

Governance Committee

Tuesday, 25th May, 2021, 6.00 pm

Shield Room, Civic Centre, West Paddock, Leyland PR25 1DH

Supplementary Agenda

I am now able to enclose, for consideration at the above meeting of the Governance Committee, the following information:

9 Review of Compliance with CIPFA Financial Management Code (Pages 3 - 24)

Report of the Deputy Chief Executive enclosed.

Gary Hall
Chief Executive

Electronic agendas sent to Members of the Governance Committee

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Agenda Item 9

Report to	On
Governance Committee	Tuesday, 25 May 2021



Title	Report of
Review of Compliance with CIPFA Financial Management Code	Deputy Chief Executive

Is this report confidential?	No
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Purpose of the Report

1. To present the review of the Council's compliance with CIPFA's Financial Management Code.

Recommendations

2. That the Committee notes:
 - The publication of the Financial Management Code and the requirement for its application from 1 April 2020.
 - That 2020/21 was a shadow year during which all local authorities have been working towards full implementation for the first full year of compliance in 2021/22.
 - That an initial assessment has been carried out at APPENDIX A of the Council's assessed level of compliance compared to the Standards contained in the Financial Management Code.
 - The actions outlined in Appendix A.

Reasons for recommendations

3. It is a requirement for the council to report on its assessment of compliance with the Financial Management Code

Other options considered and rejected

4. None

Corporate outcomes

5. The report relates to the following corporate priorities: *(tick all those applicable)*:

An exemplary council	<input checked="" type="checkbox"/>	Thriving communities	
A fair local economy that works for everyone	<input type="checkbox"/>	Good homes, green spaces, healthy places	

Background to the report

6. Local government finance in the UK is governed by primary legislation, regulation and professional standards, as supported by statutory provision. The financial management of a local authority, has not however, until now, been supported by a professional code. The Financial Management Code (FM Code) has been introduced because the exceptional financial circumstances faced by local authorities have revealed concerns about fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future.
7. Whilst there is much good practice across the sector, the failures of a small number of authorities has threatened stakeholders' confidence in local government as a whole. The FM Code is therefore designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability; for the first time, the FM Code sets the standard of financial management for local authorities.
8. Although the FM Code does not have legislative backing, it applies to all local authorities, including police, fire, combined and other authorities.
9. CIPFA have considered the implementation of the FM Code and consider that 2020/21 should be a shadow year of operation for local authorities to demonstrate that they have been working towards full implementation of the Code; the first full year of compliance with the Code will therefore be 2021/22.

The Financial Management Code

10. The purpose of the FM Code itself is to establish the principles in a format that matches the financial management cycle and supports governance in local authorities. A series of financial management standards set out the professional standards needed if a local authority is to meet the minimal standards of financial management acceptable to meet fiduciary duties to taxpayers, customers and lenders. Since these are minimum standards, CIPFA's judgement is that compliance with them is obligatory if a local authority is to meet its statutory responsibility for sound financial administration. Beyond that, CIPFA members must comply with it as one of their professional obligations.
11. While the statutory local authority budget setting process continues to be on an annual basis, a longer-term perspective is essential if local authorities are to demonstrate their financial sustainability. Short-termism runs counter to both sound financial management and sound governance.
12. Reflecting on the importance of longer-term financial planning, one of the objectives of the FM Code is to support organisations to demonstrate that they have the leadership, capacity and knowledge to be able to plan effectively. This must be balanced against retaining the integrity of the annual budget preparation process when the need to make difficult decisions may threaten its integrity.
13. Significantly, the FM Code builds on the success of the CIPFA Prudential Code, which requires local authorities to demonstrate the long-term financial sustainability of their capital expenditure and associated borrowing. With this success came new financial

freedoms to make local decisions on matters that had hitherto been subject to central government control.

14. The FM Code is consistent with other established CIPFA codes and statements in being based on principles rather than prescription. The FM Code incorporates existing requirements on local government so as to provide a comprehensive picture of financial management in the authority.
15. The application of the FM Code will therefore provide the strong foundation within local authorities to enable them to:
 - Financially manage their short-, medium- and long-term finances
 - Manage financial resilience to meet foreseen demands on services
 - Financially manage unexpected shocks in their financial circumstances.
16. The underlying principles that inform the FM Code have been developed in consultation with senior practitioners from local authorities and associated stakeholders. The principles have been designed to focus on an approach which will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable.
 - **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, which 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 and includes 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.
17. Each local authority must demonstrate that the requirements of the FM Code are being satisfied. However, the FM Code is not expected to be considered in isolation, and accompanying tools will form part of the collective suite of evidence to demonstrate sound decision making and a holistic view is taken.
18. Demonstrating this compliance with the FM Code is a collective responsibility of Elected Members, the Chief Finance Officer (CFO) and their professional colleagues in the leadership team.
19. It is for all the Senior Management Team (SMT) to work with Elected Members in ensuring compliance with the FM Code and so demonstrate the standard of financial

management to be expected of a local authority. In doing this, the statutory role of the Section 151 Officer (S151) will be both recognised and supported in achieving the leadership roles essential for good financial management.

20. An assessment has been carried out at Appendix A of the Council's assessed level of compliance compared to the Standards contained in the FM Code.

Risk

21. Appendix A to this report outlines the areas where improvements will be made to improve compliance with the Financial Management Code. One key area for improvement is updating the process by which the Council creates and approves business cases, especially for new capital projects.

Equality and diversity

22. None

Air quality implications

23. None

Comments of the Statutory Finance Officer

24. Chief Financial Officer (Section 151 Officer) has the Statutory Responsibility (supported by the management team and elected members) for ensuring compliance with the FM Code. Actions and responsibilities are outlined in appendix A to this report.

Comments of the Monitoring Officer

25. The assessment of the FM code and the actions identified are in keeping with the Council's commitment to implementing improved Governance across the organisation.

Appendices

Appendix A – Assessment of Compliance with Financial Management Code

Louise Mattinson
Chief Finance Officer

Report Author:	Email:	Telephone:	Date:
Louise Mattinson, James Thomson (Director of Finance and Section 151 Officer, Deputy Director of Finance)	louise.mattinson@southribble.gov.uk, james.thomson@southribble.gov.uk	01772 (62) 5625	18/05/21

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**Chief Finance Officer Assessed Level of Compliance with the CIPFA FM Code
May 2021**

Ref.	Description of the Standard	Pages of the Code	CFO Assessment of Current Position	Actions Required
Responsibilities of the Leadership Team and Chief Financial officer (CFO)				
A	<p>The leadership team is able to demonstrate that the services provided by the authority provide value for money (VFM).</p> <p>Detail:</p> <p>Legislative requirement for Authorities to deliver VFM.</p> <p>Delivery of VFM depends on decisions of Elected Members.</p> <p>Shared responsibility across the Leadership Team to communicate and understand the risks involved.</p>	17-18	<p>ASSESSMENT - GREEN</p> <p>Value for Money is assessed as part of the external audit process - for 2019/20, the Council received an unqualified VfM Opinion.</p> <p>Business cases for spending plans are reviewed by the Senior Management Team (SMT) before passing through to Members where decision-making is taken by the relevant Committee or Full Council, in line with the Constitution and Financial Regulations.</p> <p>Regular meetings take place between the Chief Executive, the Deputy Chief Executive, the Leader and relevant Directors, at which budget issues are discussed, including the continuing impact of Covid-19 on the Council's finances, to ensure that any proposals for additional spend show value of money . All Covid related spend is checked by the Finance Team and a tracker is maintained for scrutiny and audit purposes, as well as Government submission.</p> <p>Meetings take place between the S151 Officer, the Leader and other elected members to discuss the Medium-Term Financial Strategy (MTFS) and budget, including ongoing forecasting.</p> <p>The MTFS and Budget was agreed in February 2021 with additional ring-fenced investment at the direction of Elected Members. Additional business case development will be required to ensure that value for money can be achieved to move these projects forward.</p> <p>Any 'commercial' investments will be monitored through the Capital Strategy and Budget Monitoring updates</p>	<p>Actions:</p> <p>Additional business case development is required to ensure that value for money is evidenced.</p> <p>Responsible:</p> <p>SMT, including CFO and Deputy CFO</p>

<p>B</p>	<p>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</p> <p>Detail:</p> <p>In summary this Statement requires that the CFO:</p> <ul style="list-style-type: none"> • Is a key member of the Leadership team, helping it to develop and implement strategy and to resource and deliver the organisation’s strategic objectives sustainably and in the public interest. • Must be actively involved in, and able to bring influence to bear, on all material business decisions, to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation’s financial strategy. • Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. • Must lead and direct a finance function that is resourced to be fit for purpose. • Must be professionally qualified and suitably experienced. 	<p>18-19</p>	<p>ASSESSMENT - GREEN</p> <p>During 2020/21 the Deputy Director of Finance, acted as the authority’s Section 151 Officer and Chief Financial Officer until a permanent Director of Finance was appointed to in April 2021 – both postholders are qualified accountants</p> <p>The Director of Finance (and prior to this appointment, the Deputy Director of Finance) is a key member of the SMT and meets with the Chief Executive, Deputy Chief Executive, Leader and Deputy Leader/Executive Member on a regular basis to discuss all matters pertaining to the financial management of the council.</p> <p>All Cabinet and Council Reports are discussed in advance and agreed at SMT.</p> <p>The Finance Team consists of 20 FTE officers. There are also 4 FTE officers in the Internal Audit Team, including a fully qualified Service Lead for Audit and Risk shared across both Chorley Borough Council and South Ribble Borough Council.</p> <p>The Finance Team includes 5 fully qualified accountants and 8 part qualified, or fully AAT qualified, officers. All officers are offered continued professional development, including 3 apprentices and 2 CIPFA graduate trainees. The development of the resilience of the finance team in terms of developing internal expertise is included in the Finance Service Plan.</p> <p>The Council also subscribes to additional professional expertise and advice in relation to technical accounting, treasury management, financial management and planning and taxation.</p>	<p>Actions:</p> <p>To continue to support professional development</p> <p>To continue to build and develop the resilience of the Finance Team in terms of developing internal expertise as detailed in the 2021/22 Finance Service Plan</p> <p>Responsible:</p> <p>CFO and Deputy CFO</p>
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Ref.	Description of the Standard	Pages of the Code	CFO Assessment of Current Position	Actions Required
Governance and Financial Management Style				
C	<p>The Leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p> <p>Detail:</p> <p>A proper scheme of delegation that ensures that frontline responsibility for internal and financial control starts with those who have management roles.</p> <p>Clarity over the role of Head of Paid Service and Monitoring Officer.</p> <p>The Governance Committee provides independent assurance over governance, risk and internal control arrangements, with a focus on financial management, financial reporting and audit and assurance.</p> <p>Leadership Team with a culture of constructive challenge based on realism.</p> <p>Goals, assumptions, and implementation plans are rigorously examined.</p>	21	<p>ASSESSMENT - GREEN</p> <p>The Financial Procedure Rules inform the role of a Budget Holder. Job descriptions and the job evaluation system recognise management of resources as a key responsibility. This is assigned at a level so that service delivery and budget can be aligned.</p> <p>The roles of the Head of Paid Service and Monitoring Officer are defined in the Council's Constitution.</p> <p>The Terms of Reference for the Governance Committee (as the Council's Audit Committee) cover the areas referenced.</p> <p>The Internal Audit Service has provided assurance over the effectiveness of the Governance of the Council, and the system of Internal Control, through the provision of an annual assessment to assist in the production of the Annual Governance Statement.</p> <p>Internal Audit play a key part in the Council's assurance framework and meet routinely with the S151 Officer, and other members of the SMT, to ensure that Audit resources are appropriately directed towards the areas of greatest need (applying a risk-based approach) and that audit actions are followed up.</p> <p>The Corporate Governance Group, with membership including the Chief Executive, the Deputy Chief Executive, the Monitoring Officer, the S151 Officer and the Head of Internal Audit, meets monthly with a remit that encompasses review and oversight of risk</p>	<p>Actions:</p> <p>Quarterly Internal Audit Progress reports are scheduled for discussion at SMT to ensure sufficient focus on implementing agreed actions.</p> <p>Discussions will continue to be held with the Internal Audit Team to ensure that the programme of work for 2021/22 takes account of the ongoing pandemic effect and ensures that work is prioritised appropriately. This will include improving the timeliness of agreeing actions from internal audit and the implementation of those actions.</p> <p>The final Counter Fraud and Corruption Policy will be taken to Governance and Full Council for Approval</p> <p>Responsible:</p> <p>SMT</p> <p>Service Lead for Audit and Risk</p>

			<p>management and governance and internal control arrangements.</p> <p>Senior Managers and Internal Audit have acknowledged the impact of the pandemic on the audit plan which has limited the amount of audit work undertaken during 2020/21. The work that has been undertaken has been targeted towards higher priority areas. The Internal Audit Plan for 2021/22 will take account of the outstanding priorities and work deferred from 2020/21.</p> <p>A new Counter Fraud and Corruption Policy was taken to SLT on 4 May 2021. Once finalised this will be taken to Governance and Council for adoption.</p> <p>Regular monitoring of the Corporate Risk Register is undertaken by the SMT.</p> <p>Regular meetings are held between Members of SMT and Cabinet Members.</p>	
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Ref.	Description of the Standard	Pages of the Code	CFO Assessment of Current Position	Actions Required
D	<p>The authority applies the CIPFA/SOLA CE Delivering Good Governance in Local Government: Framework (2016)</p> <p>Detail:</p> <p>This framework recommends that the review of the effectiveness of the system of internal control is reported in an annual governance statement</p>	22	<p>ASSESSMENT - GREEN</p> <p>The Council prepares an Annual Governance Statement in line with the framework within CIPFA's Local Code of Corporate Governance.</p> <p>The draft AGS is provided to the Governance Committee for review and approval in advance of its inclusion in the Statement of Accounts.</p>	<p>Actions:</p> <p>None Identified</p>

Ref.	Description of the Standard	Pages of the Code	CFO Assessment of Current Position	Actions Required
E	<p>The financial management style of the authority supports financial sustainability</p> <p>Detail:</p> <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. 	22-23	<p>ASSESSMENT - GREEN</p> <p>The Council’s Corporate Plan and MTFS set the strategic framework for the work and financial plans of the Council and recognise the agreed corporate priorities and objectives.</p> <p>Budgets are prudent and sustainable to ensure that a balanced budget is maintained, and that in-year expenditure is matched by income from Council Tax, Business Rates, sales, fees and charges income, and grants from government and other bodies,</p> <p>Funding from reserves is used to support one-off investments or initiatives, subject to Member approval of business cases.</p> <p>Significant risks are identified, monitored, reported and mitigating actions identified to manage these.</p> <p>The Capital Programme is planned over a 3-year period.</p> <p>The uncertainties around future government funding (e.g. the Fair Funding Review and the future of Business Rates Retention) are recognised and reflected in the MTFS, Capital Strategy and appendices to the budget report.</p> <p>Council Tax increases are kept within the referendum limits, and preliminary assumptions regarding future year increases are set out within the MTFS and the appendices to the budget papers, recognising that these may be subject to change.</p> <p>Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council</p>	<p>ACTIONS:</p> <p>The Finance Service Business Plan for 2021/22 includes clear objectives to further strengthen financial management and control including;</p> <ul style="list-style-type: none"> • To review and implement identified improvements to the monthly budget monitoring process • To review fees and charges across the Council • To review and improve cash flow and treasury management monitoring and reporting <p>The management of performance and risks has been refreshed at South Ribble for 2021/22. Responsibility falls with SMT and will be reported regularly.</p> <p>Responsible:</p> <p>CFO SMT</p>

			In achieving stages 1 and 2 of the CIPFA FM Code hierarchy, Budget Holders, with support from finance, take responsibility for spend against their budgets.	
Long to Medium Term Financial Management				
F	<p>The authority has carried out a credible and transparent financial resilience assessment</p> <p>Detail:</p> <p>Requirement to test sustainability against plausible scenarios of cost drivers, service demands, resources and key risks.</p> <p>Review of alternative options to match demand and resources.</p>	25-26	<p>ASSESSMENT - GREEN</p> <p>Financial resilience underpins the objectives of the Council's MTFs and an annual budget risk assessment is undertaken to support this.</p> <p>As part of the budget setting process the level of reserves are reviewed to ensure they are robust, in light of the assessment of financial risks that the Council is exposed to.</p> <p>The service and financial planning process provides information on cost and demand drivers to enable robust and informed financial planning in each service area.</p> <p>The budget papers include appendices that outline the key assumptions regarding the 3-year revenue and capital budget. In line with the requirement of the Code of Practice these assumptions are prudent. Where budget risk is identified, reserves and other resources have been set aside to enable the Council to set a robust MTFs.</p>	<p>ACTIONS:</p> <p>As part of the quarterly budget monitoring process the Council will continually reviews its level of reserves to enable it to manage budget risk.</p> <p>Finance reports will be taken to Leadership, Scrutiny and Executive Cabinet alongside performance reports to enable members to evaluate the risks to the budget and risks to corporate performance.</p> <p>As identified above, as the Council embarks on an expansive capital programme, additional business case development is required to ensure that value for money is evidenced.</p> <p>Responsible:</p> <p>CFO</p> <p>SMT</p>

Ref.	Description of the Standard	Pages of the Code	CFO Assessment of Current Position	Actions Required
G	<p>The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.</p> <p>Detail:</p> <p>Based on the above, have a long-term financial strategy that links to vision, strategy and outcomes.</p> <p>This should include a vision of what services will look like in the future to achieve financial sustainability. The length of the long-term is undefined and should be linked to the risks faced. Potentially should be 10 years+.</p>	26	<p>ASSESSMENT – AMBER</p> <p>The MTFs is developed in consultation with SMT and Elected Members. It is approved by the Executive before being recommended to Full Council. The Corporate Plan is approved prior to the MTFs with the budget approved to deliver the outcomes outlined in the plan.</p> <p>The Council produces a 3-year MTFs based on assumptions that are outlined in full within the budget papers.</p> <p>The briefings and reports to Members are clear about medium-term budget risks and sustainability. This includes the budget impact from potential Government reforms. The impact on the budget of these reforms are prudent and transparent. However, due the short and medium-term uncertainty, it is not deemed feasible to develop a revenue and capital budget beyond 3-years.</p> <p>The Council retains prudent levels of resources to manage risks over the medium term as outlined in the budget papers.</p> <p>The capital plan covers 3 years and reflects the Council's key strategic objectives, such as local investment in affordable housing, regeneration, play and open space and council assets to improve resident's experience of Council services.</p>	<p>Actions:</p> <p>None identified at this point in time as the relevance and accuracy of financial modelling and forecasting beyond the 3 year period is very much dependant on clarity from central government on the future of local government funding; specifically the outcomes of the Fair Funding Review and the review of Business Rates Retention which are significantly overdue.</p> <p>We will monitor this position going forward, and pending the availability of further information on the future of local government funding, we will consider development of the MTFs and financial planning beyond the 3 years that are currently modelled.</p> <p>Responsible: CFO</p>
H	<p>The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.</p> <p>Detail:</p> <p>The Council has a long-term Capital Strategy that ensures that assets are managed and future</p>	26-27	<p>ASSESSMENT - GREEN</p> <p>Management of the Council's debt is governed by the Treasury Management Strategy and Prudential Indicators which aim to ensure the Council's capital expenditure plans are prudent, affordable and sustainable, with decisions on borrowing taken in line with spending plans considering available funding, cash flow needs and interest rates (both current and future forecasts).</p>	<p>Actions:</p> <p>The CIPFA Code requires the Chief Finance Officer to ensure that Members with responsibility for treasury management, particularly those with responsibility for scrutiny, receive adequate training in treasury management.</p>

APPENDIX A

	<p>plans are linked to capital resources available.</p> <p>Commercial investment activity should be considered over a suitable time horizon with risks fully considered.</p> <p>Ensure compliance with the Prudential Code if borrowing.</p>		<p>Regular Treasury Management Reports are presented to the Governance Committee.</p> <p>The Council’s Treasury Management Strategy and Prudential Indicators comply with the requirements of the Prudential Code.</p>	<p>Training will be arranged to support the respective Members to discharge their duties in this regard.</p> <p>Responsible: CFO</p>
I	<p>The authority has a rolling, multi-year medium-term financial plan consistent with sustainable service plans.</p> <p>Detail:</p> <p>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.</p> <p>Clear link to service plans.</p>	27	<p>ASSESSMENT - GREEN</p> <p>The Council has a 3-year indicative budget which underpins annual service planning, this is updated throughout each financial year with the process of revision beginning in summer and feed through Member meetings in October to January.</p> <p>Regular updates are provided throughout the budget setting process, to the Leader and the Executive Members on the latest information and assumptions in respect of funding, costs and risks.</p>	<p>Actions:</p> <p>To review the service and financial planning process in order to identify and implement improvements.</p> <p>Responsible:</p> <p>CFO</p> <p>Shared Service Lead - Transformation and Partnerships</p>

Ref.	Description of the Standard	Pages of the Code	CFO Assessment of Current Position	Actions Required
Annual Budget				
J	<p>The authority complies with its statutory obligations in respect of the budget setting process.</p> <p>Detail:</p> <p>These are generally covered by part 2 of Local Government Act 2003. This includes robustness of estimates and reserves (covered below) and the requirement for financial monitoring.</p> <p>It also includes section 114 of the Local Government Finance Act 1988, which requires the CFO to issue a report if the Council is about to incur unlawful expenditure. This would include setting an unbalanced budget.</p>	29	<p>ASSESSMENT - GREEN</p> <p>The Council sets a balanced budget and complies with the requirement in relation to the S151 Officer statement (s25) on the robustness of the budget and the adequacy of reserves.</p>	<p>Actions:</p> <p>None Identified.</p>
K	<p>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.</p> <p>Detail:</p> <p>Reserves to be considered as part of the budget process and should be 'adequate' and 'necessary'. They should enable the Council to manage unexpected events from within its own resources.</p> <p>The budget report details earmarked reserves held, the purpose of each reserve and estimated opening and closing balances.</p>	29-30	<p>ASSESSMENT - GREEN</p> <p>As noted in respect of Financial Management Standard J, the reports presented to Council include an appendix with a statement from the Chief Finance Officer on the robustness of the estimates included within the budget and a statement on the adequacy of the proposed level of reserves.</p>	<p>Actions:</p> <p>None Identified.</p>

Ref.	Description of the Standard	Pages of the Code	CFO Assessment of Current Position	Actions Required
Stakeholder Engagement and Business Plans				
L	<p>The authority has engaged, where appropriate, with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.</p> <p>Detail:</p> <p>Enabling residents to understand that resources are limited and spending has to be prioritised.</p> <p>Leadership Team redirects resources to areas of higher priority.</p> <p>Understanding of statutory service delivery requirements.</p> <p>Use stakeholder consultation to set priorities.</p> <p>Helps to encourage community involvement, which could help reduce costs.</p>	31	<p>ASSESSMENT - GREEN</p> <p>The Budget and MTFS are developed in consultation with Members and SMT, building on discussions held with budget holders to identify pressures and savings.</p> <p>A public consultation takes place, the results of which are reported to Members.</p> <p>Member briefings are held during October to January to highlight the key budget issues and to encourage further discussion.</p>	<p>Actions:</p> <p>To review the responses to the budget consultation to consider the content and application to the next budget setting process, including specific budget proposals.</p> <p>Responsible:</p> <p>CFO</p> <p>Shared Service Lead - Transformation and Partnerships</p>

<p>M</p>	<p>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p> <p>Detail:</p> <p>Decisions are made from clear business cases that detail the up-front and ongoing costs and benefits.</p> <p>Where appropriate the time value of money should be considered.</p> <p>Alternative options should be considered.</p> <p>The complexity of the business case should be proportionate to the decision.</p>	<p>31-32</p>	<p>ASSESSMENT - AMBER</p> <p>Investment decisions are based on the evaluation and successful outcome of business cases. These are reviewed and approved by senior management, Leadership and the Executive or Full Council, as applicable, in line with the Council’s Constitution and financial regulations.</p>	<p>Actions:</p> <p>Additional business case development is required to ensure that value for money is evidenced.</p> <p>Responsible:</p> <p>SMT including CFO and Deputy CFO</p>
<p>Monitoring Financial Performance</p>				
<p>N</p>	<p>The Leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.</p> <p>Detail:</p> <p>The Council should have timely information on its financial and operational performance.</p> <p>Performance indicators should be reviewed, alongside any overspends/ undelivered savings.</p>	<p>33</p>	<p>ASSESSMENT - GREEN</p> <p>Quarterly in-year financial monitoring reports are produced as part of the Council’s reporting cycle; this includes setting out the impact on reserves.</p> <p>Reports relating to capital and revenue projects are regularly reviewed by SMT and Members with sign off from the finance services. Risks are reported as part of this process and any material budget implications identified and mitigating actions identified, reported and approved.</p> <p>Financial and service performance are now reported at the same time to the Scrutiny Budget and Performance Panel as well as the Executive.</p>	<p>Actions:</p> <p>None identified</p>

Ref.	Description of the Standard	Pages of the Code	CFO Assessment of Current Position	Actions Required
O	<p>The Leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.</p> <p>Detail:</p> <p>There is reference to monitoring material elements of the balance sheet that might give indications of departures from financial plans.</p> <p>Specific reference is made to commercial assetportfolios, contingencies and provisions.</p> <p>Cash flow is managed in accordance with guidance.</p>	33	<p>ASSESSMENT - GREEN</p> <p>The use of reserves is reported in the quarterly budget monitoring reports.</p> <p>Bi-annual treasury management reports update on investments and debt. Cash balances are monitored regularly and if risks are identified they will be reported to SMT.</p> <p>Regular reviews of reserves are undertaken by the Finance team and reported to SMT via the S151 Officer.</p>	<p>Actions:</p> <p>None Identified.</p>
External Financial Reporting				
P	<p>The Chief Finance Officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authoritycomplies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.</p>	35	<p>ASSESSMENT - GREEN</p> <p>The Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.</p> <p>This is stated in the accounts that are signed by the S151 Officer.</p> <p>The Council has received an unqualified audit opinion from the External Auditors.</p>	<p>Actions:</p> <p>None Identified.</p>

Ref.	Description of the Standard	Pages of the Code	CFO Assessment of Current Position	Actions Required
	<p>Detail:</p> <p>The CFO has statutory responsibility for;</p> <ol style="list-style-type: none"> 1. producing the accounts and ensuring they are published on a timely basis 2. maintaining financial records 3. certification of the accounts and confirmation of a 'true and fair view'. 			
Q	<p>The presentation of the final outturn figures and variations from budget allows the Leadership team to make strategic financial decisions</p> <p>Detail:</p> <p>The narrative report that accompanies the accounts provides a link to achievement of outcomes and performance.</p> <p>The Leadership Team understand variances from budget and how they have been managed.</p> <p>The future implications of variances should also be considered i.e. will it affect the financial strategy/ financial resilience.</p>	25	<p>ASSESSMENT - GREEN</p> <p>The outturn report identifies key variances from budgets with appropriate explanations, and recommends action, where appropriate, in line with the in-year quarterly budget monitoring process.</p> <p>Any key issues arising from the outturn figures are reflected in the quarterly budget monitoring reports as well as the process in approving the Corporate Plan and MTFS.</p> <p>A reconciliation to the Comprehensive Income and Expenditure Statement is provided in the statement of accounts to link the statutory accounts to the information provided to the Cabinet and SMT.</p>	<p>Actions:</p> <p>None Identified</p>

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