taken.</p> <p>Treasury Management Treasury Management and Bank Reconciliations take place to ensure suitable cash levels are in place and any borrowing in line with treasury management code of practice.</p>	<p>Director for Children’s services in 2024/25.</p> <p>14. It is recommended that the development and monitoring of plans for High Needs should be a key feature of the quarterly reports to Cabinet.</p>	<p>GREEN</p>	<p>ACTION (High Needs Deficit Balance) - As per the Revenue and Capital Budget Plan 2024/25 – 2026/27 and Council Tax 2024/25 report presented to Council on the 29th February 2024, the budget continues to face severe cost pressures with a significant overspend in 2023/24 and an increased overall deficit balance at the end of the financial year. Members will continue to be updated on High Needs spending on an ongoing quarterly basis.</p>
7	External Financial Reporting					
P	<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</p>	<p>The authority’s leadership team is aware of the CFO’s responsibilities in terms of the preparation of the annual financial statements. The authority’s CFO is aware of their responsibilities in terms of the preparation of the annual financial statements. These responsibilities are</p>	<p>The authority’s leadership team and the Executive Director of Corporate Resources and Customer Services (s151 Officer) are aware of their responsibilities in terms of the preparation of the annual financial statements. These responsibilities form part of the Executive Director of Corporate Resources and Customer Services job role description and personal objectives. The Council has consistently received an unqualified audit opinion from the external auditors. The statutory financial statements are prepared by</p>	<p>No action required.</p>		

	on Local Authority Accounting in the United Kingdom	included in the CFO's role description, personal objectives and other relevant performance management mechanisms. The authority's financial statements have hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.	appropriately qualified and skilled accountancy staff within the overall governance and control process and are approved by the Executive Director of Corporate Resources and Customer Services and the Council's external auditors prior to submission to Audit and Governance Committee.			
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.	The authority's leadership team is provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget. The information in these reports is presented effectively. These reports are focused on information that is of interest and relevance to the leadership team. The leadership team feels that the reports support it in making strategic financial decisions.	The presentation of the final outturn position to the leadership team and Cabinet compares the financial year outturn to the final forecast and explains any further variances from budget. Monthly in-year and final outturn reports highlight and provide analysis of key variances with recommendations for actions where appropriate. Any key issues are reflected in the budget setting and MTFP process. The reports to Cabinet start with the financial position from when the budget is set and are updated monthly for known changes. They are an effective format for communicating variances in a concise, yet informative, manner.	No action required.		