

CIPFA Financial Management Code – Self Assessment and Action Plan

Ref	Description	FM Code Ref	Detail	RAG Assessment	Compliance Assessment & Commentary Key Actions, Owners & Deadlines
Responsibilities of the Leadership Team and Chief Financial officer (CFO)					
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money (VFM).	17-18	<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>	AMBER	<p>The Council operates under a Leader/ Cabinet system. Councillors are supported by the Senior Leadership Team (SLT), which is headed by the Council's Chief Executive. SLT is responsible for the overall leadership and management of the Council, for setting and monitoring overall strategic direction and for ensuring high performance and VFM in the delivery of Council services. In addition, there are several scrutiny and regularity committees which hold Cabinet to account.</p> <p>The Council's various committees are governed by the Constitution which was updated in 2019, refreshed again in 2023 and is available on the Council's website. It sets out how the Council operates, its Budget and Policy Framework, how decisions are made and the policies which are followed to ensure that these are efficient, transparent, and accountable.</p> <p>The SLT regularly meet informally with Cabinet to bring to their attention the financial position of the Council. As part of the 2023/24 budget process a number of briefings were held outlining the financial challenges the Council faces these included Staff, Key Partners, Local MP's, all Councillors, and the General Public.</p> <p>The Council's Medium Term Financial Strategy (MTFS) and General Fund and Housing Revenue Budgets were agreed in February 2023 The MTFS delivers a financial plan through the implementation of a rigorous Outcomes Based Resourcing budget setting principles but clearly highlights the significant financial challenges the Council faces over the short, medium and long term. One of the key objectives of the MTFS is to provide cost effective services which demonstrate value for money.</p>

					<p>Business cases for spending plans are reviewed by the SLT before passing through to Members for discussion and challenge prior to formal consideration by Cabinet and recommendation to Council for formal approval, in line with the Constitution.</p> <p>Budget & Performance Panel reviews service and financial performance (against cost and performance) on a quarterly basis and uses its remit to periodically review key (off target) services.</p> <p>The Annual Governance Statement focuses on all aspects of governance, but critically on processes around VFM in service provision.</p> <p>Contract Procedure Rules clearly state the thresholds and routes to secure compliant supplies. These range from simple quotation, use of dynamic frameworks to full tendering exercise. A register of contracts is maintained by the Procurement team.</p> <p>Committee reports have been amended to provide members with information relating to the impact of decisions on Climate Emergency alongside matters of finance, employment and legal consideration.</p> <p>The Council's Project Management Model which is the compulsory method of managing projects within the council contains key templates for financial assessments and risk management</p> <p>Value for Money is assessed as part of the external audit process and although not yet formally commenced no issues have been raised by the External Auditor in relation to previous years.</p> <p>Assessment: Amber</p>
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				<p><u>Actions Required</u> Increased use of benchmarking data and peer review for inclusion in business case and as part of Outcomes Based Resourcing (OBR) to focus on VfM aspects.</p> <p><u>Ownership</u> Senior Leadership Team</p> <p><u>Deadline</u> February 2024 - To be incorporated as part of 2024/25 budget process</p>
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government	18-19	<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 • 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. 	<p>AMBER</p> <p>From 1st April 2022 the posts of Chief Finance Officer (CFO) and Monitoring Officer were reinstated as members of the Councils. Senior Leadership Team.</p> <p>The CFO personally leads on the Budget process and MTFS and ensures that all risks are considered and detailed as part of the MTFS, in conjunction with the other members of the Council's Leadership Team (Cabinet and SLT). As a result, he is able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications,</p> <p>The CFO is CIPFA qualified with significant experience of local government finance. Continuing professional development is undertaken as required by their accounting body.</p> <p>The CFO reports to the Chief Executive, holds regular finance meetings with the Cabinet member with responsibility for Finance and works closely with other Local Authority S151 Officers.</p> <p>The CFO through the Finance team provides the quarterly financial reporting and monitoring to SLT and Cabinet, and then to Budget & Performance Panel for further scrutiny by Members. Treasury Management reporting is also presented Cabinet, Budget &</p>

- Must lead and direct a finance function that is resourced to be fit for purpose.
- Must be professionally qualified and suitably experienced.

Performance Panel and Council as prescribed in the CIPFA Prudential Code and the CIPFA Treasury Management Code.

The Financial Services function consists of 23 FTE's and delivers financial, exchequer, insurance and procurement support to services. In addition there is oversight of the Council's Internal Audit function which is provided externally by Mersey Internal Audit Agency.

The finance team includes 4 qualified accountants and a number of accounting technicians who meet monthly with Chief Officers, Service Managers and other budget holders. There has been a significant reduction in capacity with key vacancies held pending an ill fated director led service review and outcomes of the OBR process

There are contracts in place for specialist financial advice such as technical accounting, treasury management and taxation.

Financial implications and s151 Officer commentary is considered within all key decision making

Assessment: AMBER

Actions Required

Recruitment to address the urgent capacity issues within finance function.

Ownership

Chief Finance Officer

Deadline

September 2023

C	<p>The Leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p>	21	<p>The leadership team espouses the Nolan principles.</p> <p>The authority has a clear framework for governance and internal control. The leadership team has established effective arrangements for assurance, internal audit and internal accountability.</p> <p>The leadership team espouses high standards of governance and internal control.</p> <p>The leadership team nurtures a culture of effective governance and robust internal control across the authority.</p>	<p>AMBER</p>	<p>The Council's SLT consists of the Chief Executive, 5 Chief Officers, the Monitoring Officer, the Section 151 Officer and the Chief Officer People and Policy. The roles and responsibility of Chief Officers are defined in agreed job profiles and set out in the Council's Constitution.</p> <p>The Council's Performance Management Framework has been inconsistently complied in recent years but has been re-established as the "Annual Conversation" in 2023/24. The Chief Executive is responsible and accountable to the Council for all aspects of management including promoting sound governance, providing quality information/ support to inform decision-making and scrutiny, supporting other statutory officers, and building relationships with all Councillors.</p> <p>The Council continues to keep under review Governance arrangements and related procedures to ensure best practice so that the highest standards are maintained. There is a Code of Conduct for Members which is overseen by the Standards Committee. Training in the requirements of the Code of Conduct is mandatory for all Members. In addition, there is a Code of Conduct for Officers.</p> <p>The Council's constitution is openly available on the Council's website and sets out; what powers are delegated to the Cabinet, Committees, individual members and what matters are reserved for collective decision of the Council, and the procedures to be followed to ensure that decisions are taken efficiently and transparently. The Scheme of Delegation sets out roles and responsibilities, links to departmental schemes and sets clear arrangements for internal control and role of internal and external audit. This was reviewed in 2023 following organisational changes.</p> <p>The Council has two effective scrutiny committees, Budget & Performance and Overview & Scrutiny, who meet regularly throughout the year, which provides challenge and enhances the</p>
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				<p>authority's performance overall. This is outlined in detail in the Council's Constitution.</p> <p>The Council's Audit Committee has no independent membership and is limited to Councillor representation. The Committee considers all aspects of audit activity and the regulatory framework including corporate governance, as part of its Terms of Reference. Within the Councils Constitution all Committees have separate Terms of Reference.</p> <p>All Members decisions are set out using templates which includes legal, regulatory, and financial implications. This requires legal and financial advice to be obtained or confirmed before all decisions are taken, to ensure decisions are appropriate.</p> <p>The Council maintains effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based through Minutes and Reports to Council. All non-exempt reports, agendas/ minutes are available on the Council's Website</p> <p>The Council contracted with Mersey Internal Audit Agency (MIAA) in October 2021 and so have been in operation for a full year and are compliant with Public Sector Internal Audit Standards (PSIAS). Both the CFO and Head of Internal Audit (HoIA) have developed an audit plan to provide assurance over the effectiveness of the Governance of the Council, and the system of Internal Control. This will enable the HoIA to provide their annual assessment to assist in the production of the Annual Governance Statement for 2022/23.</p> <p>The Financial Procedure Rules were last subject to a full review and approval by Audit Committee on 2014. Contract Procedure Rules, were reviewed and approved November 2020. Both documents are clear about the respective authorisation limits for authorisation of contracts and the subsequent commitment/ incurrence of expenditure.</p>
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					<p>As a Council we are defined by how we behave and what we do, driven by our values and behaviours;</p> <ul style="list-style-type: none">• Pride,• Ownership,• Working Together and,• Ambition <p>Arrangements are in place to provide assurance that our behaviours are being upheld and that Members and Officers demonstrate high standards of conduct. These include:</p> <ul style="list-style-type: none">• Member and officer protocol• Codes of conduct for members and officers.• Whistleblowing policy (Raising Concerns)• Complaint's procedure• Fraud, Bribery and Corruption Policy & Strategy• Registers of interest (members and officers)• Registers of gifts and hospitality <p>Assessment Amber</p> <p><u>Actions Required</u> Review of Financial procedure rules Re-establishment of Performance Management via the Council's "Annual Conversation"</p> <p><u>Ownership</u> Chief Finance Officer, Head of People & Policy and SLT</p> <p><u>Deadline</u> November 2023</p>
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D	The authority applies the CIPFA/SOLA CE Delivering Good Governance in Local Government: Framework (2016)	22	This framework recommends that the review of the effectiveness of the system of internal control is reported in an annual governance statement	GREEN	<p>The Council appointed MIAA in October 2021 and so have had an effective Internal Audit function in place for the whole of the 2022/23 financial year.</p> <p>The Council's Code of Conduct sets the standards for the conduct of Officers and Members at the City Council. It is consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework, which was reviewed by the Audit Committee November 2022. The CIPFA/SOLACE Framework introduced the requirement to produce an annual governance statement from 2007/08.</p> <p>The Annual Governance Statement (AGS) is also available on the Council's website. The Statement is updated following the end of each financial year. The AGS includes an Annual Internal Audit Opinion on the effectiveness of the internal control environment and the systems of internal control, highlights issues identified annually along with planned action which is monitored by the Audit Committee.</p> <p>Induction training for all new Members, includes a focus on governance, code of conduct and officer/member relations. Assessment Green</p> <p><u>Actions Required</u> Where reviews of the corporate governance arrangements have revealed improvement recommendations, action is planned that will ensure effective governance in future.</p> <p><u>Ownership</u> Chief Finance Officer/ Monitoring Officer</p> <p><u>Deadline</u> On going</p>
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	<p>The financial management style of the authority supports financial sustainability</p>	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 3. enabling transformation. <p>Need to perform well at each level before moving to the next. This is broadly linked to economy, efficiency and effectiveness.</p>	<p>GREEN</p>	<p>The Council Plan together with the MTFs and annual budgets set the strategic framework for the work and financial plans of the Council and recognise the agreed corporate priorities and objectives.</p> <p>Cabinets Budget was approved by Council 22nd February 2023 Although balanced it included significant savings proposals £2.424M and a call on reserves of £0.577M.</p> <p><u>Stage 1.</u> The Council has an effective framework of financial accountability through:</p> <ul style="list-style-type: none"> • Member delegations which include financial responsibilities. • Officer delegations which include financial responsibilities. • Financial Procedure Rules which set out financial responsibilities for Directors, Heads of Service and Budget Holders <p><u>Stage 2.</u> The Council has a performance management framework in place including, performance measures, customer satisfaction, monitoring of key strategic projects and quarterly performance reporting to Cabinet and Budget and Performance Committee. The Finance Team have attempted to implement a Finance Business Partnering approach, although this has been restricted pending the capacity issues and forthcoming service review.</p> <p><u>Stage 3.</u> There are many examples of financial management supporting transformation specifically in relation to key strategic projects as part of the 2023/24 budget process, but further work is required towards acting as an enabler.</p> <p>Budget holders are responsible for spend against their budgets and members of the Finance Team meet regularly with budget holders as</p>
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					<p>part of the in-year monitoring process to ensure financial implications of decisions are understood and that managers are responsible for those decisions.</p> <p>Detailed financial forecast and monitoring information is provided to Cabinet so that there is regular oversight of the Council's financial position and of the ongoing funding pressures it faces. A process is in place for the tracking and monitoring of agreed savings and reported within financial monitoring reports.</p> <p>All Committee reports have a financial implication section and require commentary from both the s151 and Monitoring Officers</p> <p>Assessment Green</p> <p><u>Actions Required</u> Further work to develop business partnering model</p> <p><u>Ownership</u> CFO</p>
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Long to Medium Term Financial Management

F	The authority has carried out a credible and transparent financial resilience assessment.	25-26	<p>The authority has undertaken a financial resilience assessment.</p> <p>That assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios.</p> <p>The authority has taken appropriate action to address any risks identified as part of the assessment</p>	AMBER	<p>The Council has reviewed the CIPFA Financial Resilience index and considers the findings to show the Council to be financially resilient with no areas of pressing concern. However, the index is based on data published for 2021/22 and has not yet been refreshed.</p> <p>The Local Government Association (LGA) undertook an independent assessment of the Council's financial resilience 2021/22. A number of outlying areas were highlighted for a detailed review and consideration against performance and outcomes. A more thorough piece of work is planned for as part of the Council's Outcomes Based Resourcing approach to budgeting from 2024/25.</p>
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					<p>In the MTFs there are some illustrative scenarios about how changes in key assumptions such as Business Rates, Council Tax, New Homes Bonus etc would impact on the budget. However, these do not cover all key variables, or the longer-term impact.</p> <p>The service and financial planning process provided information on cost and demand drivers to enable robust and informed financial planning in each service area.</p> <p>The Council has long recognised the underlying structural deficit within its budget Although significant savings were identified a £0.577M call on reserves was required to deliver a balanced budget for 2023/24. However, there still remains significant forecast deficits for 2024/25 and beyond. Further work will be required as part of the 2024/25 budget setting process to address these and minimise the use of reserves.</p> <p>The monitoring of revenue in year and at Outturn provides budget holders with information and BP's support this. This information informs financial planning. Improvements are required due to a number of issues, systems, staffing of experienced budget holders who own budgets etc.</p> <p>The s151 Officer undertakes Annual consideration of appropriate level of general reserves and the robustness and adequacy of estimates.</p> <p>Assessment Amber</p> <p><u>Actions Required</u> There still remains significant forecast deficits for 2024/25 and beyond. Further work will be required as part of the 2024/25 budget setting process to address these and minimise the use of reserves.</p>
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					<p><u>Ownership</u> CFO, SLT and Cabinet</p> <p><u>Deadline</u> February 2024 – As part of the 2024/25 budget process</p>
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	26	<p>The authority has a sufficiently robust understanding of the risks to its financial sustainability.</p> <p>The authority has a strategic plan and long-term financial strategy that addresses adequately those risks.</p> <p>The authority reports effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making</p>	AMBER	<p>In consultation with Cabinet the Council produces a 5-year MTFS, a 5 year capital programme and a 30-year Housing Business Plan. The MTFS incorporates revenue and capital models using a range of assumptions for economic and service-related factors. The MTFS is refreshed annually considered by the SLT and Cabinet before being recommended to Full Council in February.</p> <p>Finance training is provided to all new Members and updates provided to a wide range of internal and external stake holders as part of the medium-term financial planning and budget setting process. These briefings provide an opportunity to explain the key assumptions and risk areas in financial planning including funding for local government, and the legacy impacts of COVID-19, as well as local factors such as the decommissioning of the Heysham Nuclear Power Stations. The risks around financial planning is clearly set out in the Council's MTFS and has been communicated to the SLT and Members. The growing structural deficit make producing a meaningful long-term plan very challenging.</p> <p>The Council retains prudent levels of resources to manage risks over the short term as outlined in the budget and MTFS papers.</p> <p>Although there is significant work to be completed to fully embed risk management throughout the Council, it is recognised that a considerable amount of work is undertaken to manage the Council's financial risks. The Council needs to continue to develop its overall</p>

					<p>approach in particularly around the key drivers underpinning the structural deficit.</p> <p>Quarterly Delivering our Priorities reports are presented to Cabinet and Budget & Performance Panel which track the outcomes of Council activities. These are set out against key performance indicators and include detailed commentaries on associated risks, achievements and other issues. These reports also highlight remedial actions being taken were slippage does occur.</p> <p>Assessment Amber</p> <p><u>Actions Required</u> Although the Council delivered a balanced budget for 2023/24 with call on reserves, further work will be undertaken during the year to utilise OBR principles as it works to address the structural deficit as part of the 2024/25 budget process.</p> <p>Additional work is required to continue to embed Risk Management within the Council</p> <p><u>Ownership</u> CFO, SLT and Cabinet</p> <p><u>Deadline</u> January 2024 – As part of the 2024/25 budget process</p>
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	26-27	<p>The authority is aware of its obligations under the Prudential Code.</p> <p>The authority has prepared a suitable capital strategy.</p>	GREEN	<p>The Council is aware of its obligations under the Prudential Code and has assessed itself as compliant with those obligations.</p> <p>The Council has a 5-year General Fund Capital Programme and supporting Capital Strategy in line with the Prudential Code. Although the Code suggests this could be extended the Council has judged that this is a reasonable period over which to have meaningful plans and</p>

		<p>The authority has a set of prudential indicators in line with the Prudential Code.</p> <p>The authority has suitable mechanisms for monitoring its performance against the prudential indicators that it has set.</p>		<p>assumptions and allows key links between revenue and capital plans to be reported together. Both the Capital Strategy and Treasury Management Strategy are approved annually by Full Council in February.</p> <p>The Capital Programme sets out the high-level capital investment plans proposals but in addition contains a limited “development pool” for projects the Council wish to explore but where the supporting business case is not fully developed. Decisions made about schemes within the development pool are through consideration of robust business cases and separate reports to Cabinet. The Council also has a 30-year Housing Business Plan which includes a 30-year capital investment programme.</p> <p>As part of the budget setting process the Council reviewed and refreshed its Asset Management Plans reflecting forward planning of the operational estate. There are some key areas which will be further developed in line with Council objectives which will need to be reflected in the Capital Programme.</p> <p>The Council’s Capital Assurance Group (CAG) considers business cases for annual capital proposals and those schemes within the Development Pool, recommends to Cabinet, it also has a key role in development of the Capital Strategy.</p> <p>The Council’s Treasury management strategy assesses the financial risks from treasury activity, and details the council’s net borrowing position, investments, borrowing strategy and debt management.</p> <p>The Council’s prudential indicators are set in line with the Code and reflect current and forecast levels of investment and borrowing. There are effective mechanisms in place to monitor performance against the Code, with bi-annual reporting to the Cabinet, Budget & Performance Panel and Council.</p>
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					<p>Both the Capital and Treasury Management Strategies set out key affordability principals to ensure the Council's capital spending remains affordable in the long term. This includes the proportion of the revenue budget allocated to fund borrowing costs.</p> <p>In March 2023 Council approved its Flexible Use of Capital Receipts Strategy. Under direction from Government the Council can use capital receipts to fund revenue transformation expenditure. This strategy is expected to refreshed during 2023/24 and revised for 2024/25</p> <p>The Council's commercial investments ceased following the revisions to the Code in November 2020 and the Council has no plans for further debt for yield schemes. Previous commercial investments were undertaken in line with the Council's Commercial Property Investment Strategy and are under review annually.</p> <p>Assessment: Green</p> <p><u>Actions Required</u> Assess the implications arising from any proposed changes to the Prudential Code.</p> <p>Consideration be given to the development of a longer term Capital planning horizon.</p> <p><u>Ownership</u> CFO & CAG</p> <p><u>Deadline</u> Ongoing</p>
I	The authority has a rolling, multi-year medium-term financial	27	The authority has in place an agreed medium term financial plan.	AMBER	<p>The Council has in place an agreed 5-year MTFS. The Finance team engages with Chief Officers and Budget Holders, to integrate service demand with finance reporting, using best data on</p>

	<p>plan consistent with sustainable service plans.</p>		<p>The medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy.</p> <p>The medium-term financial plan has been prepared on the basis of a robust assessment of the relevant drivers of cost and demand.</p>		<p>cost drivers and identify any risk, opportunities, and budget gaps. The MTFS then forecasts the Council's financial position to reflect relevant strategic priorities, commitments, underlying assumptions as well as emergent local, or national issues. The MTFS plans for the delivery of services within an uncertain external environment and ensures the achievement of value for money.</p> <p>The development of service budgets is service led. Chief Officers hold overall responsibility for the budget of their service. Cost drivers and demand are considered within each service and used to form the basis of pressures identified and mitigations /savings put forward. The detail of the analysis of cost drivers is not contained specifically in the MTFS but forms part of the internal budget setting process, though reference is made to particularly large or significant changes in the narrative.</p> <p>Medium-term forecasts are kept up to date to reflect service needs subject to estimation uncertainties e.g., business rates retention approach, future government funding, pay, energy and general inflation Through the budget setting and in-year budget review processes, these are reviewed over a five-year period.</p> <p>The Council has reviewed its approach to operational property management. This will ensure the effective and efficient management of property by combining property service activities, decision making and budgets. It ensures that decisions about property are taken from a strategic perspective and that opportunities to deliver efficiencies are captured.</p> <p>This approach to operational property management ensures:</p> <ul style="list-style-type: none"> - Effective and efficient management of property by combining property service activities, decision making and budgets - Decisions about property are taken from a strategic perspective - Opportunities to deliver efficiencies are captured
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					<p>Informal Cabinet meetings are also held during the budget setting process to discuss emerging issues as well as feedback from Partnership, Staff and Public Briefings and decisions reflected in</p> <p>The MTFS is refreshed and reported to Cabinet and Council throughout the budget cycle. This starts in December as part of the base budget resetting, with further updates reflecting the impact of the local government finance settlement, current revenue and capital budget proposals etc</p> <p>Assessment: Amber</p> <p><u>Actions Required</u> Each lead portfolio member should be more involved in developing and setting the budget for their service areas.</p> <p>Asset Management systems and plans containing condition surveys and information regarding the whole-life cost of assets need to be developed over the medium term and maintained within an accessible system. Current asset management plans will be reviewed as part of the new model.</p> <p>As part of the process to address the structural deficit service plans will need to be re-aligned to reflect to Council's ambitions and outcomes</p> <p><u>Ownership</u> SLT & Cabinet</p> <p><u>Deadline</u> February 2024 – As part of the 2024/25 budget process</p>
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Annual Budget				
J	The authority complies with its statutory obligations in respect of the budget setting process.	29	<p>The authority is aware of its statutory obligations in respect of the budget-setting process.</p> <p>The authority has set a balanced budget for the current year.</p> <p>The authority is likely to be able to set a balanced budget for the forthcoming year.</p> <p>The authority is aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so.</p>	<p>GREEN</p> <p>The Council follows an annual budget setting process that meets all its statutory (Local Government Acts 2000, 2003 and Local Government Finance Act 1992) and constitutional requirements.</p> <p>The Council set its level of Council Tax 25th January 2023</p> <p>Application of OBR principles as part of the 2023/24 budget process identified the following key areas underpinning the budget.</p> <ul style="list-style-type: none"> - Savings proposals £2.423M, - Income Generation £0.420M - External Review of MRP Policy £1.500M <p>Even following these, a contribution of £0.577M was required from reserves to balance the budget.</p> <p>A structural deficit remains for 2024/25 with drawings on reserves of £1.703M currently required. The current overall level of reserves remains sustainable in the short-term. However, significant under delivery of the key areas identified above will place additional pressure on reserves.</p> <p>The Council approves an annual balanced budget that enables the S151 Officer to positively comment on the robustness of the estimates and the adequacy of the proposed financial reserves (s25 assurance statement) within the annual budget report.</p> <p>The annual pay policy statement explains the Council pay policies for its highest and lowest-paid employees. It is written and published in line with the Localism Act 2011 and guidance issued by the Secretary of State. The draft statement is considered by the Personnel Committee and approved by full Council March 2023.</p> <p>The Council is aware of the circumstances under which it should issue a section 114 notice and how it would go about doing so.</p>

					<p>Assessment: Amber</p> <p><u>Actions Required</u> Where in-year budget monitoring process highlights risk and potential for overspend with an established consider development of a formal escalation process</p> <p><u>Ownership</u> Chief Finance Officer Senior Leadership Team</p> <p><u>Deadline</u> March 2024</p>
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.	29-30	<p>The authority's most recent budget report includes a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.</p> <p>The report accurately identifies and considers the most significant estimates used to prepare the budget, the potential for these estimates to be incorrect and the impact should this be the case.</p> <p>The report sets out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the</p>	AMBER	<p>Both the General Fund and HRA budget reports include a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.</p> <p>The budget reports and MTFS clearly sets out the detail of key estimates e.g., business rates, council tax, housing rents, specific grants, fees and charges, pay inflation etc. It does not set out specific service assumption details and the impact of variations in those.</p> <p>The report sets out the current level of the Council's reserves, the sufficiency of them and the plans for the use of reserves in the future. Based on current information the Council has sufficient reserves to meet the expected short term deficits, which ensures its sustainability for the short-term pending the outcome of the Council's on-going Outcomes Based Resources review.</p> <p>Assessment: Amber</p>

			<p>authority is taking to address any shortfall.</p> <p>The authority has sufficient reserves to ensure its financial sustainability for the foreseeable future.</p>		<p><u>Actions Required</u> A process is already underway to seek an in-year reduction in the use of reserves to deliver a balanced budget for 2024/25 and beyond</p> <p>Increased use of benchmarking services to consider performance against other Local Authorities</p> <p><u>Ownership</u> CFO, Senior Leadership Team and Cabinet</p> <p><u>Deadline</u> February 2024 – As part of the 2024/25 budget process</p>
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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.	31	<p>The authority knows who its key stakeholders are.</p> <p>The authority has sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget.</p> <p>The authority has assessed the effectiveness of this engagement.</p> <p>The authority has a plan to improve its engagement with key stakeholders.</p>	GREEN	<p>The Council is aware of who its key stakeholders are and as part of the 2023/24 budget process undertook a wide range of briefings and consultations with both internal and external stakeholders in addition to the formal consultation through the Budget & Performance Panel meeting in January each year.</p> <p>Whilst recognising that engagement with the public on Council spending is hard for residents to engage with in a meaningful way progress is being made via its Community Connectors and Peoples Jury. Engagement with residents/ service users is also conducted in line with individual service changes proposed within the budget, as part of the development and delivery of those proposals.</p> <p>The Council engages with stakeholders and partners through joint working arrangements, partnership boards and representation on external bodies' governing boards. The Council provides funding to support the Voluntary, Community and Faith Sector (VCFS) infrastructure locally and commissions these bodies to work with residents and other bodies.</p>
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					<p>The Council utilises online communication channels such as e-bulletins, Twitter and Facebook.</p> <p>Assessment: Green</p> <p><u>Actions Required</u> Review and consideration of the most effective methods of stakeholder engagement on financial matters. Build informal budget consultation period??</p> <p><u>Ownership</u> Senior Leadership Team and Cabinet</p> <p><u>Deadline</u> February 2024 – As part of the 2024/25 budget process</p>
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	31-32	<p>The authority has a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'.</p> <p>The authority offers guidance to officers as to when an option appraisal should be undertaken.</p> <p>The authority's approach to option appraisal includes appropriate techniques for the qualitative and quantitative assessment of options.</p>	AMBER	<p>The main forums for reviewing all financial aspects of the capital programme are the Capital Assurance Group (CAG), Cabinet and Budget & Performance Panel.</p> <p>CAG is tasked with reviewing the accompanying business cases (Strategic or Full), which contain both quantitative evaluation of costs and benefits and qualitative evaluation of fit to Council Priorities and outcomes for residents/ service users. The project documentation includes an evaluation of risk and uncertainty and the extent that this can be mitigated for given options. Membership of CAG includes the chairs of Budget and Performance and Overview and Scrutiny Committees to allow any issues to be raised prior to submission to Cabinet, or Full Council if applicable for consideration and approval.</p> <p>As noted all capital proposals have to produce the following business cases:</p> <ul style="list-style-type: none"> - Strategic Outline Case (SOC) - Full Business Case (FBC)

		<p>The authority's approach to option appraisal includes suitable mechanisms to address risk and uncertainty.</p> <p>The authority reports the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s).</p>		<p>At each of the following stages of the five-case model, business cases must include the following five areas:</p> <ul style="list-style-type: none"> - The Strategic Case, - The Economic Case, - The Commercial Case, - The Financial Case and - The Management Case. <p>The accounting treatment and impact is determined at the time of the decision</p> <p>The Council recently established a Projects Team overseen by a Programme Manager as well as refreshing its project management methodology and supporting documentation, which is consistent with other government and other leading methodologies.</p> <p>The Council's project management framework is clear that that there are no major investments, or service changes without developing a business case including an options appraisal and project initiation documents although this not yet fully embedded significant improvements have been made in application across the Council</p> <p>Delivering our Priorities (DoP) quarterly reports are presented to Cabinet and Budget & Performance Panel. The DoP reports contains not only financial and project reporting but performance against the Council's key performance indicators (KPI's)</p> <p>External specialism is engaged when required and members of the Finance Team and are involved in the review and challenge of all financial modelling along with key input from other key support services and the service area leading on delivery.</p> <p>Assessment: Amber</p>
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					<p><u>Action Required</u> Further work is required to fully embed project management and the accompanying disciplines throughout the Council and ensure that is consistently applied.</p> <p><u>Ownership</u> SLT and Programme Manager</p> <p><u>Deadline</u> On-going</p>
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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>The authority provides the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability.</p> <p>The reports cover both forward- and backward-looking information in respect of financial and operational performance.</p> <p>There are mechanisms in place to report the performance of the authority's significant delivery partnerships.</p> <p>The reports are provided to the leadership team in a timely manner and in a suitable format.</p> <p>The leadership team is happy with the reports that it receives and with</p>	GREEN	<p>The Council's Budget, Statement of Accounts and MTFS reflect the main risks to sustainability. These are reported throughout the annual financial cycle in monitoring reports to SLT, Cabinet, Council and B&PP. The Budget and MTFS are formally agreed by Full Council in February.</p> <p>Quarterly financial and non-financial DoP reports are provided to SLT, Cabinet and Budget & Performance Panel. The reports identify significant variances and provides some commentary on any corrective actions being taken. The reports cover the position to date and the forecast for the remainder of the financial year. It also includes of the various capital schemes and planned use of reserves.</p> <p>DoP reporting also provides information in respect of the Council's basket of key operational performance indicators and major projects. Reports are clear, written to a standard format and contain narrative, tabular and graphic representations as well as service and subjective analysis of the information.</p> <p>Reporting to officers and portfolio holders is usually 1-month after the quarter end with reporting to Members in the following two weeks, dependent upon Committee cycles, which can create a time lag. Work</p>
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			its ability to use these reports to take appropriate action		<p>has been undertaken to better align reporting to the Committee cycles as part of the 2024/25 budget planning process.</p> <p>The Head of Internal Audit has regular meetings with the s151 Officer to discuss current and emerging risks.</p> <p>Assessment: Green</p> <p><u>Action Required</u> The Council will continue to review the format and usefulness of its performance reporting.</p> <p>The Council is currently reviewing its key KPIs to make sure they clearly support the Council's Priorities</p> <p><u>Owners</u> CFO and SLT</p> <p><u>Deadline</u> 2023/24 Quarter 1 Delivering our Priorities report.</p>
O	The Leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	33	<p>The authority has identified the elements of its balance sheet that are most critical to its financial sustainability.</p> <p>The authority has put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet.</p> <p>The authority is taking action to mitigate the risk identified.</p>	GREEN	<p>The Council has historically considered its reserves position, investments and borrowing, and debt levels as most critical and therefore reporting is currently only made on these elements of the balance sheet.</p> <p>Forecast use of reserves is reported on a quarterly basis to the Cabinet, Budget and Performance and SLT. This highlights any changes to planned use/ contribution to balances as well as movements in budgeted contributions to/from earmarked reserves. This then feeds into any MTFS refresh, or revised budget process, along with intelligence about key risks.</p>

			<p>The authority reports unplanned use of its reserves to the leadership team in a timely manner.</p> <p>The monitoring of balance sheet risks is integrated into the authority's management accounts reporting processes.</p>		<p>Borrowing and investments are reported to Cabinet, Budget and Performance and Council on a bi-annual basis as part of the Treasury Management reporting. Prudential Code requirements are adhered to provide the risk management of treasury activity. Additional reporting on areas including collection rates, arrears and write offs are now incorporated</p> <p>A Corporate Asset Management Strategy is prepared by Property Services containing condition surveys and information regarding the whole-life cost of assets need to be developed over the medium term and incorporated within the Council's budgets Current asset management plans will be reviewed as part of the new model.</p> <p>Assessment: Green</p> <p><u>Action Required</u> Continued review and refinement of the presentation of financial information</p> <p><u>Ownership</u> CFO</p> <p><u>Deadline</u> On going</p>
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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	35	<p>The authority's leadership team is aware of the CFO's responsibilities in terms of the preparation of the annual financial statements.</p> <p>The authority's CFO is aware of their responsibilities in terms of the</p>	GREEN	<p>Both the Council's leadership team and CFO are aware of the CFO's responsibilities in terms of the preparation of the annual financial statements.</p> <p>These responsibilities form part of the CFO's role description and personal objectives.</p>

	<p>the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.</p>		<p>preparation of the annual financial statements.</p> <p>These responsibilities are included in the CFO's role description, personal objectives and other relevant performance management mechanisms.</p> <p>The authority's financial statements have hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.</p>		<p>The Council's Statement of Accounts are prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom. A declaration to this effect is made within the accounts and signed by the S151 Officer.</p> <p>The External Auditor is yet to give their opinion on the 2018/19, 2019/20 and 2020/21 financial statements due to a long standing objection and the impact of changes to accounting for Infrastructure Assets. The audit work has substantially been completed and whilst a number of adjustments identified between draft and final accounts none are considered material or would suggest an adverse audit opinion. Unfortunately audit work on the 2021/22 Financial Statements is yet to commence</p> <p>Assessment: Green</p> <p><u>Actions Required</u> Accounts are prepared within statutory deadlines and working papers produced to a good standard. The Council will continue to work with the External Auditors to resolve historic issues</p> <p><u>Ownership</u> CFO</p>
Q	<p>The presentation of the final outturn figures and variations from budget allows the Leadership team to make strategic financial decisions.</p>	35	<p>The authority's leadership team is provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget.</p> <p>The information in these reports is presented effectively.</p>	GREEN	<p>The presentation of the Revenue and Capital outturn position is reported to Cabinet and Budget & Performance Panel for scrutiny in line with the Council's constitution. The report includes comparison of outturn to budget and explains the reasons for any key variances from budget in line with the in-year quarterly budget monitoring process.</p> <p>The report sets out the impact of these variances on general balances and earmarked reserves and makes proposals for further contributions to/ or from these.</p>

		<p>These reports are focused on information that is of interest and relevance to the leadership team.</p> <p>The leadership team feels that the reports support it in making strategic financial decisions.</p>		<p>These reports focus on material issues, which require action or awareness from the leadership team and therefore are appropriately focused</p> <p>In addition, the narrative report that accompanies the Statement of Accounts provides a link to achievement of outcomes and performance. The Members understand variances from budget and how they have been managed.</p> <p>Assessment: Green</p> <p><u>Actions Required</u> The Council will continue to review the format and usefulness of its performance reporting.</p> <p><u>Ownership</u> CFO</p>
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