

Report to:	AUDIT PANEL
Date:	28 September 2021
Reporting Officer:	Kathy Roe – Director of Finance
Subject:	CIPFA FINANCIAL MANAGEMENT CODE
Report Summary:	To inform Members of the contents of the new CIPFA Financial Management Code and provide an assessment of the Council's current levels of compliance, and any areas for further development and improvement.
Recommendations:	Members are asked to note the contents of the report and endorse the improvement actions identified in the self assessment against the Code requirements.
Corporate Plan:	Sound financial management is essential to ensure Council budgets are aligned with the priorities of the Corporate Plan and financial sustainability.
Policy Implications:	Financial Management standards and financial sustainability support the policy choices that the Strategic Commission intends to pursue to support the Corporate Plan and Medium Term Financial Plan.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	These are the subject of the report.
Legal Implications: (Authorised by the Borough Solicitor)	Robust financial management is critical to the delivery of services for the residents of Tameside.
Risk Management:	Failure to ensure high standards of financial management may result in the Council becoming financially unsustainable, resulting in service failure and loss of public confidence.
Background Information:	The background papers relating to this report can be inspected by contacting Heather Green, Finance Business Partner



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1. INTRODUCTION

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) published The Financial Management Code (FM Code) in late 2019. The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively.
- 1.2 The first year of compliance for the FM Code is 2021/22 however CIPFA has recognised the extraordinary burden being placed on Local Authorities since the beginning of the COVID pandemic. In a statement issued on 11 February 2021 a proportionate approach is encouraged, meaning that in practice adherence to some parts of the Code will demonstrate a direction of travel rather than full compliance from 1 April 2021.
- 1.3 The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable. The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management.
- 1.4 With increasing financial pressures being faced by Councils following 10 years of austerity and a number of high profile governance failings within the Local Government section, it is vital that Tameside Council can demonstrate its sound financial management of its affairs for the benefit of its tax payers and residents.
- 1.5 Compliance with the standards set out in the FM Code is the collective responsibility of Elected Members, the Director of Finance and all Senior Officers. Complying with the FM Code will help strengthen the framework that surrounds financial decision-making.

2. APPLICATION OF THE FINANCIAL MANAGEMENT (FM) CODE

- 2.1 CIPFA's intention is that the Financial Management Code (FM Code) will have the same scope as the Prudential Code for Capital Finance in Local Authorities (CIPFA, 2017), which promotes the financial sustainability of local authority capital expenditure and associated borrowing.
- 2.2 In addition to its alignment with the *Prudential Code for Capital Finance in Local Authorities* (CIPFA, 2017), the FM Code also has links to the *Treasury Management in the Public Sector Code of Practice and Cross Sectoral Guidance Note* (CIPFA, 2017) and the annual *Code of Practice on Local Authority Accounting in the United Kingdom*. In this way the FM Code supports authorities by re-iterating in one place the key elements of these statutory requirements.
- 2.3 The FM Code is also further supported by statutory requirements for all local authorities to have sound financial management. Section 151 of the Local Government Act 1972 requires that every local authority in England and Wales should "... *make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.*"
- 2.4 In addition to the requirements of primary legislation and associated CIPFA Codes, an authority's prudent and proper financial management is informed by a framework of professional codes of practice and guidance, including:
 - the CIPFA Statements of Professional Practice (SOPP) (including ethics)
 - the CIPFA Statement of the Role of the Chief Financial Officer
 - the CIPFA Statement on the Role of the Chief Financial Officer in Local Government

- 2.5 CIPFA considers the application of the FM Code to be a professional responsibility of all its members, regardless of their role in the financial management process. More specifically, the FM Code clarifies CIPFA’s understanding of how Chief Finance Officers (CFOs) should satisfy their statutory responsibility for good financial administration. The responsibilities of the CFO are both statutory and professional. Notwithstanding these specific expectations of CIPFA members, the primary purpose of the FM Code is to establish how the CFO – regardless of whether or not they are a CIPFA member – should demonstrate that they are meeting their statutory responsibility for sound financial administration.

3. THE FINANCIAL MANAGEMENT (FM) CODE

- 3.1 The FM Code establishes an approach based on six principles of good financial management, supported by 17 standards for compliance, and is therefore not intended to be prescriptive. The six principles cover:

1. **Organisational Leadership** Demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
2. **Accountability** Based on medium term financial planning, driving the annual budget process, supported by effective risk management, quality supporting data and whole life costs.
3. **Transparency** At the core of financial management, using consistent, meaningful and understandable data, reported frequently, with evidence of periodic officer action and elected member decision making.
4. **Professional Standards** Promoted by the leadership team, with adherence evidenced.
5. **Assurance** Recognised as an effective tool, mainstreamed into financial management, including political scrutiny and the results of both external audit, internal audit and inspection.
6. **Long-Term Sustainability** At the heart of all local services’ financial management processes, evidenced by the prudent use of public resources.

- 3.2 The FM Code translates the principles of good financial management into a series of standards. These standards address the aspects of the Council’s operations and activities that must function effectively if financial management is to be undertaken robustly and financial sustainability is to be achieved. These standards cover:

The responsibilities of the chief finance officer and leadership team	
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money
B	The authority complies with the CIPFA <i>Statement on the Role of the Chief Finance Officer in Local Government (2016)</i>
Governance and financial management style	
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control
D	The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework (2016)</i>
E	The financial management style of the authority supports financial sustainability
Medium to long-term financial management	
F	The authority has carried out a credible and transparent financial resilience assessment

G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members
H	The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i>
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans
The annual budget	
J	The authority complies with its statutory obligations in respect of the budget setting process
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves
Stakeholder engagement and business cases	
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions
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
O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability
External financial reporting	
P	The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i>
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions

4. ASSESSMENT OF COMPLIANCE

- 4.1 An assessment of compliance with the standards in the FM code has been undertaken and is summarised in **Appendix 1**. This assessment concludes that the Council is compliant with minimum standards set out in the FM Code but has identified some areas for further improvement over the course of the next 12 months. An action plan is included at **Appendix 2**.

5. RECOMMENDATIONS

- 5.1 As set out at the front of the report.

APPENDIX 1 – ASSESSMENT AGAINST THE FINANCIAL MANAGEMENT CODE STANDARDS

FM CODE STANDARDS	Key Questions in FM Code	Met?	Current Arrangements	Areas for Improvement (If any)	
The responsibilities of the chief finance officer and leadership team					
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	<ul style="list-style-type: none"> • Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team? • Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services? • Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved? 	YES	Corporate Plan identifying the strategic priorities for the Council. Governance arrangements including the Financial Regulations and Contract Procedure Rules, and decision-making. Procurement processes supported by STAR. Audit and risk management arrangements include reporting to senior officers and Members. Capital Expenditure proposals subject to business cases and Member approval. Regular financial reporting to Officers and Members.	The integration of performance reporting with financial reporting would enable better links between cost and performance. Revisions and clarifications to the Financial Regulations, and further training and guidance to officers to provide greater clarity on levels of delegation and decision making routes.
B	The authority complies with the CIPFA <i>Statement on the Role of the Chief Finance Officer in Local Government (2016)</i>	<ul style="list-style-type: none"> • Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions? • Does the CFO lead and champion the promotion and delivery of good financial management across the authority? • Is the CFO suitably qualified and experienced? • Is the finance team suitably resourced and fit for purpose? 	YES	The Director of Finance for the demonstrates full compliance with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government. The Director of Finance is a key member of the Single Leadership Team, actively involved in and able to influence all material decisions, and is supported by a suitably resourced and fit for purpose Finance team.	Regular review and refresh of Financial Management roles and responsibilities, and on-going consideration of training and development needs.

Governance and financial management style

C	<p>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control</p>	<ul style="list-style-type: none"> • Does the leadership team espouse the Nolan principles? • Does the authority have in place a clear framework for governance and internal control? • Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability? • Does the leadership team espouse high standards of governance and internal control? • Does the leadership team nurture a culture of effective governance and robust internal control across the authority? 	YES	<p>Compliance with the Council's core governance systems and frameworks including the Constitution, decision making, Codes of Conduct, Annual Governance Statement and Internal Audit Function. The Monitoring Officer is a key member of the Single Leadership Team.</p>	<p>Revisions and clarifications to the Financial Regulations, and further training and guidance to officers to provide greater clarity on levels of delegation and decision making routes</p>
D	<p>The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework</i> (2016)</p>	<ul style="list-style-type: none"> • Has the authority sought to apply the principles, behaviour and actions set out in the framework to its own governance arrangements? • Does the authority have in place a suitable local code of governance? • Does the authority have a robust assurance process to support its AGS? 	YES	<p>The Council's Code of Corporate Governance sets out the Council's governance arrangements in conjunction with the CIPFA/SOLACE <i>Delivering Good Governance in Local Government Framework 2016</i>. Compliance with Framework is confirmed within the AGS. Assurance processes are well established to support the AGS, and improvement actions identified in the AGS are followed up during the year. The Internal Audit Function is compliant with Public Sector Internal Audit Standards and reports regularly to the Audit Panel.</p>	
E	<p>The financial management style of the</p>	<ul style="list-style-type: none"> • Does the authority have in place an effective framework of financial accountability? 	YES	<p>Financial sustainability underpins the Council's Corporate Plan to</p>	<p>A training programme for budget holders,</p>

<p>authority supports financial sustainability</p>	<ul style="list-style-type: none"> • Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services? • Does the authority's finance team have appropriate input into the development of strategic and operational plans? • Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so? • Has the authority sought an external view on its financial style, for example through a process of peer review? • Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities? 	<p>ensure strategic objectives can be delivered. The Council's financial management style has historically been prudent and cautious, with reserve levels being built up over a number of years since 2010 in response to increase risks of austerity. Since 2016/17 significant levels of reserves have been used to support the base budget but this is recognised as unsustainable and the 2021/22 budget has moved away from this. The five year MTFP means that the Council is able to understand longer term risks and plan a response appropriately. As part of the MTFP the Council has adopted a reserves strategy and there is a robust risk assessment underpinning the assessment of the minimum level of general reserves.</p> <p>All budget managers are given direct access to financial information to enable them to manage budgets, including the Council's Financial Management System Agresso. All spending and resource proposals are brought to the attention of the Director of Finance (s151 Officer) and/or the Assistant Director for prior sign-off.</p> <p>Following the Finance Service Review in 2017, a finance business partnering model has</p>	<p>linked to the Financial Regulations, to provide Directors, Service Managers and Budget holders with greater understanding or financial roles, responsibilities and delegations, to improve budget ownership and accountability.</p>
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				been adopted and is being embedded within the organisation.	
Medium to long-term financial management					
F	The authority has carried out a credible and transparent financial resilience assessment	<ul style="list-style-type: none"> • Has the authority undertaken a financial resilience assessment? • Has the assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios? • Has the authority taken appropriate action to address any risks identified as part of the assessment? 	YES	The risk assessment process undertaken as part of the annual budget cycle and regular updates to the MTFP inform the assessment of financial resilience for the Council. The Director of Finance Report on the Robustness of the budget estimates in the annual budget report, combined with the risk assessment to inform the minimum level of general reserves is a key part of this assessment. Use of reserves to fund the revenue budget in previous years has been identified as unsustainable and the 2021/22 budget and plans for future years seek to move the Council away from this approach.	Further information on the scenarios and risks considered by Financial Management and Senior Officers to be reported more frequently to Members to enable greater understanding of the financial risks facing the Council.
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	<ul style="list-style-type: none"> • Does the authority have a sufficiently robust understanding of the risks to its financial sustainability? • Does the authority have a strategic plan and long-term financial strategy that adequately address these risks? • Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial 	YES	The Council has a five year MTFP which is regularly updated and reported to Members as part of the annual budget cycle. The Corporate Plan sets out the medium and longer term priorities for the Council. The Council has adopted a Capital Strategy and this is linked to other strategies including the Treasury Management Strategy, Asset	The Capital programme has been heavily reliant on capital receipts and there are risks to delivery in further receipts are not realised. A review and refresh of the Capital Programme, including the funding strategy is to

		<p>challenges that it might face (eg using a technique such as scenario planning)?</p> <ul style="list-style-type: none"> • Has the authority reported 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>Management Plan and Disposals Policy. The Capital Programme is monitored throughout the year, with regular updates to Members and all new Capital Schemes are subject to business cases and approval by Members.</p>	<p>be undertaken early in 2021/22.</p>
H	<p>The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i></p>	<ul style="list-style-type: none"> • Has the authority prepared a suitable capital strategy? • Has the authority set prudential indicators in line with the Prudential Code? • Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set? 	YES	<p>The Council has adopted a Capital Strategy alongside the Treasury Management Strategy, with Prudential Indicators set on an annual basis and approved as part of the budget setting process by Full Council. Performance against prudential indicators is considered as part of the regular Capital Monitoring reports to Members.</p>	
I	<p>The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans</p>	<ul style="list-style-type: none"> • Does the authority have in place an agreed medium-term financial plan? • Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy? • Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand? • Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand? • Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims? 	YES	<p>The Council has a rolling five year MTFP which is revised annually and reflects the latest position of the Council in terms of funding, cost pressures, investments and savings.</p> <p>Revenue monitoring reports are prepared and presented to Members on a monthly basis. Capital Monitoring reports are prepared on a quarterly basis, with more detailed service based capital update reports presented to Strategic Planning and Capital Monitoring Panel four times a year. An asset management plan is in place which is subject to</p>	

				review and refresh as service delivery needs change.	
The annual budget					
J	The authority complies with its statutory obligations in respect of the budget setting process	<ul style="list-style-type: none"> • Is the authority aware of its statutory obligations in respect of the budget-setting process? • Has the authority set a balanced budget for the current year? • Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so? 	YES	<p>A legal and balanced budget and corresponding Council Tax levels are set annually, by the statutory deadline. The budget proposals, alongside the reserves risk assessment and Robustness Report of the Director of Finance, are presented to Cabinet ahead of final budget proposals being considered and agreed by Full Council. The MTFP process is designed to deliver a balanced budget each 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>	
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	<ul style="list-style-type: none"> • Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves? • Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case? • Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future? 	YES	<p>The annual budget report, considered by Executive Cabinet and approved by Full Council includes a Statement by the Director of Finance on the robustness of the budget estimates and the adequacy of reserves. This is supported by the reserves strategy and risk assessment to inform the minimum level of general reserves. The report and statement clearly identifies the most significant risk areas for the</p>	

		<ul style="list-style-type: none"> Does the report set 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 authority is to take to address any shortfall? 		<p>Council and these inform the risk assessment.</p> <p>The Council's reserve position has historically been strong, although significant reserves have been utilised to support the revenue budget in recent years. The reserves strategy and risk assessment recognise that this is unsustainable and the 2021/22 budget moves away from this approach.</p>	
Stakeholder engagement and business cases					
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	<ul style="list-style-type: none"> How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget? How effective has this engagement been? What action does the authority plan to take to improve its engagement with key stakeholders? 	YES	<p>The MTFP and budget is developed in consultation with Members and the Leadership Team as well as key partners and stakeholder groups.</p> <p>In recent years the Council has carried out extensive consultation with the community and has a proven track record of engagement, consultation, listening and considering feedback in the budget setting process. Engagement and consultation will continue over the budget plan period and standard Council procedures will be observed in the instances where we are required to inform the public.</p>	
M	The authority uses an appropriate documented option appraisal	<ul style="list-style-type: none"> Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 	YES	Capital Investment proposals are subject to business cases which use the national Treasury Green	Consideration to be given to applying the business case template

	<p>methodology to demonstrate the value for money of its decisions</p>	<p>Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal?</p> <ul style="list-style-type: none"> • Does the authority offer guidance to officers as to when an option appraisal should be undertaken? • Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options? • Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty? • Does the authority report 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>Book Appraisal Methodology for all capital investment proposals to ensure they demonstrate VfM. Officers receive guidance from the Finance Service when developing business cases and options appraisals for investment proposals.</p> <p>Where significant policy decisions of a revenue nature have financial implications, these should also be supported by appropriate options appraisals.</p> <p>Cabinet reports include revenue and capital implications to ensure decision makers are fully informed of the associated financial implications. In order to improve reporting, further training should be delivered regarding the early identification of the financial implications of policy proposals.</p>	<p>for Capital to any significant revenue related decisions.</p>
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Monitoring financial performance

N	<p>The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability</p>	<ul style="list-style-type: none"> • Does the authority provide 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? • Do the reports cover both forward and backward-looking information in respect of financial and operational performance? • Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such a contract monitoring data? 	YES	<p>Monthly revenue financial monitoring is presented to Senior Officers, the Leadership Team and Members. This includes monitoring of savings plans with additional focused reporting on savings having been introduced for 2021/22. Significant variances and emerging risks are identified and mitigating actions are discussed and agreed in response. The reports cover the</p>	<p>The integration of performance reporting with financial reporting would enable better links between cost and performance</p>
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O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability	<ul style="list-style-type: none"> • Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability? • Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet? • Is the authority taking action to mitigate any risks identified? • Does the authority report unplanned use of its reserves to the leadership team in a timely manner? • Is the monitoring of balance sheet risks integrated into the authority's management accounts reporting processes? 	YES	<p>The overall level of reserves and their planned use is reviewed each year as part of the outturn, MTFP and budget processes.</p> <p>Treasury Management and Bank Reconciliations takes place to ensure suitable cash levels are in place and any borrowing in line with treasury management code of practice.</p>	Key balance sheet indicators to be reported to Senior Leadership Team, Service Managers and Budget Holders.
External financial reporting					
P	The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the	<ul style="list-style-type: none"> • Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements? • Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms? 	YES	The authority's leadership team and the Director of Finance (s151 Officer) are aware of their responsibilities in terms of the preparation of the annual financial statements. The Statement of Accounts is prepared in	

	<i>Code of Practice on Local Authority Accounting in the United Kingdom</i>	<ul style="list-style-type: none"> • Have the authority's financial statements 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>accordance with the Code of Practice, and no significant issues have been identified by External Audit in recent years.</p> <p>The statutory financial statements are prepared by appropriately qualified and skilled accountancy staff within the overall governance and control process and are approved by Director of Finance and Audit Panel.</p>	
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions	<ul style="list-style-type: none"> • Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget? • Is the information in these reports presented effectively? • Are these reports focused on information that is of interest and relevance to the leadership team? • Does the leadership team feel that the reports support it in making strategic financial decisions? 	YES	<p>The presentation of the final outturn position to the leadership team and Cabinet compares the financial year outturn to the budget and prior month forecast, and explains any further variances from budget. Monthly in-year and final outturn reports highlight and provide analysis of key variances with recommendations for actions where appropriate.</p> <p>The format of Financial Reporting is subject to regular review and refinement to ensure information is presented effectively and appropriately to the audience.</p>	

APPENDIX 2 – ACTION PLAN FOR IMPROVEMENTS

FM Code Area	Improvements identified	Actions	Responsible	Planned Start	Planned Finish
The responsibilities of the Chief Finance Officer and leadership team					
The leadership team is able to demonstrate that the services provided by the authority provide value for money	The integration of performance reporting with financial reporting would enable better links between cost and performance. Revisions and clarifications to the Financial Regulations, and further training and guidance to officers to provide greater clarity on levels of delegation and decision making routes.	Carry out revisions and clarifications to the Financial Regulations	Financial Management Governance	Jun-21	Oct-21
		Review Financial and Performance Reporting arrangements		Oct-21	Mar-22
		Provide training on revised Financial Regulations and guidance to officers around delegation levels and decision making routes		Oct-21	Mar-22

FM Code Area	Improvements identified	Actions	Responsible	Planned Start	Planned Finish
The authority complies with the CIPFA <i>Statement on the Role of the Chief Finance Officer in Local Government (2016)</i>	Regular review and refresh of Financial Management roles and responsibilities, and on-going consideration of training and development needs.	Regular review and refresh of the Financial Management Service Plan and Development plan	Financial Management	Ongoing	
Governance and financial management style					
The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control	Revisions and clarifications to the Financial Regulations, and further training and guidance to officers to provide greater clarity on levels of delegation and decision making routes	Carry out revisions and clarifications to the Financial Regulations	Financial Management Governance	Jun-21	Oct-21
		Provide training on revised Financial Regulations and guidance to officers around delegation levels and decision making routes		Oct-21	Mar-22

FM Code Area	Improvements identified	Actions	Responsible	Planned Start	Planned Finish
The financial management style of the authority supports financial sustainability	A training programme for budget holders, linked to the Financial Regulations, to provide Directors, Service Managers and Budget holders with greater understanding or financial roles, responsibilities and delegations, to improve budget ownership and accountability.	Training for budget holders on roles and responsibilities, delegation levels to improve ownership and accountability provided through manuals and training sessions	Financial Management	Oct-21	Mar-22
Medium to long-term financial management					
The authority has carried out a credible and transparent financial resilience assessment	Further information on the scenarios and risks considered by Financial Management and Senior Officers to be reported more frequently to Members to enable greater understanding of the financial risks facing the Council.	Produce key financial indicators/ratios and sensitivity analysis to the MTFP which highlight financial risks and reflects various scenarios facing the Council for Officers to evaluate. Include in annual budget report and a mid-year review of the MTFP.	Financial Management	Oct-21	Feb-22

FM Code Area	Improvements identified	Actions	Responsible	Planned Start	Planned Finish
<p>The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.</p>	<p>The Capital programme has been heavily reliant on capital receipts and there are risks to delivery in further receipts are not realised. A review and refresh of the Capital Programme, including the funding strategy is to be undertaken early in 2021/22.</p>	<p>Interim review of the Capital Programme to establish short term affordable priorities. Medium term Capital Plan to be reviewed once financial sustainability of the revenue budget is established.</p>	<p>Financial Management</p>	<p>Jul-21</p>	<p>Mar-22</p>
<p>Stakeholder engagement and business cases</p>					
<p>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p>	<p>Consideration to be given to applying the business case template for Capital to any significant revenue related decisions.</p>	<p>To refresh the business case template for Capital Investment, providing officers with a generic template to aid decision making and optimise value for money.</p>	<p>Financial Management Governance</p>	<p>Oct-21</p>	<p>Dec-21</p>
<p>Monitoring financial performance</p>					

FM Code Area	Improvements identified	Actions	Responsible	Planned Start	Planned Finish
<p>The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability</p>	<p>The integration of performance reporting with financial reporting would enable better links between cost and performance</p>	<p>Produce and evaluate performance related ratios and balance sheets ratios for reporting to Senior Leadership/</p>	<p>Financial Management</p>	<p>Oct-21</p>	<p>Dec-21</p>