

Cherwell District Council

Budget Planning Committee

19 January 2021

Financial Management Code Assessment

Report of the Director of Finance

This report is public

Purpose of report

To provide Budget Planning Committee (BPC) with the Director of Finance's assessment of Cherwell District Council's (CDC's) readiness to implement the Financial Management (FM) Code.

1.0 Recommendations

The meeting is recommended:

- 1.1 note the assessment of CDC's readiness to implement the FM Code.

2.0 Introduction

- 2.1 BPC was introduced to the requirements of the FM Code in November 2020. The Chartered Institute of Public Finance and Accountancy (CIPFA) considers that compliance with the FM Code from the 2021/22 financial year is necessary in order for CDC to comply with its requirements under S151 of the Local Government Act 1972. This report contains the Director of Finance's Assessment of CDC's readiness to comply with the FM Code ahead of 2021/22.

3.0 Report Details

- 3.1 The Director of Finance has carried out an assessment of CDC's readiness to comply with the FM Code in 2021/22, which can be seen at Appendix 1. The assessment considers each standard of the FM Code and provides an assessment of the current position, potential improvements and a RAG rating.
- 3.2 Overall the assessment shows that CDC is in a good position to ensure compliance with the FM Code in 2021/22. Of the 17 standards, 16 have been identified as being green and 1 as amber. The amber standard is an area where CDC has already begun work to introduce regular monitoring of reserves. The introduction of the reserves policy for 2021/22 and the clear authorisation requirements for use of

reserves in the future also improve the process. Further actions required to achieve a green status will be in place for the start of the 2021/22 financial year.

- 3.3 There are also areas of further improvement work identified for a number of the standards that have been identified as green. These actions will strengthen what is already a compliant approach taken by CDC.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The FM Code Summary Assessment demonstrates that CDC is in a strong position to fully comply with the FM Code in 2021/22.

5.0 Consultation

None required.

6.0 Alternative Options and Reasons for Rejection

- 6.1 If CDC did not carry out a self-assessment then it would not be able to assess compliance with the Code. Therefore, there are no alternative options.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications arising from this report.

Comments checked by:

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Legal Implications

- 7.2 The FM Code is not a statutory code, although CIPFA consider compliance with the FM Code necessary in order to comply with S151 of the Local Government Act 1972 to make arrangements for the proper administration of the Council's financial affairs and ensure that one of its officers has responsibility for those financial affairs. As a result there are no direct legal implications associated with this report.

Comments checked by:

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Risk Implications

7.3 There are no risks associated with this report.

Comments checked by:

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8.0 Decision Information

Key Decision N/A as not an Executive report

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Document Information

Appendix number and title

- Appendix 1 – Financial Management Code Summary Assessment

Background papers

None

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