

Cherwell District Council

Budget Planning Committee

26 October 2021

Financial Management Code – Self Assessment Update

Report of Director of Finance

This report is public

Purpose of report

To update the Committee on the Council's self-assessment against the requirements of CIPFA's Financial Management Code.

1.0 Recommendations

The meeting is recommended:

- 1.1 to note the Council's self-assessment against the requirements of CIPFA's Financial Management Code.

2.0 Introduction

- 2.1 The Financial Management (FM) Code was introduced by the Chartered Institute of Public Finance and Accountancy in 2019 in the context of increasing concerns about the financial resilience and sustainability of local government. The FM Code clarifies how Chief Finance Officers should satisfy their responsibility for good financial administration as required in Section 151 of the Local Government Act 1972. Local Authorities were able to prepare for the introduction of the FM Code in 2020/21 with full compliance expected in 2021/22.

3.0 Report Details

- 3.1 As part of setting the Council's budget each year the Section 151 Officer must prepare a Section 25 Statement to consider the robustness of the budget and the Council's finances. The February 2021 assessment included an assessment of how prepared the Council was for the adoption of the FM Code; the conclusion was that the Council was in a good position to comply with compliance against all areas of the FM Code except one identified as "green"; the one area that required improvement was to routinely monitor balance sheet items that pose a threat to financial sustainability, which was identified as "amber".

- 3.2 Since February 2021, the Council has introduced changes to its budget monitoring to consider balance sheet items. Reserves are now monitored on a monthly basis and all changes to the planned use of/contribution to reserves are now reported to the Executive and, where appropriate, approval sought for changes to the plan in line with the approval requirements within the Council's Reserves Policy.
- 3.3 Budget monitoring reports now also include, aged debt reports each quarter. These help the Council to get a better understanding of whether it is collecting the income that it has raised. As this develops, an understanding of how the profile of aged debt has changed will also be provided.
- 3.4 The Council now considers that it complies with all aspects of the FM Code. However, despite this, the Council will always drive continuous improvement and look for ways to improve. Some of these are identified in the Council's self-assessment at Appendix 1.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The Council now considers that it complies with all aspects of the FM Code.

5.0 Consultation

None required.

6.0 Alternative Options and Reasons for Rejection

- 6.1 There are no alternative options.

7.0 Implications

Financial and Resource Implications

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

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845,
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Legal Implications

- 7.2 There are no legal implications arising directly from this report.

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious Business
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Risk Implications

7.3 There are no risk implications arising directly from this report.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes
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Equalities and Inclusion Implications

7.4 There are no equalities implications arising directly from this report.

Comments checked by:

Emily Schofield, Acting Head of Strategy, 07881 311707, emily.schofield@cherwell-dc.gov.uk

Sustainability Implications

7.5 There are no sustainability issues arising directly from this report.

Comments checked by:

Sarah Gilbert, Climate Action Team Leader, sarah.gilbert@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

N/A

Document Information

Appendix number and title

- Appendix 1 – FM Code Self Assessment

Background papers

None

Report Author and contact details

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