



LEAD MEMBER FOR RESOURCES AND CLIMATE CHANGE

DECISIONS to be made by the Lead Member for Resources and Climate Change,
Councillor Nick Bennett

TUESDAY, 10 JUNE 2025 AT 3.30 PM

REMOTE MEETING VIA MICROSOFT TEAMS

AGENDA

1. Decisions made by the Lead Cabinet Member on 3 June 2025 *(To Follow)*
2. Disclosure of Interests
Disclosure by all Members present of personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct
3. Urgent items
Notification of any items which the Lead Member considers urgent and proposes to take at the appropriate part of the agenda.
4. CIPFA: Financial Assurance and Governance Review *(Pages 3 - 12)*
Report by the Chief Finance Officer
5. Any urgent items previously notified under agenda item 3

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Deputy Chief Executive
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2 June 2025

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NOTE: *As part of the County Council's drive to increase accessibility to its public meetings, this meeting will be broadcast live on its website. The live broadcast is accessible at:*
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Report to: Lead Member for Resources and Climate Change

Date of meeting: 10 June 2025

By: Chief Finance Officer

Title: CIPFA: Financial Assurance and Governance Review

Purpose: To seek the Lead Member's approval to commission CIPFA to undertake a Financial Assurance and Governance Review

RECOMMENDATION:

Lead Member for Resources and Climate Change is recommended to approve the commissioning of CIPFA to undertake a Financial Assurance and Governance Review.

1. Background

- 1.1 The Reconciling Policy, Performance and Resources (RPPR) reports to Cabinet and Full Council in January and February 2025, set out the financial challenges that the Council faces, and whilst a balanced budget was set for 2025/26, it was highlighted that unless there was a significant increase in government funding it would be likely that the Council would need to approach the Ministry of Housing, Communities and Local Government (MHCLG) to explore options for Exceptional Financial Support (EFS).
- 1.2 MHCLG, when approving EFS to Councils, require the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake a Financial Assurance and Governance Review. Recently published reviews can be found on the link: [Exceptional Financial Support for local authorities for 2024-25 - GOV.UK](#)

2. CIPFA: Financial Assurance and Governance Review

- 2.1 The annual State of the County report will be considered by Cabinet on 24 June 2025, which will set the scene for the RPPR process that will lead to the 2026/27 budget being presented to Full Council on 10 February 2026.
- 2.2 When the 2025/26 budget was set in February 2025, the Medium-Term Financial Plan showed a deficit for 2026/27 of £37.365m. The financial planning environment is challenging given a number of significant unknowns at a national level, as well as local service pressures. The Comprehensive Spending Review, the outcome of the formula funding consultation and impact of the business rates reset are all unknown, plus the Council will not receive the expected multi-year Local Government Funding Settlement until November 2025, at the earliest. With these uncertainties it is important that all options that may be available are explored, to enable the legally required balanced budget for 2026/27 (and 2027/28) to be set.
- 2.3 If EFS is an option that the Council needs to access in order to set a balanced budget for 2026/27, CIPFA will need to be engaged to provide the necessary assurance to MHCLG. CIPFA have been approached to undertake their assurance review early, to provide the Council with a report that will support the work that the Council may need to undertake with MHCLG. If EFS proves not to be required, or an option, the CIPFA review will provide external assurance as to the actions the Council is taking to address the financial challenges the Council faces.

2.4 The proposed review is set out in Appendix 1 and will cover:

- Financial Management/Sustainability;
- Commercial Assets/Debt;
- Capital Programme/Companies;
- Governance; and
- Children's and Adult's Services.

2.5 The review, which will take 6 weeks, will involve interviews with Members and officers, a review of documentation and some workshops, that will provide a report and improvement plan. The report will inform the RPPR process for 2026/27 and provide an early view as to how EFS can be approached and achieved.

2.6 The review will cost £40,000.

3. Conclusion and reasons for recommendation

3.1 If the Council is to explore Exceptional Financial Support with MHCLG, it will be required to undertake a CIPFA Financial Assurance and Governance Review. The Lead Member for Resources and Climate Change is recommended to agree that CIPFA is commissioned to undertake the review, with the CIPFA report forming part of the RPPR process in setting the budget for 2026/27.

IAN GUTSELL Chief Finance Officer

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Local Member(s): All
Background Documents
None



East Sussex County Council

CIPFA financial resilience and governance review

16 April 2025

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DRAFT FOR DISCUSSION

1. Introduction, context and requirement

CIPFA is pleased to submit this proposal in response to recent discussions with Chief Finance Officer of East Sussex County Council (ESCC). ESCC is experiencing many of the challenges that other councils are facing, with particular spending pressures in Adults' and Children's Social Care, and declining reserves.

You have informed us that East Sussex County Council is currently navigating a significant financial challenge, with a projected budget gap of approximately £30 million for the 2026/27 financial year. While the Council plans to spend £579.62 million in 2025/26 representing an 8% increase from the £536.99 million spent in 2024/25 this rise is primarily driven by increased demand for services, particularly in Adult Social Care and Children's Services.

To help balance the budget, the Council intends to draw down £11.4 million from reserves this year. However, this approach, while helpful in the short term, is not sustainable. As acknowledged in the Council's financial budget summary, reserves are expected to fall sharply from £119 million in March 2024 to just £69 million by March 2026 a 42% reduction over two years. This drawdown reflects the ongoing pressures to meet budget shortfalls, respond to service demands, and manage risk.

You have asked CIPFA to undertake a focused and independent review of the Council's financial position, exploring areas that may not have been fully considered previously. This work is being commissioned to provide assurance and support for any requirement for ESCC to seek an Exceptional Financial Support (EFS) arrangement, as referenced in the Council's budget papers to Full Council in February 2025.

In addition, this review will provide an assessment of the changing national local government landscape and potential implications for ESCC – including factors such as the Comprehensive Spending Review, the Fair Funding Review and Business Rates Reset, as well as the ongoing impacts of Devolution and Local Government Reorganisation (LGR).

Our work will centre on assessing the overall financial sustainability of the Council, identifying opportunities for improved resilience, and supporting the development of strategic approaches to meet current and future challenges. Our aim is to provide assurance and insight that helps the Council maintain stability and make informed decisions during this critical period.

2. Requirements and approach

Background

For this work, we propose to follow a similar approach to the reviews we have done alongside MHCLG which we have set out below. We will work with the Section 151 and other officers of the Council to provide constructive challenge, advice and insight as appropriate so that you end up with an independent report that is grounded in a practical set of actions, derived from independent analysis.

Approach

We will use a similar approach to that deployed in Somerset, Bradford, Southampton, Stoke and others where we will use a small, experienced team to undertake the review.

In our experience, we found that being entirely open with the Council, challenging them constructively along the way avoids conflict and surprises. We will work closely with you over the coming weeks to ensure that we gather as fuller picture as possible.

We recommend that a shared folder (SharePoint on MS Teams) is created to enable the sharing of documents. We will agree a document list with you up front and for publicly available documents, we will source these directly from your website.

Key requirements

The key requirements (below) are similar to the reviews we have recently undertaken on behalf of MHCLG. For the purposes of this proposal, we have provided a summary of each review area as follows:

- 1. FINANCIAL MANAGEMENT/SUSTAINABILITY:** An assessment of the Local Authority's financial management and management of risk, financial pressures, deliverability of savings plans and efficiency in delivering services.
- 2. COMMERCIAL ASSETS/DEBT:** An assessment of the Local Authority's assets and investments including dependence on commercial income, debt costs and other risks.
- 3. CAPITAL PROGRAMME/COMPANIES:** An assessment of the Local Authority's capital programme and management of related risks including arrangements with Local Authority Owned Companies.
- 4. GOVERNANCE:** An assessment of the Local Authority's governance/management processes, leadership, operational culture, whether it has the appropriate governance procedures in place, and the capability and capacity to make any necessary transformation.

5. **CHILDREN'S & ADULT'S SERVICES:** An assessment of Children's and Adult's Services including a review of their current and future demand model, a review of key pressures budgets and improvement plans.
6. An **IMPROVEMENT PLAN:** Recommendations to provide the Local Authority with tangible actions to guide design, and implementation of an Improvement plan to address identified risks and issues. We will develop the improvement plan with you.

3. Why CIPFA?

CIPFA is ideally placed to carry out this work because of our experience in undertaking these review for councils, the wealth of relevant evidence to support you and our flexible, fast paced but supportive approach.

Through the various facets of our Institute and related operations, CIPFA is widely recognised as a champion of high standards of governance and performance in public services.

CIPFA is recognised as independent of any sectional or political interest within local government and enjoys a strong reputation and positive relationships with key central government departments and with key national organisations.

4. Quality standards and controls

CIPFA is BS EN ISO 9001:2000 and 14001:2004 Quality Management and Environmental systems standard accredited. The ISO 9001:2000 standards are based around the principles of customer satisfaction, continual improvement, and the development of a process-based quality management system.

All CIPFA report-based projects are subject to a peer review process as part of our commitment to Quality Assurance. We apply a range of project controls, quality assurance, toolkits, best practice, programme, and project management including best practice as embodied in OGC's programme management, PRINCE2 and the management consultancy statement of best practice.

5. Our fees

Our proposed fee is £40,000 excluding VAT.

We will charge (on a monthly in arrears basis) for the days worked (unless otherwise agreed).

CIPFA can be very flexible in the way we work with you and will tailor our approach to suit your needs. While we would anticipate some delivery will be undertaken with the use of MS Teams but with key face to face meetings as requested. Expenses incurred will be charged at cost.

Should, at any time during the project, there be an indication that the scope, agreed days or timeline for delivery could change we will discuss and agree any variation with you. All fees are exclusive of VAT and expenses.

6. Proposed team

David Corner – Associate Consultant

David Corner is a CIPFA qualified accountant and an Associate Consultant with CIPFA. David was previously a Director at the National Audit Office specialising in Value For Money examinations of local and regional government for parliament. He has over 30 years of experience helping to support a range of bodies in improving their economy and efficiency including central government, NDPBs, regional development agencies, local authorities, local fire services and police authorities and wholly owned local authority companies. He has extensive experience of financial management, audit and advisory work. He was responsible for the design and delivery of the independent performance assessment of regional development agencies. He has sat on the Boards of the National Audit Office, Audit Wales, the Veterinary Medicines Directorate and is an independent member at the Care Quality Commission.

Most recently for CIPFA he has supported the implementation of the Delivering Better Value programme for DLHUC. He has also led or jointly led a number of assignments to support financially challenged local authorities. He has also made recommendations to the Board of the Library of Wales for improving their efficiency following a review of their financial challenges.

Arjun Patil

Arjun Patil is a skilled Junior Financial and Data Consultant with a solid foundation in data analytics and public finance, currently contributing to data-driven transformation within the public sector at CIPFA. With a Master's degree in Data Science and AI from Bournemouth University, he brings a strong blend of technical expertise and domain understanding to the table.

In his role at CIPFA, he supports a variety of financial and performance-related projects aimed at helping public sector organisations make smarter, evidence-based decisions. His work involves building and optimising data models, cleaning and structuring complex datasets, and delivering meaningful insights that support improved governance, resource allocation, and service delivery.

He excels at communicating technical insights in a clear, actionable manner for non-technical stakeholders, playing a key role in bridging the gap between data and decision-makers.

DRAFT FOR DISCUSSION

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