

Appendix 1 – Summary Financial Management Code Assessment

General Opinion

It is the opinion of the Chief Finance Officer (CFO) that the council is currently financially resilient, continues to strive in delivering value for money to its residents and businesses and aims to provide the capacity to deliver its strategic ambition within the challenging environment within which it operates. In its aim of striving for financial excellence, the council continues to identify areas for improvement as it seeks to deliver its ambitious corporate priorities and its core services during a period of volatility and financial constraints.

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
1.	Responsibilities of the CFO and Leadership Team			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	<p>The Constitution – updated Feb 2024, included revised refreshed financial procedure rules. There is a clear governance structure, with well-defined roles for Members, committees and all Chief and Statutory Officers. The collective responsibility for the achievement of Value for Money (VFM) is made within the constitution. This is reviewed and updated regularly. The constitution is reviewed regularly.</p> <p>Procurement and contract management regulations - The organisation ensures that all services tendered by the Council provide the best use of resources. Tenders are assessed against quality of service as well as price, with social value considered a key part of procurement.</p> <p>Contracts and third-party agreements require review and approval by finance, procurement</p>	<p>Develop a statement of how proposals in committee reports will deliver value for money where appropriate</p> <p>Review the use of service benchmarks to understand cost drivers and to identify where further cost improvement may be possible.</p> <p>Further benchmarking and cost review across other council services</p>	

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		<p>and service head/director which is a process to ensure procurements have been compliantly undertaken.</p> <p>The Gateway Process approach incorporates a robust gateway-based process for decision making. Business cases which are the key decision-making documents include details on options, benefits (nonfinancial and financial) and the cost for delivery and through an investment appraisal providing a clear view of the value for money before projects are finalised and approved.</p> <p>Benchmarking of some services has been carried out in specific areas of high demand and risk e.g., environmental services. Further benchmarking across other council services and cost review to be a focus in 2025/26 with a view of identifying opportunities to improve value for money whilst also focusing on demand management in the medium term.</p> <p>Overview and Scrutiny committee meets 6-7 times a year, examines policy and performance of services and can refer matters to Executive.</p> <p>External Audit review the council's arrangements for VFM and provide a VFM opinion as part of their external audit work on the accounts.</p>		

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B	The authority complies with the CIPFA "Statement of the Role of the CFO in Local Government"	<p>The CFO is a qualified accountant with significant experience working as an active member of the leadership team. The CFO is a member of Corporate Leadership Team (CLT) and has an influential role with members of the Executive, Accounts, Audit & Risk Committee and lead opposition members.</p> <p>The council's finance team is resourced at present to deliver the councils key core requirements. The finance function is staffed through permanent staff with good levels of knowledge and experience. The CFO promotes personal development; there are currently two members of the team studying for accounting qualifications.</p>	Review annually the statement of roles and responsibilities of CFO, CLT and the Executive.	
2. Governance and Financial Management Style				
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	<p>The council's Constitution includes a copy of the code of conduct, which sets out the principles, behaviour and actions for members and officers of the council. The Code of Ethics and Standards requires all staff to abide by the Nolan Principles in public life. The council has an Accounts, Audit and Risk Committee which reviews the arrangements for assurance.</p> <p>The Head of Internal Audit and Counter Fraud Lead report regularly to this committee on the work of the internal audit and counter fraud teams and have independent direct links to the committee to raise any concerns they may have. The Head of Internal Audit is required to provide an independent opinion each year on</p>	Continue to enhance and develop the role of the Corporate Oversight & Governance Group (COGG).	

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		<p>the effectiveness of the system of internal control and also on progress on the delivery of actions recommended through specific internal audit reviews.</p> <p>The Corporate Oversight & Governance Group (COGG) was set up to ensure good governance and internal control, including driving the production of the Annual Governance Statement (AGS) and Action Plan through the completion of Professional Lead Statements and engagement with Corporate Directors.</p>		
D	The authority applies the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)"	<p>The AGS includes an Annual Internal Audit Opinion on the effectiveness of the internal control environment and the systems of internal control and confirms its continuing commitment to the CIPFA Framework.</p> <p>The effectiveness of the council's governance arrangements is reviewed and reported each year through the AGS. Directors and Assistant Directors are required to sign off annual assurance statements, this requires them to confirm whether they are aware of any significant weaknesses in internal control.</p> <p>Accounts, Audit and Risk Committee is responsible for considering the council's arrangements for corporate governance including strategic oversight of risk management processes. Executive retain responsibility for the management of risk.</p>	Continue to enhance and develop the AGS through CLT and respond to emerging best practice.	

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E	The Financial Management style of the authority supports financial sustainability	The Council has moved from a Budget Monitoring approach to Budget Management which is an active approach designed not just to report variances but to develop mitigations in order to manage the in-year variances corporately. A Budget Oversight Group has been established to challenge service areas projecting overspends to contain these within their annual budgets through mitigations.	Continue to challenge budget managers to explore options for mitigating budget variances to ensure financial sustainability. Reporting could be enhanced with regular reports on FOI, data subject access requests, and EIR requests, to give visibility and assurance on regulatory compliance	
3. Long to Medium-Term Financial Management				
F	The authority has carried out a credible and transparent financial resilience assessment	A Financial Resilience assessment is included within the budget documents reported to Executive and Council. The assessment is consistent with the Medium-Term Financial Strategy (MTFS) assumptions. As part of refreshing the medium-term financial forecast, a risk assessment is made of likely future pressures and demands, and an assessment is made for a suitable level of General Fund reserve required to mitigated risk. The council maintains a minimum level of general balances for unforeseen risks and circumstances. A 'going concern' assessment is carried out each year as part of the annual audit process which involves a review of reserve levels and cashflow modelling.	Scenario planning and sensitivities continue to be considered as part of medium-term forecasting.	
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	The council reviews and identifies each year the risks (local/national, internal/external) facing the council that may have financial	Continue to update CLT and the Executive throughout the year and within Budget/MTFS documents.	

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		<p>implications and these are outlined in the budget report, Statement of Accounts and MTFS each year. The MTFS resource forecast is competed on a “realistic worst case” scenario with alternative scenarios modelled. A fundamental service review exercise has been undertaken in 2024/25 to identify options to address the “realistic worst case”.</p> <p>Executive and the Budget Planning Committee each received the Budget and Business Planning Process 2024/25 – 2028/29 Report in July 2023 in preparing for 2024/25 budget setting and updated in Sept 2024 for 2025/26 budget setting.</p>		
H	The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”	A Capital Strategy is produced annually. Quarterly Treasury Management monitoring is considered at the Accounts, Audit and Risk Committee. A profiled five-year capital programme was approved by Council in Feb 2024 and is managed monthly and reported to the Executive. The Q2 and Q4 Treasury Management reports include prudential indicators and are also reported to Council.	The quarterly TM reports contain updates on Prudential Indicators but this could be expanded to further facilitate the interpretation of them for readers.	
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	The council has an Integrated Business Planning and Budget Process with a five-year MTFS which supports the delivery of the councils’ statutory duties and corporate plan priorities. The service business planning process in 2024/25 sought to ensure consistent business plans were in place for the delivery of the council’s Business Plan for all	Continue to ensure services are aware of future savings plans committed to and savings are implemented. Encourage ‘early alert’ if future savings are at risk so that mitigations can be put in place and potentially get savings back on track.	

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		directorates which included the financial resources required for delivery and hence sustainability.		
4. The Annual Budget				
J	The authority complies with its statutory obligations in respect of the budget setting process	<p>The Council produces its annual balanced budget and supporting documentation.</p> <p>The council's CFO is fully aware of the circumstances under which to issue a Section 114 and does not anticipate this being required in respect of budget setting at this time, though this is kept under review.</p>		
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	S25 statement accompanies the suite of budget documents reported to Executive and Council. Enhanced by including an assessment of compliance with the FM Code.		
5. Stakeholder Engagement and Business Plans				
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	<p>Consultation on the budget proposals as well as ensuring we carry out the statutory business rate payers' consultation.</p> <p>The council's 2024/25 Business Plan was developed through key findings from working with and engaging with local residents, staff, businesses, partner agencies and organisations and seeks to deliver district-wide ambitions. This can be found on the council's website. This will be refreshed for 2025/26.</p> <p>The council continually reviews and refreshes its communication strategy / plans to improve the communication of the council's financial position, strategic plans and aims to key stakeholders in the community.</p>	Continue with corporate and directorate consultation where appropriate.	

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M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	<p>A gateway process which includes a standardised business case is required for all capital schemes which sets out alternative options, the reasons for discounting them and benefits of progressing with the scheme. All tenders consider VfM by considering the quality of service and not just price – the appraisal process is documented. The Extended Leadership Team (ELT) are responsible for overseeing the Gateway process for evaluation of projects. The process considers factors such as VFM, business need and recommendations are made to CLT who in turn recommend to Members.</p> <p>The gateway process is being enhanced to ensure that benefits realisation plays a more significant role in the future.</p>	Continue to embed Gateway process and refine business case templates from outline through to full for both revenue and capital schemes for all strategic boards.	
6. Monitoring Financial Performance				
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The quarterly Performance, Risk and Finance Report to Executive enables CLT and Executive to respond to emerging issues. Enhancements to capital reporting have been introduced to now include analysis of variances to the total cost of the scheme rather than comparison to in-year profiled budget. All capital schemes are now monitored by either a strategic board (for place shaping or transformational schemes) or by the appropriate Directorate Leadership Team (for Business As Usual schemes).	The Capital Programme monitoring element requires enhancement to: <ul style="list-style-type: none"> • better reflect performance and the delivery of outcomes linked to the completion of capital schemes. • Better understand the drivers of budget reprofiling 	

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		Monthly Budget Management reports are prepared to identify as quickly as possible challenges to the budget. As a result of this “early warning system” management has established the Budget Oversight Group to work closely with services that are overspending to identify options to come back on budget.		
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	Reserves and balances are monitored quarterly and reported to Executive. Changes in budgeted use require appropriate approvals before they can be assumed. Debtor monitoring takes place monthly, identifying and analysing aged debt. Regular review and management of aged debt has resulted in either recovery or unrecoverable debts being written off in a timelier manner. CLT receive a quarterly report on the top 20 debtors, this is also reported to the ELT and to DLTs.	Continue to enhance reporting of aged debt to enable budget managers to effectively manage their aged debt.	
7. External Financial Reporting				
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom”	<p>The responsibilities of the CFO are set out in the constitution, financial regulations and are also included in employment contract/job description as well as in statute.</p> <p>The annual accounts are produced in compliance with the CIPFA Code by appropriately qualified and trained individuals and are approved by the CFO and the external auditors prior to approval by the Accounts, Audit and Risk Committee. The draft accounts for 2022/23 were published after the statutory deadline due to audit delays on the 2021/22</p>	Continue close working with the council’s external auditors to deliver a final audited set of accounts in a timelier manner.	

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		accounts. However, the draft 2023/24 accounts were published prior to the statutory deadline. For various reasons the publication of the final accounts has been delayed in recent years, however council officers and the auditors are progressing the completion of these audits, and it is envisaged the 2022/23 audit will be completed during 2024/25 with the 2023/24 audit and the publication of final accounts soon thereafter.		
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	<p>CLT and Executive consider the outturn report and year end variances enabling strategic financial decisions to be made as necessary.</p> <p>The outturn position is then used to inform and update the in-year budget position, medium term financial planning projections and to inform the forward forecast and adequacy of reserves and balances.</p>	Feedback regularly sought to improve the quality of reporting.	