

## CIPFA FINANCIAL MANAGEMENT CODE - REVIEW 2023/24

Strong financial management is an essential part of ensuring public sector finances are sustainable. The Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities and assurance that authorities are managing resources effectively.

It requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management. The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management. Complying with the standards set out in the FM Code is the collective responsibility of elected members, the Group Director Finance & Corporate Resources (CFO) and colleagues on the leadership team. Complying with the FM Code helps strengthen the framework that surrounds financial decision making.

The code applies to all local authorities and by following the essential aspects of the FM Code, local authorities are providing evidence to show they are meeting important legislative requirements in their jurisdiction.

The underlying principles that inform the Code will assist in determining whether a local authority is financially sustainable. They are as follows:

- **Organisational leadership:** demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability:** based on medium term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- Adherence to professional **standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The long term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

The FM Code is aligned with the *Prudential Code for Capital Finance in Local Authorities* and has links to the *Treasury Management in the Public Sector Code of Practice* and the annual *Code of Practice on Local Authority Accounting in the UK*. In this way, the FM Code reiterates the key elements of the statutory requirements of these other codes.

The FM Code sets out a number of financial management standards that it believes must be evidenced, and provides examples on each. Set out below is the authority's current assessment of how it believes it complies with the requirements and also highlights evidence of compliance and areas for further development.

**Financial Management Standard A: The leadership team is able to demonstrate that the services provided by the authority provide value for money.**

The achievement of value for money is the collective responsibility of elected members and senior officers, who together make up an authority's leadership team.

The Council seek to ensure that it achieves value for money in the delivery of its services through its formal governance structures, its ongoing challenge of service costs through the budget setting cycle and performance management arrangements. Arrangements are summarised below.

*Clear Governance Structures*

The Council's Scheme of Delegation sets out decision-making responsibilities in relation to Full Council and committees, including Cabinet and those delegated to officers.

<https://drive.google.com/drive/folders/16bo3gyy5x4504QDOOEnGEv3kCPqawzEF>

Where key decisions are made they require a business case in the form of a Cabinet, Capital Procurement and Insourcing Committee report or a delegated powers report (DPR). All reports are required to be considered by finance to determine financial implications and in the case of procurement decisions, compliance with procurement procedures. These reports also contain an assessment of whole-life costs and overall set out the value for money implications of decisions before they are made.

<https://hackney.gov.uk/council-business>

*Scrutiny Arrangements*

The Council has an effective Scrutiny function which leads scrutiny reviews in key areas of service delivery. An annual report is provided to Council, the report for 2021/22 went to Council in November 2022, link below.

[https://drive.google.com/file/d/1sRml\\_fiveYrfNuTGFjPISp9yblGvqzL/view](https://drive.google.com/file/d/1sRml_fiveYrfNuTGFjPISp9yblGvqzL/view)

The report summarises Scrutiny's role and responsibilities and the scope and outcome of work over the period, including Cabinet members and Mayor's Question Times.

*Audit Arrangements*

The Audit Committee has an explicit requirement through its terms of reference to consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

It discharges this requirement through its receipt of regular reports from service areas, oversight of internal and external audit work (including the VFM audit opinion) and a specific Performance Report through which it scrutinises performance trends and performance against targets against a range of key indicators. From these reports the Committee determines areas for 'deep dive' reviews to gain further insight and assurance.

Example of deep dive - Net Zero

<https://hackney.moderngov.co.uk/documents/g5138/Agenda%20frontsheet%20Wednesday%2020-Apr-2022%2018.30%20Audit%20Committee.pdf?T=0>

### Council boards

The Council establishes joint Member/officer boards to ensure there is appropriate oversight for key areas of business where there is significant risk and expenditure. For example:

- The Britannia Board was established to provide ongoing oversight of this major masterplan project. This ensures there is appropriate scrutiny and challenge to the project in between key decisions taken by the Cabinet. This Board has now been extended to cover a second major leisure project - the refurbishment of Kings Hall - and is now renamed to Britannia/Kings Hall Leisure Centre Board.
- A Corporate Parenting Board to provide oversight of the service and for Members to understand their corporate parenting responsibilities. The Board also has oversight of the 2023-25 Children's Parenting and Sufficiency Strategy as well as providing challenge to annual reports (e.g. LAC Health Annual Report)
- The Environmental Sustainability Board was established to provide executive oversight and lead the strategic activity required to deliver the Council's organisational response to the climate emergency. This will include ensuring that climate implications and actions to meet our targets and ambitions are firmly embedded in our policies, processes and procedures, and ensuring the delivery of an annual work plan. A draft Climate Action Plan was approved for consultation by Cabinet in October 2022; the consultation ran until Mid January 2023 and the Council's Climate Action Plan is scheduled to be approved by Cabinet in the Spring. The deliverables of the detailed action plan will be reported to and monitored by the Environmental Sustainability Board.
- The Capital Asset Steering Board, established in October 2022 which is a member and senior officer steering board which will review and agree any required decisions relating to capital investment and assets that are required to go to Cabinet for a decision. It will have oversight of the delivery of the Capital Programme, Strategic Asset Management Strategy (including the HRA Asset Management Plan).

### Clear objectives and strategy based on local need

The Council's Community Strategy 2018-28 sets out our overarching vision for Hackney over the decade to 2028. It provides direction for all of the Council's decision making throughout this period and a focus for our work in partnership with residents, businesses, local organisations and community groups. The strategy was produced in partnership with local people and organisations in our community over a period of three years ensuring it is reflective of the lived experiences of residents in our borough.

<https://hackney.gov.uk/community-strategy>

### Effective service and financial planning

The Council adopts, delivers and keeps under review a Strategic Plan (formerly the Corporate Plan) for each new four year local electoral term. The Strategic Plan is in line with the ten year Community Strategy, but it sets out how the Council will use its resources and its workforce to help achieve the Mayor's manifesto over the shorter elected period of office. Both the Community Strategy and the Strategic Plan and any related delivery plans or annual updates are publically available.

The leadership team (Members and officers) are fully engaged in the financial planning process through Cabinet/Corporate Leadership Team (CLT) and CLT meetings at which the budget proposals are reported and fully discussed and challenged where appropriate. The expectation is that services continuously challenge the costs incurred to ensure services are delivered as efficiently, effectively and economically as possible with the leadership team challenging proposals in the context of Council objectives and service priorities.

Strategic Plan:

<https://hackney.moderngov.co.uk/documents/g5477/Public%20reports%20pack%20Wednesday%2023-Nov-2022%2018.30%20Council.pdf?T=10>

#### Financial regulations

Part 4 of the Council's Constitution (May 2022) includes the Financial Procedure Rules which provide the framework for the financial administration of the Council with a view to ensuring that the Council's financial affairs are conducted in a sound and proper manner, constitute value for money and minimise the risk of legal challenge to the Council. The Financial Procedure Rules are considered in conjunction with the Procurement Framework and the Scheme of Delegation.

<https://drive.google.com/drive/folders/16bo3gvy5x4504QDOOEnGEv3kCPqawzEF>

#### Procurement regulations

All procurement activities must be carried out, in accordance with the Council's Contract Standing Orders as set out in Part 4 of the Constitution, but also in compliance with the Council's General Scheme of Delegation to Officers. The Contract Standing Orders set out procurement routes applicable to various levels of spend, and in addition a risk management framework is in place for procurements above £100k. The application of the risk framework and the estimated value of the requirement determine the governance arrangements which are applicable to individual procurements. All procurements assessed as medium or high risk go through the Council's procurement gateway process with decisions taken by the Cabinet Procurement and Insourcing Committee for high risk or Hackney Procurement Board for medium risk procurements.

<https://drive.google.com/drive/folders/16bo3gvy5x4504QDOOEnGEv3kCPqawzEF>

#### Contract management arrangements

Contract managers are responsible for monitoring contracts to ensure that suppliers are delivering against specifications and maintaining records of supplier performance. Arrangements are proportionate to the value and risk of the contracts.

Support is provided from the Procurement Team for the management of high risk and key strategic contracts

### Risk management arrangements

Hackney's Risk Strategy clearly details the approach which the Council takes towards managing and reporting risk. The process is clearly outlined where risks are identified at service level, which are then considered (if relevant or serious enough) at a Divisional and then Directorate level. Then if appropriate, they may be categorised as Corporate risks - those which could potentially threaten the core objectives of the entire organisation. Leadership teams are involved in managing risks at all levels, whether at service level where management teams review risk registers, or at senior management level (Corporate Leadership Team) where the overall Corporate Risk Register is reviewed at least every six months. Audit Committee also plays an important role in ensuring effective risk management occurs throughout the organisation. Each Directorate presents their risk register to the Committee on an annual basis, and the Corporate register is reviewed at every other meeting (with a headline summary provided at every single meeting). This ensures a high level of scrutiny in order for Members to feel assured that the right arrangements are in place. These high level reviews also ensure that throughout the organisation, management teams are aware of the importance of considering their risks and how to effectively manage them.

Detailed risk registers are also maintained at a project level basis to ensure risks to outcomes are fully considered and mitigated appropriately.

The Risk Strategy (and Policy) are reviewed biennially, and were last ratified by the Audit Committee in October 2022.

### Efficiency reviews

Services are expected to consider the efficiency of the services they deliver on an ongoing basis. Proposals for improved efficiency improve the bedrock of directorate budget savings proposals each year, including for 2023/24.

### Benchmarking

The Council employs benchmarking at a range of levels including:

- reviewing performance compared to other local authorities to inform performance target setting and performance monitoring (for example, data sets reported through to the Children's Management team)
- benchmarking of costs to determine areas to consider for efficiency savings (for example, use of CIPFAStats+) and engage in formal cost benchmarking such as those initiated by London Councils (in areas including Children's Social Care and SEND).
- Adult Social Care benchmarking of unit costs facilitated by London Council's to ensure efficient use of resources and to ensure best practice in commissioning arrangements. This has been through the ASC-FR statistical returns and through regular ADASS budget surveys as well as responding to ad hoc requests for benchmarking facilitates through the ADASS finance Leads group.
- Housing Services use the Housemark Benchmarking data to underpin Transformation work in Housing Services. Key performance indicators are set annually for each service area in Housing Services informed by this benchmark data and we aim to set targets that will improve our Housemark quartile ranking,

thereby improving services to residents. We also regularly use Housemark in addition to other benchmarking activities to look at best practice across the sector when we undertake any service improvement project work.

- Environmental Operations use benchmarking data to assess the cleanliness of our streets. It uses the national Local Environmental Quality Indicator, to compare the cleanliness of Hackney's streets with other local authorities and to ensure continuous improvement in our performance. NI195 covers litter, detritus, graffiti and flyposting. It has been developed to measure the cleanliness of the local environment, as a member of the public would see it. The surveys produce information to help managers improve resource efficiency and the attractiveness of an area. This benefits visitors, residents, businesses and workers.

#### Peer reviews

The authority invites representatives of other authorities to review the delivery of specific services, to use their experience to assess how well these services are performing and to make recommendations for improvement. Examples include the recent peer review of SEND which outlined ten recommendations for service improvements which are being implemented.

The Council is also embarking on a LGA peer review process in 2023 for which planning is underway.

#### Monitoring of Performance Data

The Council has a suite of performance indicators which it collects on a regular basis as well as in a large number of services access to 'live' management data on current service performance (via Qlik). Performance (data and progress against projects etc) is monitored at all levels of the organisation to ensure that the Council is delivering its objectives (as laid out in the Corporate Plan and statutory obligations).

Performance is monitored at local management level as well as Directors, Group Director, CLT and Cabinet members. CLT, Directors and Cabinet members have access to online performance dashboards which have the top PIs (agreed by CLT/Cabinet) for the Council updated as new data becomes available. Regular review of these takes place at meetings of CLT and between CLT and Cabinet Members and the Mayor. The Council's Head of Service responsible for performance also meets the Chief Executive monthly to update on performance issues and emerging issues and trends.

The Council's Audit Committee has also compiled a dashboard of KPIs which are reported on each quarter to the committee with relevant Directors available to answer questions and address concerns.

<https://www.google.com/url?q=https://docs.google.com/document/d/1AaOmkNeGbbjprdpnCYY35tLOioVWdl4SzxdlQzjRSqU/edit&sa=D&source=docs&ust=1674474268533156&usg=AOvVaw2-wvKJk7W97n-w3X0COKNy>

#### User surveys

The authority undertakes a periodic survey of users of particular services, designed to assess the extent to which these services meet users' needs and to identify opportunities for improvement. This is in the form of a residents survey and more focused surveys where specific service changes are required or where specific feedback is required. In ASC, the annual service user survey and bi-annual carers survey are monitored by services and used to inform strategic decisions and service planning. Education Services uses a variety of forums to take account of stakeholder expectations including an annual customer survey with all schools and setting purchasing services through our traded offer. Schools' Forum is a statutory meeting that acts as a consultative body regarding school funding in the borough.

Current live consultations and surveys can be found on the attached link. [Hackney Council](#)

### External assessments

The authority engages with statutory and non-statutory external reviews of its services, such as Ofsted reviews of children's social care services, and seeks to use the results of these reviews to improve the operation and management of the services under review.

In December 2019 the Council received a 'Requires Improvement' judgement following the inspection of Children's Services. An action plan for improvement has been agreed with Ofsted to respond to specific recommendations. In parallel a Members Oversight Board and a Children's Leadership and Development Board (cross-Council officers group with external challenge partner) are overseeing a strategy to move Children's Services to 'Outstanding'.

A further Ofsted focused visit took place in September 2022, and focused on the 'front door' services, including decision-making and thresholds for referrals about children, child protection enquiries, decisions to step up or down from early help, and emergency action out of hours. The findings from the focused visit were positive, and recognised the strength of 'front door' services, the recent integration of early help services, and that senior leaders continue to make improvements to services in a challenging context.

### Equality impact assessments

The authority undertakes equality impact assessments of policies, activities and services, to ensure that they do not – deliberately or inadvertently – discriminate against certain groups or individuals, especially those that are disadvantaged or vulnerable. Equality impacts considerations are embedded in decision-making processes - for example, decisions on budget proposals, the procurement impact assessment (PRIMAS), organisational change procedures all require the consideration of equalities impacts.

<https://hackney.gov.uk/equality-diversity>

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

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

The Group Director of Finance and Corporate Resources (GDFCR) is a key member of the Corporate Leadership Team (CLT), reports to the Chief Executive, is professionally qualified and is actively engaged on all matters of strategy direction and delivery. All key decisions require financial implications to be considered by a representative of the CFO and the CFO personally signs off on all Level 1 Cabinet or Cabinet Procurement decisions.

*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 aligned with the authority's overall financial strategy*

The GDFCR leads the Council's financial strategy to deliver against its objectives. This includes the development of the medium term financial plan and the annual budget cycle.

The Council has a strong track record of ensuring that a balanced budget is planned and delivered despite considerable reductions in Government funding and significant cost pressures. This is a result of a considered approach to resource allocation which reflects the impact demand-led services can have on expenditure and the volatility this can bring. For example, measured allocation of budget growth with earmarked reserves set aside to mitigate risk.

All key decisions require financial implications to be considered by a representative of the CFO and the CFO personally signs off on all Level 1 Cabinet or Cabinet Procurement decisions. Beyond this the GDFCR has representation on directorate management teams which ensures there is an awareness of emerging issues and/or service developments and that financial impacts both long and short term are fully considered at an early stage in the process.

*„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*

The GDFCR maintains a continuous review of the Financial Procedure Rules and financial schemes of delegation as set out in the Council's constitution. Furthermore, the GDFCR provides regular budget updates to meetings of senior managers, setting out financial performance, forecasts and the challenges ahead. As set out above the GDFCR has representation on directorate management teams which ensures that sound financial management remains at the forefront of operations.

*The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose*

The GDFCR leads a mix of qualified and non-qualified working professionals with the requisite skills to carry out their roles effectively.

The Council invests in CIPFA and other recognised training regimes to ensure staff have the appropriate skills and knowledge to deliver an effective service.

Additional skills, for example, tax advice where transactions are complex, will be bought in where it is considered necessary to enhance in-house skills and experience.

There are sufficient numbers in the finance teams - and the impact of any staff reductions on the ability to provide a robust level of service are always considered



before any restructures are undertaken of finance teams. Teams have appropriate access to ICT and relevant software packages to support the work they do.

*The CFO in a local authority must be professionally qualified and suitably experienced*

The GDFCR is CIPFA qualified and has over 14 years experience as the Council's section 151 officer over which time the Council has demonstrated sound financial management as evidenced by successive external audit reports and annual outturn.

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

*Establishing a clear framework for governance and internal control*

The Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that decisions are taken efficiently and transparently and that those who make the decisions are accountable to local people. Some of these procedures are legal requirements while others are how the Council has chosen to conduct its business.

The Council's governance structure is set out in the Constitution including the role of the Executive (Cabinet) and Overview and Scrutiny. All committees have formal, agreed terms of reference (also contained within the Constitution), setting out the scope of their responsibilities. Terms of reference are regularly reviewed and updated in line with good practice. They also have a defined membership and a suitable, pre-agreed schedule of meetings and work plan.

All meetings of the committees forming part of the authority's governance structure have a published agenda and have its proceedings and decisions recorded in formal, written minutes which are available on the Council website (with the exception of exempt information). Members of the committee, and others who may reasonably wish to address the committee, are given adequate notice of such meetings as set out in the Constitution.

The responsibility for Council and Executive functions are set out in Part 3 of the Constitution including Council functions which cannot be the responsibility of the Executive, Role and function of the elected Mayor and the officers scheme of delegations.

The Council has an effective system of internal control in place which it reviews and reports on annually through the annual governance statement which is also subject to review by internal audit on an annual basis. Furthermore internal audit provides assurance through its programme of cyclical and annual reviews of elements of the control framework.

Financial Procedure Rule 19 clearly defines partnership arrangements and states that all Councillors and Officers currently involved in or considering 'partnership' working shall have regard to the Council's Partnership Code of Practice and ensure compliance with it.

<https://drive.google.com/drive/folders/16bo3gvy5x4504QDOOEnGEv3kCPqawzEF>

*Establishing clear arrangements for assurance and accountability*

Internal Audit is an in-house service which conforms to the Public Sector Internal Audit Standards. Conformity with these standards is verified by external assessment at least once every five years.

The Council ensures that the head of internal audit is able to fulfil their role effectively, in line with the responsibilities set out in the CIPFA Statement on the Role of the Head of Internal Audit (2019). This includes direct lines of communication to the Chair of the Audit Committee and the Chief Executive if circumstances require.

Internal audit works to an agreed plan which is developed following a review of the authority's governance and internal control arrangements, the environment within which the authority operates and the risks and challenges that it faces. Internal audit is resourced adequately and reports to the Audit Committee. The Audit Committee approves the audit plan and receives regular progress reports against the plan.

Hackney's Risk Strategy details the approach which the Council takes towards managing and reporting risk. The process is clearly outlined where risks are identified at service level, which are then considered (if relevant or serious enough) at a Divisional and then Directorate level. Then if appropriate, they may be categorised as Corporate risks - those which could potentially threaten the core objectives of the entire organisation. Leadership teams are involved in managing risks at all levels, whether at service level where management teams review risk registers, or at senior management level (Corporate Leadership Team) where the overall Corporate Risk Register is reviewed at least every six months. Audit Committee also play an important role in ensuring effective risk management occurs throughout the organisation. Each Directorate presents their risk register to Committee on an annual basis, and the Corporate register is reviewed at every other meeting (with a headline summary provided at every single meeting). This ensures a high level of scrutiny in order for Members to feel assured that the right arrangements are in place. These high level reviews also ensure that throughout the organisation, management teams are aware of the importance of considering their risks and how to effectively manage them.

There is a well established Audit Committee in place in accordance with the principles in CIPFA's Position Statement on Audit Committees in Local Authorities and Police (2018) and the supporting guidance publication. Its responsibilities include receiving reports on and monitoring the implementation of internal and external audit recommendations - receiving regular progress reports on a quarterly basis. The Audit Committee also has delegated responsibility in relation to oversight of the treasury management function (receiving update reports at each meeting), risk management arrangements (receiving reports from each of the directorates on a cyclical basis) and receives regular reports on performance of the Council. Based on the information received, it commissions and leads deep dive reviews in specific areas, for example, this year it reviewed the Council's approach to Climate Change (report April 2022 Audit Committee).

#### *Espousing high standards of governance and internal control*

The Council's Code of Conduct for officers provides a framework and outlines core behaviours. It forms part of the employment contract, is readily accessible on the intranet and is required to be read and understood by every Council employee.

Hackney Council has adopted a Code of Conduct for Members in accordance with the Localism Act 2011. The Code assists the Council in complying with its duty to promote and maintain high standards of conduct by its Councillors and co-optees and forms part of the Council's constitution (section 5.1). In 2020, the Standards Committee established a Task and Finish Group to review the Local Government Association's (LGA) model Code of Conduct and consider whether the Council ought to adopt it as a replacement for the current Code of Conduct for Members and Voting Co-Optees with or without further amendment. The Task and Finish Group made a number of recommendations around alterations to the model which it considers better reflect the Council's commitment to ensure high standards of integrity by Councillors whilst in public office. A refreshed Code of Conduct, closely aligned with that of the LGA model Code of Conduct, was approved at Full Council on 26 January 2022 and came into effect from May 2022.

The Council maintains a register of interests for senior officers and members. This is updated annually as a matter of course and declaration of interests is a standard item on the agenda at all Council meetings. Any potential conflicts are brought to the attention of the Director and steps put in place to ensure that the position of the Council is not compromised by any such conflict.

The Council is open to constructive challenge and consults openly with key stakeholders, staff and residents as part of the decision-making processes as evidenced in Cabinet and other committee reports. We regularly consult the public and other interested groups such as businesses about our plans. Outcomes of these consultations on our [Consultation Hub](#).

The Overview and Scrutiny Committees provide regular challenge through its work and this can lead to reports advising and making recommendations on policies and service delivery.

The Council's decisions are supported by a robust evidence base. This includes ensuring all options are explored, the consideration of impacts of decisions (for example, budget savings decisions) and use of options appraisals and consultation with relevant stakeholders. Where considered necessary, the Council will engage external experts to support decision making processes, for example treasury management advisors, tax advice and bespoke advice for major decisions on a project by project basis.

#### *Creating, maintaining and nurturing a culture of governance and internal control*

The Corporate Leadership Team demonstrates a high standard of governance and internal control at all times and embraces conscientiously the authority's governance and internal control processes - this is evidenced through transparent decision-making processes; attendance of the leadership team at meetings where performance is reviewed (Audit Committee, Scrutiny Committees), engagement in audit processes and follow up.

The Council reviews its Constitution on a regular basis, taking on board new developments in good practice. A Constitution Committee was established in January 2022, whose primary remit is to review areas in the Constitution to ensure that they are fit for purpose and propose appropriate changes.

At the same time as the Constitution Committee was established, the Monitoring Officer proposed a wider review and refresh of the Council's Constitution. This work is underway and it is planned that a new Constitution will be presented to Full

Council In July for adoption. The review does not seek to change the balance of decision-making within the Council or how decisions are made generally, rather it aims to provide greater clarity for the public, elected Members and Officers as to the operation of the Council through improvements to the layout and format and a greater emphasis on the use of plain English. In addition, greater emphasis will be placed upon how the public / businesses / other organisations can become involved in the formal aspects of Council decision-making.

The Council seeks development and quality mark opportunities, for example, it was rated 'Excellent' on the [Equality Framework for Local Government](#) in 2013 and 2018 - [Local Government Association's assessment](#).

The Council is proactive in its promotion of its values within its workforce - this is embedded through the 'Check In' processes, conducted at all levels of the organisation and rewarded through the Hackney Stars awards and the Big Thank You initiative.

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

The Council adheres to the requirements set out within the CIPFA/ SOLACE Delivering Good Governance in Local Government: Framework (2016) as evidenced in the process for the completion of the annual governance statement (AGS) which provides a detailed and evidenced-based record of compliance.

The Code of Corporate Governance was reviewed summer 2021 and subsequently updated to reflect how the Council best evidenced the CIPFA Framework The updated version was reported to the Audit Committee in October 21 for information and is now published online alongside the Council's Constitution:

<https://drive.google.com/file/d/17C8oPd8GPqvG1s-IPRXYVIHSvg--1XP2/view?usp=sharing>

In summary each Group Director is required on an annual basis to review the internal controls in operation in their directorate informed by:

- Review of completed Control Assurance Matrices for services within the directorate
- The performance management arrangements for services
- The risk management processes in place within services
- Other corporate management, monitoring and review processes, and
- Review work undertaken by internal audit, the external auditors and any other review agencies or assurance providers.

They are also required to confirm that:-

- Statutory obligations (where relevant) and objectives have been established
- Risks to the achievement of objectives have been identified
- Key controls have been identified and evaluated to manage risks,
- Mechanisms are in place to obtain assurance on the effectiveness of performance management as well as key controls.

- Declarations of interest are complete and up to date in respect of themselves, managers and where necessary for other staff in their directorate, and the related party disclosures are complete.

As part of the process the Group Director is required to highlight any areas of exception or non-compliance. The primary evidence base for the statement is the controls assurance matrix which records areas of assurance, required standards and compliance along with evidence at service level. Once complete the statement and supporting matrix is forwarded to Internal Audit for review and testing prior to aggregation as part of the preparation of the annual accounts.

### **Financial Management Standard E: The financial management style of the authority supports financial sustainability**

The financial management style of the authority is reflective of the four dimensions reflected in the financial management code, namely Leadership, People, Processes and Stakeholders.

#### Leadership

##### *Delivering Accountability:*

The Group Director of Finance and Corporate Resources (GDFCR) is a key member of the Corporate Leadership Team, reports to the Chief Executive, is professionally qualified and is actively engaged on all matters of strategy direction and delivery. Beyond this the GDFCR has representation on directorate management teams which ensures there is an awareness of emerging issues and/or service developments and that financial impacts both long and short term are fully considered at an early stage in the process.

Part 4 of the Council's Constitution (May 2022) includes the Financial Procedure Rules which provide the framework for the financial administration of the Council with a view to ensuring that the Council's financial affairs are conducted in a sound and proper manner, constitute value for money and minimise the risk of legal challenge to the Council. The Financial Procedure Rules are considered in conjunction with the Procurement Framework and the Scheme of Delegation. Compliance with these rules is mandatory and subject to cyclical review as part of the annual Internal Audit Plan.

Within the annual budget-setting process the authority's leadership team sets income requirements, including taxation income, and allocates resources to different activities in order to achieve its objectives. This is evidenced in the annual tax base report to Cabinet and the Annual Budget setting report to Cabinet and Full Council. The authority monitors its financial and activity performance in delivering planned outcomes through monthly reports to Cabinet - the OFP report provides an overview of financial performance at Council and individual directorate level.

<https://hackney.moderngov.co.uk/documents/g5471/Public%20reports%20pack%20Monday%2012-Dec-2022%2018.00%20Cabinet.pdf?T=10>

(AGENDA item 8)

#### *Supporting performance ..*

The authority has a developed Medium Term Financial Plan which is regularly updated to take account of new and emerging circumstances. This factors in forecast cost pressures,

savings proposals and estimated impacts of future funding levels. In financial plans, resources are aligned to meet current and future objectives and priorities as evidenced in the Annual Budget Report.

The GDFCR leads a mix of qualified and non-qualified working professionals with the requisite skills to carry out their roles effectively. The Council invests in CIPFA and other recognised training regimes to ensure staff have the appropriate skills and knowledge to deliver an effective service. Additional skills, for example, tax advice where transactions are complex, will be bought in where it is considered necessary to enhance in-house skills and experience.

#### *Enabling transformation*

The Council's financial management approach supports the change agenda and service transformation. The Council has recently recruited a Head of Transformation to lead an ambitious programme of change to be one of the best council's in the country in two years time. As well as working to improve services for our residents this programme will be key in delivering proposals to ensure the Council is financially sustainable and we live within our MTFP. Finance staff support is integral in the change process through the challenge they provide and financial modelling developed to test and support change programmes. The GDFCR's Directors sit on directorate management teams and are also invited to key transformation project boards.

#### People

##### *Delivering accountability* ..

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Additional skills, for example, tax advice where transactions are complex, will be bought in where it is considered necessary to enhance in-house skills and experience.

##### *Supporting performance* ..

The Council has a long-established business partnering approach with finance staff reporting through to the GDFR officer but embedded in service management teams and structures. Directors of Finance attend DMT and report on financial performance and this is replicated at divisional level and in individual Head of Service budget meetings. Finance staff also participate in induction training for staff and GDFCR regularly provides finance update to senior managers - tiers 1-3 meetings.

##### *Enabling transformation* ..

See under 'delivering accountability' above - the Council invests in the finance function to ensure that it is equipped to deliver a service which supports change. This is evidenced in objectives set out in service reviews of the finance functions as well as in recruitment where the need to add value and support change is clearly articulated.

#### Stakeholders

##### *Delivering accountability* ..

The Council through its decision-making structures provides external stakeholders with evidence of the integrity of its financial conduct and performance, and demonstrates fiscal

discipline including compliance with statutory, legal and regulatory obligations. In particular reference is made to standard Cabinet reports which evidence these considerations and the reports received by the Audit Committee on performance, treasury management, internal and external audits and deep dive reviews, all of which are in the public domain.

#### *Supporting performance „& Enabling transformation*

The Council has a developed approach to stakeholder and consultation engagement which is evidenced in co-production and consultation across the range of services in respect of both business as usual processes to service transformation and more wide-ranging customer insight exercises. From consultation and engagement with tenants and leaseholders, through wide-ranging consultation on the wider community strategy to focussed engagement pieces such as the Young Futures Commission and in relation to the Children & Family Hub proposals.

#### [Hackney Council](#)

### **Financial Management Standard F: The authority has carried out a credible and transparent financial resilience assessment**

The Group Director of Finance and Corporate Resources with his Finance Management Team reviewed the outcomes from the Cipfa resilience indices. This was shared with the Mayor, Cabinet Member of Finance and Chief Executive and we have regard to the indices in the work that we do.

In addition, the GD of F&CR is currently leading a review of the Council's reserves and balances and this has been discussed with Cabinet members and is also the subject of an Audit Committee Deep Dive. This includes benchmarking information with other London boroughs.

This summary of the Council's performance in relation to the FM Code is completed in the midst of the impact of the cost of living crisis which is compounded by the ongoing increase in demand for services. Of note is:

- There is a significant draw down on reserves forecast for 2022/23 to meet service pressures. This will not impact the level of un-earmarked revenue reserves. Budget growth is factored in 2023/24 to meet some of these service pressures and services are developing plans to reduce spend. The high risk areas are in Children's and Adults services. The GDFR chairs a budget board covering this remit and receives regular progress reports through that forum.
- The Council is challenged by inflationary pressures particularly energy & fuel as well as pay agreements exceeding those budgeted. The budget incorporates significant growth for these elements in 2023/24, but spend needs to be kept under review to ensure it does not exceed sums set-aside.
- The Council reviews its MTFP on a regular basis. Of course, this is within an ever more uncertain context given the cost of living crisis, one-year settlements, delays to both the Fair Funding Review and a sustainable adult social care solution. The budget report for 2023/24 includes an updated MTFP however it is noted that there is considerable uncertainty regarding Government funding beyond 2023/24.

- Savings plans for the next financial year are fully developed and have been through a robust scrutiny process. In addition, there are agreed savings proposals in place for 2024/25 but recognition that further plans will be required.

The Council has effective financial management systems in place including:

- Monthly financial reporting at overall Council and service level through to Cabinet.
- Regular finance reporting to directorate management teams and divisional meetings.
- Regular finance updates by the GDFCR to CLT, Cabinet/CLT and to managers tier 1-3 including the medium term financial strategy.
- Regular meetings with budget holders and finance support identifying significant budget variations.

As well as revenue reporting referred to above, Capital Update reports are reported on a monthly basis to Cabinet and the Capital Programme is subject to quarterly review.

There is a well established capital bid and approval process and the annual budget report contains the Council's capital strategy. Historically the Council has had very low borrowings but is cognisant that this is likely to change in the next few years if we are to maintain our estate and deliver against housing targets as well as the Council's wider capital ambition including in relation to climate change.

In response to this and in order to continue to review and challenge established practice, the Council has undertaken a Council-wide Capital Management Review and this has fed into proposals for revised governance arrangements. The review aimed to provide greater transparency and consistency over decision-making on capital investment as well as clearer linkages between the capital programme, the Strategic Plan and the MTFP. The first element of this was operational from October 2022 with the establishment of the Capital Asset Steering Board.

#### [Capital and Asset Steering Board Terms of Reference](#)

Historically and in common with other authorities, the Council's capital programming has demonstrated significant optimum bias. As we move towards becoming a borrowing authority it becomes increasingly important that within realistic parameters that we improve on this. The Audit Committee led a deep dive review on this (report Jan 21) and a number of actions have been agreed to improve on this. It is noted, however, that slippage has continued to be an issue, partly as a result of the impact of Covid-19 and other external factors including construction inflation which has required further work to be undertaken on some schemes to ensure they remain viable and affordable. We continue to review and challenge budgets and budget profiles within the capital programme to ensure they are as realistic as possible.

The Council is outward looking in terms of its performance monitoring and this includes financial performance and responds to benchmarking information requests both corporately and in service areas and reviews outputs to inform future planning. The Council also utilises cost benchmarking to determine areas to consider for efficiency savings (for example, use of the CIPFA benchmarking tool) and engages in formal cost benchmarking such as those initiated by London Councils (CSC benchmarking) and utilises professional networks to undertake more focussed and bespoke benchmarking exercises to inform service planning and change.

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



The Council reviews its Medium Term Financial Plan (MTFP) on a regular basis and reports this through to members. This has been reviewed and updated as part of the Budget Report for 2023/24. This is reflective of the ongoing uncertainty brought about by single-year settlements, significant one-off funding sources and the potential impact of the delayed Fair Funding Review.

The MTFP clearly sets out assumptions made and the risks to those assumptions both internal (e.g. delivery of savings, unmanaged cost pressures) and external factors such as Government funding and the impact on other income sources such as NNDR and commercial rents from the general economic position.

The Council uses scenario planning where circumstances are considered highly volatile (for example, the 2023/24 budget was developed in this context) and this was reported to members. This is also used at a more granular level for specific volatile service areas, for example, adults and children's social care.

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

The Prudential Code for Capital Finance in Local Authorities (the Code) was originally implemented in 2004/05 and the latest version is 2021. This is a professional Code that sets out a framework for self-regulation of capital spending, in effect allowing authorities to invest in capital projects, through borrowing, without any imposed limit as long as they are affordable, prudent and sustainable.

The Prudential Code requires the Council to agree and monitor a minimum number of prudential indicators which for housing authorities are separated into HRA and non-HRA elements. These indicators are mandatory but can be supplemented with local indicators if this aids interpretation. The Council sets these indicators as part of the budget setting process and these are set out in the annual budget report. Performance against these are reported through to the Audit Committee on a quarterly basis as part of the Treasury Management update report.

The latest iteration of the Prudential Code sees a further increase in focus on exposure to commercial investments in the local government sector. Central government has voiced its concern in recent years over local government's involvement in property deals and other more esoteric investments and, on the back of this, CIPFA has moved to reinforce the principle within the Prudential Code that local authorities cannot invest purely for commercial gain/borrow in advance of need. It has also bolstered requirements so that boroughs must demonstrate both exposures to commercial investment and subsequent risk management.

Hackney's exposure in this area is deemed low. There are no instances where we have externally borrowed specifically for commercial investments. In the main, our commercial property portfolio is one that has accumulated over a long period of time, and the revenue income stream it drives is proportional to our wider revenue budget.

The Council has a capital strategy in place and this is reviewed on an annual basis and is approved as part of the budget setting process. As mentioned above, the Council has undertaken a capital management review and this has incorporated a more fundamental review of the capital strategy for inclusion in the budget report for 2023/24.

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

The Council has a Medium Term Financial Plan (MTFP) which it reviews on a regular basis and reports this through to members. This has been reviewed and updated as part of the Budget Report for 2023/24. This is reflective of the ongoing uncertainty brought about by single-year settlements, significant one-off funding sources and the potential impact of the delayed Fair Funding Review.

The MTFP sets out the economic context and assumptions made and the risks to those assumptions both internal (e.g. delivery of savings, unmanaged cost pressures) and external factors such as Government funding and the impact on other income sources such as NNDR and commercial rents from of the general economic position.

The MTFP noted:

- Despite the publication of the Autumn Statement 2022 and the Provisional Local Government Settlement for 2023/24 (LGFS), there is still uncertainty surrounding 2024-25 funding levels and great uncertainty surrounding funding in 2025-26 and beyond.
- For 2024-25, the Government set out most of the intentions for the main funding streams in its policy statement on 12 December 2022 but uncertainty remains over the Services Grant, New Homes Bonus Grant, S31 compensation grants and the top up adjustment.
- For the following three years, the Autumn Statement 2022 stated that planned departmental spending will grow at 1% a year in real terms (accounting for inflation). No detail was given on how individual departments will be affected and given how Local Government has fared in previous Spending Reviews it is unlikely that the sector will receive any real term increases. The 2023-24 LGFS added no further detail on either local government spending nor funding entitlements for 2025-26 to 2027-28.
- The fundamental reform to needs assessments (previously termed the Fair Funding Review) and the business rates reset have been postponed again. In fact neither will be implemented before 2025-26 and no indication was given by the Government as to when either will be introduced. Given that all of the work previously done on new needs assessments is now out of date, it will all have to be done again which will require a substantial amount of work to be done. It follows that there must be significant doubt whether the new funding system will be introduced in 2025-26.
- Whilst we don't know the timing and content of the reform, we do know that Hackney will almost certainly lose from its implementation for reasons given in the MTFP. Given we expect to lose funding if and when the new funding system is introduced, we anticipate that we will be protected by a system of safety nets but at this stage, the Government has not stated how these will operate, what level of protection they will afford and how quickly they will be unwound. This creates a significant financial risk for future years as well as adding to the uncertainty
- The long term position on SEND and its funding remains unclear and the financial impact of the cost of living crisis and the ongoing impact of Brexit on the local and

national economy and on the public purse in the short and medium term constitute further risks. There are also considerable risks and uncertainties about the future path of public sector pay.

The next iteration of the MTFP will reflect updates on these significant and uncertainties risks, although many of these will remain.

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

The Council complies with its statutory obligations in respect of the budget setting process. This is set out and clearly evidenced in the annual budget setting report.

Budget development is led by the Group Director of Finance and Corporate Resources in consultation and collaboration with the rest of the leadership including members.

In accordance with the Local Government Finance Act 1992, the Council's budget includes the expenditure that the authority estimates it will incur in the year in performing its function,, an allowance for contingencies in relation to this expenditure and ,, the financial reserves that the authority estimates it will need to raise in the year to meet its estimated future expenditure ,, such financial reserves as might be required to fund deficits generated in previous periods.

The Council has a sound track record of financial management and the current circumstances continue to test this. The 2023/24 budget sets aside additional contingencies in respect of demand-led pressures and energy inflation. The leadership team are clear about the main pressure areas which are a risk to financial sustainability and alongside the development of cost savings proposals the GDFCR sets aside specific earmarked reserves to mitigate against these risks. The GDFCR is fully aware of S114 responsibilities and the circumstances under which such a notice should be issued.

Performance against the budget is reported to Cabinet on a monthly basis at Council-wide and service level. The GDFCR is aware of areas of cost pressure and their magnitude.

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

The Council has taken a long term and strategic approach to managing the budget gap over a number of years and this has allowed and continues to allow proposals to be developed to cover a range of years to enable services to be properly and fully reviewed. The authority enjoys a high measure of financial stability and has over a number of years managed its finances well. Inevitably there are several risks to the budget, and these are set out in the budget report including cost pressures in relation to demand-led services which have been increased post-pandemic and as a result of the cost of living crisis along with the measures in place to mitigate these risks. However, the Group Director, Finance and Corporate Resources is cognisant of the uncertainty in which this budget is set and the ongoing nature of some of these risk and is clear in his advice to increase the level of General Balances from the existing position of £15m to £20m over a four year period, and to continue to hold earmarked reserves for a range of specific purposes.

To summarise, as recorded in the budget report, based upon the measures in place to manage the delivery of the savings, the provisions made in relation to contingency sums, levels of reserves and balances the GDFCR is of the view that the estimates are sufficiently robust and reserves adequate on the basis that no allocations unless already

planned are undertaken.

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

The Council's Community Strategy 2018-28 sets out our overarching vision for Hackney over the decade to 2028. It provides direction for all of the Council's decision making throughout this period, including budget setting and a focus for our work in partnership with residents, businesses, local organisations and community groups. The strategy was produced in partnership with local people and organisations in our community over a period of three years ensuring it is reflective of the lived experiences of residents in our borough.

The Council adopts, delivers and keeps under review a Strategic Plan (formerly the Corporate Plan) for each new four year local electoral term. The Strategic Plan is in line with the ten year Community Strategy, but it sets out how the Council will use its resources and its workforce to help achieve the Mayor's manifesto over the shorter elected period of office. Both the Community Strategy and the Strategic Plan and any related delivery plans or annual updates are publically available. As set out in the budget report, the annual budget is a financial exposition of the Strategic Plan - providing that thread back through to stakeholder engagement.

In addition to this, at a day to day level, the Council has a developed approach to stakeholder and consultation engagement which is evidenced in its approach to co-production and consultation across the range of services in respect of both business as usual processes to service transformation (including those integral to budget decisions) and more wide ranging customer insight exercises. From consultation and engagement with tenants and leaseholders, through wide-ranging consultation on the wider community strategy to focussed engagement pieces such as the Young Futures Commission and in relation to the proposals for Family Hubs.

<https://hackney.gov.uk/community-strategy>

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

The Council undertakes options appraisals in respect of difficult decisions. All Cabinet reports require the author to identify options considered and rejected.

At a more granular level decisions will be supported by recognised options appraisal techniques. These are particularly pertinent to complex capital schemes. Sensitivity analysis is considered on a routine basis where relevant, for example around key variables such as house prices and cost inflation. Where necessary the process will also call for the input of external expertise - particularly where schemes are high in value and risk.

The results of option appraisals are reported to members and where not commercially sensitive, will be contained within Cabinet reports. Reports are clear on risks around specific options and the mitigations to address these risks.

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

Regular and timely reports are provided to Cabinet and CLT on the budget position in the current year, including emerging risks and action taken to mitigate them, and on future risks.

At Directorate level the finance team provides regular updates to directorate management teams and supports third tier managers in understanding their budget, cost pressures and developing recovery actions. Information provided is accessible and understandable - with use of visuals where appropriate.

**Financial Management Standard O: The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability**

The Council is aware of and monitors the elements of the balance sheet which pose a significant risk to financial sustainability.

Long-term and short term investments

The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. In addition, the Ministry of Housing, Communities and Local Government (MHCLG) issued revised Guidance on Local Authority Investments in 2018 that requires the Council to approve an investment strategy before the start of each financial year.

The Treasury Management Strategy is reviewed and approved on an annual basis as part of the budget setting process. This strategy includes security and liquidity indicators (i.e. credit rating and short term cash availability). Updates against this strategy are reported to the Audit Committee on a quarterly basis. At an operational level the Head of Treasury, Banking and Accounts Payable monitors the position on a day to day basis and provides weekly updates to the Director, Financial Management. Regular meetings are also scheduled with our Treasury Advisors and the GDF&CR.

Debtors

The Council monitors the collection of debt from main income sources on a routine basis and has historically achieved the targets set. Performance is reported to the Audit Committee on a quarterly basis. 2022/23 (as did the previous two years) has proved challenging due to the cyberattack and the impact this has had particularly on debt chasing activities. BDPs are robustly reviewed and increased specifically for areas where impacts are expected to continue into 2023/24. 2023/24 budgets are set in the context of risk around collection rates particularly in relation to the Cost of Living crisis and the impact this could have on residents/businesses ability to pay.

Cash

The Council maintains an up to date cash flow forecast which is updated on a daily basis. The Council maintains a prudent head room and ensures it operates within the treasury management indicators set within the Treasury Management Strategy.

### Current liabilities

The cash flow forecast includes regular payments (for example, payroll, precepts, loan repayments) where payment dates are known and also estimates for other outgoings and regular income sources. As above this is monitored and updated on a daily basis. The Treasury Management Strategy also includes liquidity indicators. Additionally, payments against targets are reviewed. The Council is confident that it maintains sufficient liquid balances such that it can meet liabilities as they become due.

### Provisions and Reserves

The Council makes appropriate provisions for bad debts and other known liabilities which are reviewed in light of changed circumstances in setting its budget. The Council also sets aside earmarked funds for areas where there is risk to the annual budget, for example, looked after children placements and where additional resource has been identified as required for a time limited basis.

### Pension liabilities

The Council has a liability to fund part or all of the future pensions which are payable to retired employees. The measurement of these liabilities is reflected on the balance sheet, but we are not required to fund them (i.e. reduce usable reserves) when the liabilities are incurred. These liabilities are managed in the longer term, including adjustments to the employer's annual contributions to the LGPS based on actuarial review.

There is a Pensions Committee in place which oversees the Pension Fund which receives regular updates on the performance and administration of the fund from officers and our pension fund advisors. This provides further assurance that pension liabilities are appropriately managed.

### Long term borrowing

The Council sets its prudential indicators in line with the Code of Practice on an annual basis and provides regular updates against these in its Treasury Management updates to the Audit Committee.

The Council has a comparatively low level of long-term external borrowing at circa £68m and the impact on the revenue budget of interest payments is offset by interest from investments. MRP is currently budgeted for at a corporate level.

The Council has an ambitious capital programme going forward and further borrowings are required, as reflected under Financial Management Standard 'H'. The Capital Management Review was undertaken very much in this context and is helping to reiterate to decision makers the clear link between capital investment decisions and the MTPF.

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

The GDFCR is aware of responsibilities in terms of the preparation of the annual financial standards and these are routinely produced in line with the statutory deadline and in accordance with the Code of Practice on Local Authority Accounting in the UK.

The statements themselves are of course subject to external audit and are routinely given a clean opinion in line with the audit deadline. The Audit Committee have oversight of this process including any recommendations arising from the audit and the external auditors have confirmed they are satisfied with the Council's processes in place.

For 2021/22 the accounts deadline was 31 July for draft accounts. This deadline was met. Although the audit is underway this is delayed by a combination of the well-rehearsed resourcing issues in the external market, which is affecting most of our peers as well as an ongoing issue around the accounting for infrastructure assets. A temporary resolution to this latter issue should see an opinion issued in the Spring of 2023.

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

A final outturn against the budget report is presented to Cabinet which identifies the main variance against the budget.

In reality this tends to reflect very little movement from the February forecast position which provides a detailed analysis of spend against budget and sets out main cost pressure areas.