

CIPFA Financial Management Code

The Chartered Institute of Public Finance and Accountancy (CIPFA) published the Financial Management Code (FM) in October 2019. The FM Code provides guidance of good and sustainable financial management in local authorities, giving assurance that authorities are managing their resources effectively.

The FM Code requires the Council to demonstrate the process they have in place to satisfy the principles (set out below) of good financial management, which is essential part of ensuring the public sector finances are sustainable. The FM code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing practices and sets out explicit standards of financial management. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

Good financial management leads to improved financial resilience that then enables sustainable public services with the equate resources to deliver what is expected.

The FM Code builds on existing CIPFA Codes, the Prudential Code for Capital Finance (PCCF), The Treasury Management Code (TMC), the Code of Practice (CoP) which the Council already complies with. By following the principles of the FM Code it is expected the Council can evidence how it is meeting these legislative requirements.

The first full year of compliance was 2021/22 and during 2020/21 Councils were allowed a period to demonstrate how they are working towards the FM Code.

The FM Code is based on **six principles** of good financial management as set out below:

1. Organisational **Leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisation culture.
2. **Accountability** – based on the Medium-Term Financial Planning, that derives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
3. Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer actions and elected member decision making.
4. **Adherence** to professional standards is promoted by the leadership team and is evidenced.
5. 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.
6. 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.

There are minimum standards which must be adhered to in the FM Code to demonstrate compliance. The FM Code is principle based and not prescriptive.

The Financial Management Standards are summarised below

1. The responsibility of the chief finance officer and leadership team
2. Governance and financial management style
3. Long to medium-term financial management
4. The annual budget
5. Stakeholder engagement and business plans
6. Monitoring financial performance
7. External financial reporting

Recommendations and Next Steps

- Review by Director of Resources
- Agree next steps for implementation of changes into business
- Agree timescales and owners

An assessment of the current compliance to the FM Code for the period to 31/03/22

This initial assessment has been completed to obtain a snapshot of the Council's current compliance against the six principles and the standards set out in Appendix A and B.

The compliance to the Code and Standards A to Q have been RAG rated (red, amber and green) to enable discussion and to identify the gaps and approach to become compliant. Evidence of compliance is required.

Ref	Description	Pages of Code	Detail	Assessment	Actions	Overall RAG Status
1. Responsibilities of the CFO (Director of Resources/S151 Officer) and Leadership Team						
A	Leadership team can demonstrate that the services provided by the authority provide value for money	17-18	Legislative requirement for Authorities to deliver Value for Money (VfM). Delivery for VfM depends on decisions by Elected Members. Shared responsibility across the Leadership Team to communicate and understand the risks involved	<ol style="list-style-type: none"> 1. Following the application for Capitalisation support in 2019/20 and 20/21 and the review by Ada Burns a number of recommendations are being introduced to add additional strength to the VfM controls and governance arrangements. 2. Independent Review Panel exists following capitalisation support. 3. Committee reports include a financial implication section. 4. 2022/23 budget saw improved business case and challenge of savings. 5. Service reviews have commenced as part of the CIPFA benchmarking with a schedule of reviews planned. 6. External Auditors have raised concerns on the VfM report and the AAR regarding governance of companies, accounting of profits. 7. All services as part of management reporting and budget setting are reviewed. 8. Plan, report and monitoring system via the CGG has been established to deliver the recommendations in the 	<ol style="list-style-type: none"> 1. Independent review panel as part of the Capitalisation is in place and continue working to support the authority 2. Continue to improve the monitoring and reporting of saving and pressures for in-year, budget and MTFP is in place with clear business proposals and business cases. This will be reported every six weeks to P&R. 3. Consider how Leadership reports will incorporate VfM recommendations and monitoring. 4. Benchmarking to be utilised when completing service reviews which will include establishment reviews, delivery/achieving outcomes, mitigating actions. This will help determine if provide VfM or highlight areas of concern. Other benchmarking will include investigating high-cost service areas as part of the MTFP principles. 5. Further work is being undertaken on compliance and assurance, especially on 	Amber

Ref	Description	Pages of Code	Detail	Assessment	Actions	Overall RAG Status
				<p>Ada Burns review to ensure savings and pressures are identified.</p> <p>9. Monitoring of Saving and Pressures are now being reported to P&R using Power BI</p> <p>10. All procurement contracts have a VfM assessment.</p> <p>11. The leadership team and the Director of Resources regularly meet with elected members and committees to bring to their attention the financial position of the Council, service committees are directed to make decisions which are then ratified, rejected or alternative decisions made at Policy & Resources Committee (P&R).</p> <p>12. New constitution saw committee structure reintroduced with all parties represented on P&R and increased member scrutiny of finance matters. This has further been refined following recommendations by Ada Burns as part of the Capitalisation Directive request</p> <p>13. Financial Sustainability of the Organisation - That the annual budget setting, is robust and resilience of medium financial management decisions is aligned to the MTFP and follows the MTFs principles.</p>	<p>procurement, a suite of Governance KPI's is being developed.</p> <p>6. Saving reports to be scrutinised and remedial action implemented, if required.</p>	
	The authority complies with the CIPFA Statement of the Role of the Director of Resources in Local Government.	18-19	The Director of Resources is required: Is a key member of the Leadership Team, helping in the development and implementation of strategy and	The Director of Resources is a key member of the SLT developing and implementing strategies and policies.	Budget savings submissions to include Director Accountability statement sign off. This enhances and develops a collaborative approach to financial management of	Green

Ref	Description	Pages of Code	Detail	Assessment	Actions	Overall RAG Status
			to resource and deliver the organisation's strategic objectives sustainably and in the public interest.		the organisation. The budget process and MTFS are in alignment with the strategies of the organisation.	
		18-19	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. Alignment to the financial strategy of the Authority.	<p>The Constitution approved in September 2020 and refreshed in 2022 sets out the role of the Director of Resources and how material decisions are made. Regular reports to SLT on items that may put the organisation at risk</p> <p>Revenue, capital and key KPIs reports are actioned via P&R Committee and Power BI reports The Council has integrated the MTFS and MTFP in to the decision making process in general and via its TOM plans and actions.</p>	No action	
		18-19	Must lead the promotion and delivery by whole organisation of good financial management so the public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.	<p>The Director of Resources works closely with SLT and finance to develop good financial management and this is further being developed throughout 2021/22. CGG monitor financial sustainability plans and risk management reviews of the Council.</p> <p>The appointment of a Financial Assurance Manager in 2021 to oversee, review and improve financial processes with regard to budgeting, business cases, management reporting.</p> <p>Procurement PI's are reported on a regular basis and compliance, assurance and good principles developed. Action plans have been developed, implemented and monitored in response to DLUHC</p>	No action	

Ref	Description	Pages of Code	Detail	Assessment	Actions	Overall RAG Status
				and Assurance reports, incorporating financial management, governance and assurance.		
		18-19	Director of Resources establishes reporting and monitoring including treasury management, capital affordability and risk into the overall financial planning process.	<p>Quarterly reporting of revenue to services/committees and P&R is a standard reporting and all reports are required by the Director of Resources and senior officers for review prior to publication. Whole life costing is incorporated into decision making, especially around capital. Risk Management of Treasury Management.</p> <p>Treasury Management (TM) function complies with the TM Code of Practice and risk factors are fully recognised in decision making, including revenue and whole life costings. Monitoring reports are regularly produced for Officers and Committees.</p>	No action	
		18-19	Must lead the finance service and is resourced to be fit for service.	<p>The finance function had from 2020/21 its senior management level fully resourced with permanent experienced public sector Officers. Areas of the function was reliant on new officers and temporary staff and this is being addressed. A review of the finance structure is planned in 2022/23. DLUHC report stated that the Director of Resources has a wide remit more focus is required on finance only, hence extra experienced resource was brought in for 22-23 budget setting and a broader review is being conducted to facilitate a long-term solution.</p>	<p>Finance structure and reorganisation planned for 2022/23.</p> <p>Appointment of a Director of Finance is in progress, aim is to appoint by March 2023.</p> <p>Implementation of the LGA review of Resources Directorate</p>	
		18-19	Director of Resources must be professionally qualified and suitably	The Director of Resources is a CIPFA qualified Accountant and	No Action – Fully Compliant.	

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			experienced.	has many years experience at a senior level across a number of Authorities		
		18-19	The Director of Resources of the Local Government Pension Scheme (LGPS) administering body satisfies the requirements of CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills (2013).	The LGPS is administered by the Authority and under the responsibility of the Director of Resources	No Action – Fully Compliant	
2. Governance and financial management style						
B	The authority complies with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government	18	CFO must ensure that they fulfil their personal legal and professional responsibilities in the public interest and in recognition of the other statutory service responsibilities of the authority.	The leadership team support and the S151 officer in their responsibilities and execution of those. See detail in above section re how the Council complies with the CIPFA Statement of the Role of the Director of Resources in Local Government	No Action	Green
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	22	The Constitution and the Scheme of Delegation ensures internal and financial controls are in place with assigned responsibilities to appropriate officers.	The Constitution sets out clearly the Finance Procedure Rules for budgets, actuals, virements and the role the budget holder has in this and their remit. The remit of the Audit and Risk Management Committee and other Committees is referenced. The Leadership Team gives high priority to governance and control. The Chief Exec meets regularly with the Chief Internal Auditor and audit information has been included in Power BI from Mid-2021. The Director of Resources attends the Corporate Governance Group. Membership also includes Director / Deputy Legal, and representatives from audit and risk. Oversees governance and compliance issues for the Authority.	No Action	Green

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				<p>Internal controls are undertaken based on an agreed action plan and provides assurance regarding risk, governance and internal controls.</p> <p>There is a well resourced internal audit function that has a committee agreed annual programme and interacts with external audit who place reliance on compliance audits and others.</p> <p>The Council has a Local Code of Governance in place that pays due regard to the SOLACE key principles and CIPFA guidance on Governance.</p>		
D	The Authority applies the CIPFA / SOLACE Delivering Good Governance in Local Government Framework (2016)	22	Review of the effectiveness of the system on internal control is reported in an annual governance Statement, that is reported along with the Statement of Accounts.	<p>The Council prepares the Annual Governance Statement (AGS) in line with the framework. A draft is presented to the Audit and Risk Management Committee (ARMC) for comment and approval as part of the Statement of Accounts delivery annually.</p> <p>CIPFA/ SOLACE Framework applied – see AGS which highlights strengths, improvements in year and development areas where exist for each of the 7 principles. Action Plan prepared for any Significant Governance Issues identified.</p>	No Action	Green
E	The Financial Management Style of the Authority supports financial sustainability	22-23	<p>Strong financial management is assessed against a hierarchy of:</p> <ol style="list-style-type: none"> 1. Delivering accountability 2. Supporting performance; and 3. Enabling transformation <p>Which financial management style is the organisation at: -</p>	<p>The Council has adopted a Business Partnering (BP) model that supports managers to deliver financially sustainable services by providing challenge, advice and support.</p> <p>This is supported by Senior Finance Managers (SFM) and</p>	<p>Continue to develop the financial skills and accountability of budget holders and senior managers to achieve VfM and improved performance. Including training for Members.</p> <p>All out four-year elections from 2023 will bring long term decision making</p>	Amber

Ref	Description	Pages of Code	Detail	Assessment	Actions	Overall RAG Status
			<p>Organisationally inclusive, strategically co-ordinated, business case focused, performance management driven, supportive and collaborative to achieve the desired outcomes.</p> <p>The budget setting process enables the directing of resources in line with key strategic documents, for example the Wirral Plan and capital strategy, ensuing they are used effectively. Supporting Officers in this regard, reporting on and improving performance, this enables the organisation to be transformative and delivering effectively and effectively for its residents.</p>	<p>Director of Resources and Assistant Director - Finance and Investment.</p> <p>Budget holders are responsible for spend against their budgets.</p> <p>Budget setting started early to ensure a balanced 5-year plan can always be maintained</p> <p>Committee reports have a financial implication section</p> <p>MTFS is a key part of the new TOM of the Council. Due regard of the MTFP and MTFS is taken account of in-service reviews and budget setting, This, therefore, supports financial sustainability.</p> <p>Committee budget workshops are now integral as part of the budget review, setting thereof and implementation and monitoring of potential adverse variance on budgets and to identify budget proposals.</p>	<p>and stability.</p> <p>Through the Independent Panel there will be additional support and understanding as its members (including 1 former s151 Officer) bring prior experiences and recommendations. This will continue until the Chief Executive feels we can discharge the panel.</p> <p>TOM is due for completion during 2022 to ensure compliance.</p>	
E	Develop financial management capabilities	22-23	Transformation is only achieved by financial management style that supports performance and accountability.	<p>Regular detailed financial reporting, inclusive of forecasts, is delivered to senior officers and P&R committee in order to make clear financial activity across the organisation so that service areas can be called to account as necessary. Reporting, governance and financial, oversight of Council Companies.</p> <p>Member knowledge and training, transparency of decision making.</p>	<p>Budget holder training</p> <p>Service Committee budget workshops continue to develop.</p> <p>Extensive Member training on their responsibilities, including financial is undertaken</p> <p>External advice on the governance and accounting of group companies is in action for 2022.</p> <p>Further develop the effective reporting, governance and financial, oversight of Council Companies</p>	

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					<p>Oracle Fusion and self-serve to make budget holders accountable and as a result changing the way that business partnering is provided so that the FBPs add more value.</p> <p>Oracle Fusion will bring enhanced financial self-serve facilities to budget holders, making financial information more transparent and consequently budget holders will become more accountable. As a result, changing the way that business partnering is provided so that the FBPs add more value</p>	
E		22-23	Review of management style and movement through the hierarchies in response to risk. This links directly to VfM.	<p>Development of supporting services to achieve VfM, monitoring and decision making is in development.</p> <p>Work by the Director of Resources to develop a platform for proactive decision making is underway were Budgets, Revenue, MTFS and MTFP is looked at holistically including the use of reserves and capital assets. The MTFS brings together the link between the Wirral Plan, service delivery and financial constraints including the guiding principles to achieve improved financial resilience.</p> <p>The transparency of the MTFS and MTFP is effective. Being reported to Members and is integral to plans and service reviews. This is having a positive effect on financial knowledge and hence developing FM capabilities.</p>	Continuation of the improvements from 2021 with regard to decision making and transparency. Greater assurance challenges will be further developed in 2022/23 following the appointment of an Assurance Manager in Finance.	
3. Long to Medium Term Financial Management						
F	The Authority has carried out a credible and transparent financial resilience assessment	25-26	Requirement to test sustainability against scenarios of cost drivers, service demands, resources and key risks. Review alternative	The monitoring of revenue in year and Outturn provides budget holders with information and BP's support this. This information	Assessments from CIPFA and Ada Burns in 2021 have created an improvement plan which is being implemented and reported upon to	Amber

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			options to match demand and resources. Exposure to long term revenue and expenditure risks.	<p>informs financial planning. Improvements are required due to a number of issues, systems, staffing of experienced budget holders who own budgets etc.</p> <p>Scenarios are modelled as part of the Budget and MTFP.</p> <p>Annual consideration of appropriate level of general reserves and the robustness and adequacy of estimates.</p> <p>CIPFA supported the Council in benchmarking.</p> <p>CIPFA and Ada Burns reports were assessments of financial resilience which have lead to recommendations and actions via the improvement board which are being reported and monitored.</p> <p>Service reviews have commenced for example the decision to bring the service of Wirral Evolutions back in-house from October 2022.</p>	<p>the independent panel. Independent Panel to continue to monitor progress and report to DLUHC.</p> <p>To use service review tests to review whether to stop/make/buy options i.e. traded services reviews</p>	
F		25-26	Critical evaluation of financial resilience	<p>The Authority has undertaken the course of action to seek from HMT via DLUHC a capitalisation direction which has been approved.</p> <p>Work on the financial resilience of the authority is the highest priority of this council in order to ensure the ability to provide essential services and protect the vulnerable.</p> <p>SLT, Directors, AD's, Budget holders are all involved in the MTFP.</p>	<p>Approach to MTFP to manage resources is continually being developed and enhanced year on year.</p> <p>Ongoing reporting from Independent Panel to DLUHC will support evidence of financial resilience.</p>	
F		25-26	Use of the Financial Resilience	Currently the Council does not use	Continue to use the concept and	

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			Index to identify pressure points. Stress testing the financial resilience has been carried out, if not then Authority can't be regarded as financially sustainable, and test is failed!	the Financial Resilience Index, however we do use the concept and the data from the financial resilience index but on a more up to date and frequent basis to allow us to come to a view.	data from the financial resilience index to help form views.	
F		25-26	High level capital investment and associated borrowing should adopt a long-term approach	Capital Resources have been deployed for long term benefits. For example, Strategic Acquisition Fund has helped drive regeneration initiatives. IT capital investment is for longer term benefit. Capital bids are assessed against strategic priorities.	Further work to be undertaken on prioritisation and programming to exploit opportunities for future capital investment. CIPFA are involved in reviewing use of capital. Look at extra care housing in the longer-term and regeneration to save future running costs and generate more income.	
F		25-26	Prudential Code requires Authority to have a Capital Strategy	Capital strategy is presented annually to P&R and then Full Council.	No Action.	
G	The Authority understands its prospects for Financial Sustainability in the longer term and has reported this clearly to members	26	Having carried out the financial resilience assessment (H) the Authority needs to demonstrate how risk is identified and have informed the long-term financial strategy	Regular reports to P&R Other items such as regen programme to generate future income flows for financial resilience. 5 Year MTFP.	Service committee budget workshops continue to improve. Action from Government to provide a longer-term settlement which would help with our longer-term plan for sustainability.	Amber
G		26	Overarching strategic vision, including how the Council will achieve outcomes, and interventions, with alignment to the Wirral Plan	Through the introduction in 2020 of the Committee system this has allowed greater challenge of the financial sustainability of the Council. Improvements made in 22/23 budget and MTFS to ensure there is a direct correlation through the strategies and financial implications. The Council produces a five-year MTFS and MTFP and a corporate plan, change programme and TOM.	More work is required to develop the MTFS and MTFP for 2023/24 to be more accountable and transparent. And to link in with the Business plans of services with financial planning. Implementation of the TOM to be completed and monitoring to be introduced. Monitoring against the Wirral Plan, in year revision of the MTFP against economic and known influences, to be considered and actioned. The improvement plan delivered to DLUHC and the Enabling strategies	

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				Budget business cases must reflect and integrate strategic plans including the Wirral Plan.	will ensure direct correlation to vision.	
G		26	How has the Council undertaken a visionary exercise to understand the shape of services in the future? This needs to be sufficiently comprehensive to identify financial sustainability	The principles have been agreed of the new operating model which we are taking forward as part of the service reviews. These principles link to the Wirral plan vision.	Business planning links to the Wirral plan directly and is refreshed when required. Resilient Communities programme will look at how we provide services for the future, plus other things like co-location, regeneration enabling leisure strategy and health and wellbeing.	
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	26-27		The Council produces a Capital Strategy which is presented annually to P&R and Full Council. Treasury monitoring is reported to P&R including statements of compliance with prudential indicators.	No action.	Green
I	The Authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	27	Translation of the long-term view into a more detailed medium-term financial plan. The time frame of which should support financially sustainable decision making. Clearly linked to service plans.	The authority has a MTFP for five years and this has been going through a transition of improvements recently. The MTFP is clearly linked to services/directorates.	Business plan development and liaison with service committees accordingly. These will include improved saving and pressures, deliverability timetables.	Amber
4. The Annual Budget						
J	The Authority complies with its statutory obligations in respect of the budget setting process.	29	These are mainly covered by Part 2 of the Local Government Act 2003. This includes robustness of estimates included in the budget, financial monitoring and reserves. It also includes s114 of the Local Government Act 1988. Which requires the Director of Resources to report to Council any unlawful budget (unbalanced) and take the appropriate action.	2020/21 and 2021/22 The council entered into an approved capitalisation direction as it was reported by the Director of Resources that without this directive a s114 would be reported. All estimates are reviewed by the Director of Resources before being presented in the budget along with reserves and use of reserves, capital budgets and cash flows. Budget processes are documented, consultation undertaken and reported through	No action.	Green

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				to service committees, P&R and vote at Full Council. In 2021/22 major work commenced led by the Director of Resources to work with improving the financial resilience, controls and planning of the authority. This is being supported by CIFPA, additional financial resources and existing officers and directors		
J		29	Annual report setting out the proposed budget for the coming year is a key document. Compliance with (H) above. Plans should be owned by the leadership team and senior managers.	Director of Resources and Council comply with the requirements to set an annual budget. Where non-compliance occurred then the Director of Resources would issue a S114 notice. SLT, Members and Officers are Involved in challenge and development of budget proposals. The finance sub-group at member level and ICB at officer level are involved in the budgets. In addition Director of Resources and the Chief Executive meet to review performance on a six weekly basis. Revised templates and procedures to identify and mitigate risks. Regular reporting of financial matters to members and officers.	Improvements will continue with greater involvement of the leadership team and budget holders This is currently being developed, with a new reporting solution, to improve accountability, accessibility and transparency being implemented in 2022/23. This will continue to be developed through the implementation of an ERP system during 2023.	
K	The annual budget report includes a statement by the Director of Resources on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	29	Level of reserves are approved and reported by the Director of Resources and robustness of estimates. They are assessed as adequate and determined by the Authority	The Director of Resources as part of the budget setting reports on the level of reserves and the robustness and adequacy of estimates.	No Action.	Green
5. Stakeholder engagement and business cases						
L	The Authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	31	Stakeholder consultation reduces potential legal or political challenge. This encourages community involvement especially where an authority adopts an enabling approach to delivery.	Budgets go through a robust stakeholder engagement in an open consultation and feeds/informs the budget recommendations.	A detailed structured process will be established to monitor saving and pressures, identify saving for the MTFP, ensure robust business proposals and business cases are in place.	Amber

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				<p>The budget went to public consultation 'Have your Say' in 2021, and included all the statutory requirements, including reserves, capital budget and treasury. P&R committee received the budget ahead of it being presented to Full Council in March 2021 and in 2022.</p> <p>CIPFA were engaged to support the work following the capitalisation directive. CIPFA were working to support the improvements and verify the financial resilience which in turn has created changes to decision making and monitoring, which includes engagement with members.</p> <p>Service Committees, budget holders and Directors are all involved in the budget and options and approve the budgets.</p>	<p>Continue with internal developments for clear focus on services demands and pressures including saving within the resources available.</p> <p>Consultation earlier so that responses are considered before budget P&R.</p> <p>Work is being undertaken to enhance the reporting for Committees to enhance transparency and to receive more regular updates. A reporting cycle timetable has been drawn up, and expectation on timing and style of reporting will be taken to service committees' post-election.</p>	
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	31	<p>Authority decisions must be informed by clear business cases based on application on appropriation options appraisal techniques.</p> <p>Accountants are expected to comply with the IFAC/PAIB project and investment Appraisal for Sustainable Value Creation (see Appendix B in FM Code).</p> <p>Director of Resources responsibility to ensure material decisions are supported by option appraisal for decision making.</p>	<p>Business cases are required for all capital projects and are approved by the Capital and Asset Management Group oversee programme.</p> <p>Investment and Change Board (ICB) approve projects. Committee approval also required when appropriate.</p> <p>Revenue saving are initially conceptual in the form of a business proposal and then full business case which is approved by directorates, SLT, P&R and Change Programme. Proportionality is used for the detail of business cases.</p>	<p>Value for Money needs to be key decision factor along with our Council values of protecting residents and the vulnerable.</p> <p>Service Reviews will be taken to appraise the current services provided and implement changes for the future & VfM considerations will be key.</p>	Amber

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				<p>Established option appraisal process for large projects through OBC / FBC methodologies – but recognise need a better process for tracking / monitoring achievement of benefits A complete review of the process was undertaken.</p> <p>All reports have financial implications agreed by s151 officer</p>		
6. Monitoring Financial Performance						
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	33	<p>Timely financial and operational performance so that policy objectives are delivered.</p> <p>Indicators (warning signs) of failed saving or inability to delivery saving, increased costs should be monitored and reported on regularly. Trends should inform section 3 of this Code.</p>	<p>Quarterly performance monitoring is reported through Dashboards to budget holders, stakeholders and senior officers, through to the Chief Executive and Leader of the Council.</p> <p>Quarterly reporting of financials in conjunction with the above allows decisions to be made to mitigate issues and highlight financial resilience or performance issues. (Monthly financial reporting via Power BI has been introduced).</p> <p>Capital monitoring is reported quarterly to member committees. Capital and Asset Group regularly reviews the performance of the Capital Programme.</p> <p>ICB is engaged to consider strategic programme delivery, new initiatives and related financial commitments.</p> <p>Routine reporting of status associated with savings plans incorporated into financial reporting mechanisms.</p> <p>Six weekly section 151 Officer and Chief Executive meetings along</p>		Green

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				with individual Senior Leadership Team (SLT) members. Frequent reporting to SLT on the in-year savings and next years budget progress.		
O	The Leadership Team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.	33	Authorities should closely monitor significant material elements of its balance sheet for departure from financial plans	Treasury activity is managed daily and reported frequently to Director of Resources and AD of Finance and Investment. Reports are taken throughout the year to P&R and Full Council for strategy approval. Reports to SLT quarterly. Cash flows are managed through treasury management on a daily basis and external treasury advice is commissioned through Arlingclose. Planned and unplanned use of reserves are reported in outturn reports and monitored throughout the year and reported to P&R.	Identify areas of risk and report regularly. An assessment is required as to which balance sheet items should be reported to SLT. Consider what major balance sheet items can be made visible in quarterly financial reporting i.e. debtors. Review the debtors procedures and monitoring to ensure debt is managed in an effective manner to avoid increased Expected Credit Losses that have a direct impact on General Reserves, alongside an internal audit review. Asset management strategy to be completed by 2022.	Red
O		33	Where a significant commercial portfolio exists adequate records should be maintained.	Regeneration programmes will in future years bring significant rental income into the Council	Accounting for the income is being concluded upon. The management of the housing rentals in future years is to be designed and implemented nearer the time the leases come to the Council.	
O		33	Director of Resources certifies or confirms per Regulation Statement of Accounts provide a true and fair view at the balance sheet date.	Complete review of the accounts is undertaken annual by the Director of Resources as part of the completion of the financial statements. The Technical Finance Manager will raise concerns during the year of issues with the Director of Resources and AD with recommendations.	No Action.	

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7. External Financial Reporting						
P	The DIRECTOR OF RESOURCES has personal and statutory responsibility for ensuring that the Statement of Accounts produced by the LA complies with the CIPFA Code of Practice UK	35	Statutory responsibility of the Director of Resources for producing the Statement of Accounts, Maintaining financial records and Certification of the Accounts as True and Fair	Fully compliant. Externally audited.	No Action.	Green
Q	The presentation of the Outturn figures and variations to budget allows the leadership team to make strategic financial decisions	36	Key the leadership team understand how effectively resources have been used during the year and explanations for material variances from initial and revised budgets	<p>The final Outturn is presented to service committees, directors and budget holders to comment. The final Outturn is presented to P&R and the Full Council.</p> <p>Outturn report includes commentary on debt and also mid-year reporting of capital, investments reports to committees. Budget reporting during the year and annually, also includes reserves.</p> <p>Issues with the outturn are included within the MTFP as future years pressures/growth.</p> <p>The narrative report in the Statement of Accounts summaries the Outturn position for readers of the Accounts and commented on with any recommendations by the External Auditors in their VfM findings.</p>	<p>Improvement plan to be detailed.</p> <p>Review of the outturn report to ensure it covers:</p> <ul style="list-style-type: none"> • impact of variances on general balances and earmarked reserves • makes proposals for further contributions to/or from these general balances and earmarked reserves • sets out the impact of key variances on the MTFS/future years budgets and any mitigating action being taken • focus is on material issues, which require action or awareness from the leadership team and therefore are appropriately focused 	Amber

The following link or attached document for more information to facilitate the completion of this document.

<..\1. Statutory Accounts\CIPFA\CIPFA Publications\3. Financial Management Code\fmcode2019.pdf>



fmcode2019.pdf

[H:\Finance\AccyDivn\Divisional Administration\COMMITTEE REPORTS\2021-22\Revenue Budget Reports\ERD 2021-22 Budget Monitoring and 2022-23 Budget Process.doc](#)

The CIPFA financial management standards

Summary table of CIPFA financial management standards

FM standard reference	CIPFA financial management standards
	Section 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 provide value for money.
B	The authority complies with the CIPFA <i>Statement on the Role of the Chief Finance Officer in Local Government</i> .
	Section 2: Governance and financial management style
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.
D	The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework</i> (2016).
E	The financial management style of the authority supports financial sustainability.
	Section 3: Long to medium-term financial management
F	The authority has carried out a credible and transparent financial resilience assessment.
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
H	The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i> .
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.
	Section 4: The annual budget
J	The authority complies with its statutory obligations in respect of the budget setting process.
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.
	Section 5: Stakeholder engagement and business plans
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.
	Section 6: Monitoring financial performance
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.
	Section 7: External financial reporting
P	The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i> .
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

Appendix B

