

Chief Financial Officer Assessed Level of Compliance with the CIPFA FM Code February 2022

Ref.	Description of the Standard	Pages of the Code	CFO Assessment of Current Position	Actions Required
Responsibilities of the Leadership Team and Chief Financial Officer (CFO)				
A	<p>The leadership team is able to demonstrate that the services provided by the authority provide value for money (VFM).</p> <p>Detail:</p> <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>	17-18	<p>ASSESSMENT - GREEN</p> <p>Value for Money is assessed as part of the external audit process – and the Council has had a clean VFM assessment for every year up to and including 2019/20. There is an outstanding VFM opinion in respect of 2020/21 as Deloitte are yet to complete their assessment for that year.</p> <p>The Budget Working Group (BWG) oversees the annual budget setting process and provides a strategic steer of the level of corporate growth and/or savings required each year. The BWG also reviews the Medium Term Financial Strategy (MTFS) and budget, including forecasting on an ongoing basis throughout the year.</p> <p>Growth bid business cases for spending plans are reviewed by Management Team before passing through to the BWG for consideration prior to consideration by programme committees. Budget decisions are ultimately made at Full Council in line with the Constitution and Financial Regulations.</p> <p>The CFO (S151 Officer) is required to make a statement on the ongoing robustness of the financial position of the Council having taken account of all risks identified in the MTFS.</p>	<p>Actions:</p> <p>The Council will continue to assess Value for Money on an ongoing basis and address any issues identified in the annual review of VFM carried out by the council's external auditors.</p> <p>Responsible:</p> <p>Management Team</p>

B	<p>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer (CFO) in Local Government</p> <p>Detail: In summary this Statement requires that:</p> <ul style="list-style-type: none"> • The CFO 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. • The CFO must be actively involved in, and able to bring influence to bear, on all material business decisions, to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy. • The CFO 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. • The CFO must lead and direct a finance function that is resourced to be fit for purpose. • The CFO must be professionally qualified and suitably experienced. 	18-19	<p>ASSESSMENT - GREEN</p> <p>The CFO, the Deputy CFO, and the Corporate Finance Manager are all qualified accountants with significant post-qualification experience within local government.</p> <p>The CFO is a key member of Management Team (MT) and meets with the Chief Executive, Directors, Leader and other Senior Members on a regular basis to discuss all matters pertaining to the financial management of the council.</p> <p>The CFO is lead professional advisor to the Budget Working Group (BWG) which oversees the annual budget setting process and provides a strategic steer of the level of corporate growth and/or savings required each year. The BWG also reviews the Medium Term Financial Strategy (MTFS) and budget, including forecasting on an ongoing basis throughout the year.</p> <p>All Council and Committee Reports are considered by MT in advance of publication.</p> <p>The Finance Team consists of 11 FTE officers providing professional services across the council including financial advice and support to members and budget holders, statutory reporting requirements, capital and revenue budget monitoring, treasury management, VAT and insurance services, creditor payments, debtor invoicing and cashiering. The council also buys in Internal Audit services from MIAA and delivers a Corporate Fraud service in partnership with Preston and Lancaster City Councils.</p> <p>The Finance Team includes 3 fully qualified accountants and 5 part qualified, or fully AAT qualified, officers. All officers are offered continued professional development.</p> <p>The Council also subscribes to additional professional expertise and advice in relation to technical accounting, treasury management, financial management and planning, and taxation.</p>	<p>Actions:</p> <p>To continue to support professional development within the Finance Team.</p> <p>To continue to build and develop the resilience of the Finance Team in terms of developing internal expertise.</p> <p>Responsible:</p> <p>Chief Financial Officer and Deputy</p>
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Governance and Financial Management Style				
C	<p>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p> <p>Detail:</p> <p>A proper scheme of delegation that ensures that frontline responsibility for internal and financial control starts with those who have management roles.</p> <p>Clarity over the role of Head of Paid Service and Monitoring Officer.</p> <p>The Governance Committee provides independent assurance over governance, risk and internal control arrangements, with a focus on financial management, financial reporting and audit and assurance.</p> <p>Leadership Team with a culture of constructive challenge based on realism.</p> <p>Goals, assumptions, and implementation plans are rigorously examined.</p>	21	<p>ASSESSMENT - GREEN</p> <p>The Financial Procedure Rules within the council's constitution inform the role of a Budget Holder. Job descriptions and the job evaluation system recognise management of resources as a key responsibility. This is assigned at a level so that service delivery and budget can be aligned.</p> <p>The roles of the Head of Paid Service and Monitoring Officer are defined in the Council's Constitution.</p> <p>The Terms of Reference for the Audit and Standards Committee cover the areas referenced.</p> <p>The Internal Audit Service has provided assurance over the effectiveness of the Governance of the Council, and the system of Internal Control, through the provision of an annual assessment to assist in the production of the Annual Governance Statement.</p> <p>Internal Audit play a key part in the Council's assurance framework and meet routinely with the Monitoring Officer, The Head of Governance and the CFO to ensure that Audit resources are appropriately directed towards the areas of greatest need (applying a risk-based approach) and that audit actions are followed up.</p> <p>The Corporate Governance Group, with membership including the Monitoring Officer, The Head of Governance and the CFO and the Head of Internal Audit Service, meets regularly with a remit that encompasses review and oversight of risk</p>	<p>Actions:</p> <p>Regular Internal Audit Progress reports are scheduled for discussion at the Corporate Governance group and MT to ensure sufficient focus on implementing agreed actions.</p> <p>Discussions will continue to be held with the Internal Audit service to ensure that the programme of work for 2022/23 takes account of the pandemic effect and ensures that work is prioritised appropriately. This will include improving the timeliness of agreeing actions from internal audit and the implementation of those actions.</p> <p>Responsible:</p> <p>Management Team</p> <p>Corporate Governance Group</p>

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			<p>management and governance and internal control arrangements across the council.</p> <p>Management Team and Internal Audit have acknowledged the impact of the pandemic on the audit plan over the last two years, with work being targeted towards higher priority areas. The Internal Audit Plan for 2022/23 will take account of the outstanding priorities and any work deferred from previous years.</p>	
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D	<p>The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)</p> <p>Detail:</p> <p>This framework recommends that the review of the effectiveness of the system of internal control is reported in an annual governance statement.</p>	22	<p>ASSESSMENT - GREEN</p> <p>The Council prepares a comprehensive Annual Governance Statement in line with the framework within CIPFA's Local Code of Corporate Governance.</p> <p>The draft AGS is provided to the Audit and Standards Committee for review and approval in advance of its inclusion in the Statement of Accounts.</p>	<p>Actions:</p> <p>None Identified</p>

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E	<p>The financial management style of the authority supports financial sustainability</p> <p>Detail:</p> <p>Strong financial management is assessed against a hierarchy of:</p> <ol style="list-style-type: none"> 1. delivering accountability, 2. supporting performance and 3. enabling transformation. 	22-23	<p>ASSESSMENT - GREEN</p> <p>The Council's Corporate Plan and MTFS set the strategic framework for the work and financial plans of the Council and recognise the agreed corporate priorities and objectives.</p> <p>Budgets are prudent and sustainable to ensure that a balanced budget is maintained, and that in-year expenditure is matched by income from Council Tax, Business Rates, New Homes Bonus, sales, fees and charges income, and grants from government and other bodies,</p> <p>Funding from reserves is used to support one-off investments or initiatives, subject to approval of business cases via programme committees.</p> <p>Significant risks are identified, monitored, reported and mitigating actions identified to manage these.</p> <p>The Capital Programme is planned over a 5-year period.</p> <p>The uncertainties around future government funding (e.g. the Fair Funding Review and the future of Business Rates Retention) are recognised and reflected in the MTFS, Capital Strategy and appendices to the budget council report.</p> <p>Council Tax increases are kept within the referendum limits, and preliminary assumptions regarding future year increases are set out within the MTFS, recognising that these may be subject to change.</p> <p>Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council</p>	<p>ACTIONS:</p> <p>The existing corporate planning and financial management regimes will continue to be improved where possible to ensure robust processes are in place to ensure a sustainable financial outlook for the authority whilst delivering the strategic objectives set out in the Corporate Plan.</p> <p>Responsible: Management Team Chief Financial Officer</p>

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			In achieving stages 1 and 2 of the CIPFA FM Code hierarchy, Budget Holders, with support from finance, take responsibility and ownership for spend against their approved budgets.	
Long to Medium Term Financial Management				
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F	<p>The authority has carried out a credible and transparent financial resilience assessment</p> <p>Detail:</p> <p>Requirement to test sustainability against plausible scenarios of cost drivers, service demands, resources and key risks.</p> <p>Review of alternative options to match demand and resources.</p>	25-26	<p>ASSESSMENT - GREEN</p> <p>Financial resilience underpins the objectives of the Council's MTFS and an annual budget risk assessment is undertaken to support this.</p> <p>As part of the budget setting process the level of reserves are reviewed to ensure they are robust in light of the assessment of financial risks that the Council is exposed to.</p> <p>The service and financial planning process provides information on cost and demand drivers to enable robust and informed financial planning in each service area.</p> <p>The MTFS is updated regularly throughout each year and includes appendices that outline the key assumptions regarding the 5 year revenue and capital budget forecasts. In line with the requirement of the Code of Practice these assumptions are prudent. Where budget risk is identified, reserves and other resources have been set aside to enable the Council to set a robust MTFS.</p>	<p>ACTIONS:</p> <p>The council will continue to review its level of reserves as part of the budget setting process to enable it to manage budget risk.</p> <p>Regular finance reports will be presented to the Finance and Democracy Committee alongside performance reports presented to all programme committees to enable members to evaluate the risks to the budget and risks to corporate performance.</p> <p>Responsible:</p> <p>Management Team</p> <p>Chief Financial Officer</p>

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G	<p>The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.</p> <p>Detail:</p> <p>Based on the above, have a long term financial strategy that links to vision, strategy and outcomes.</p> <p>This should include a vision of what services will look like in the future to achieve financial sustainability. The length of “the long term” is undefined and should be linked to the risks faced. Potentially should be 10 years+.</p>	26	<p>ASSESSMENT – AMBER</p> <p>The MTFS is developed in consultation with Management Team and Elected Members. It is approved by the Finance and Democracy Committee before being recommended to Full Council. The Corporate Plan is approved prior to the MTFS with the budget approved to deliver the outcomes outlined in the plan.</p> <p>The Council produces a rolling 5 year MTFS based on assumptions that are outlined in full within the report considered annually at the Budget Council meeting.</p> <p>Briefings and reports to Members, including the Budget Working Group, are clear about medium-term budget risks and sustainability. This includes the budget impact from potential Government reforms. However, due to ongoing uncertainty around the future of the local government funding regime, it is not deemed feasible to develop a revenue and capital budget beyond 5 years.</p> <p>The Council retains prudent levels of resources to manage risks over the medium term as outlined in the MTFS.</p> <p>The capital programme covers a 5 year period and reflects the Council’s key strategic objectives as set out in the Corporate Plan.</p>	<p>Actions:</p> <p>None identified at this point in time as the relevance and accuracy of financial modelling and forecasting beyond the 5 year period is very much dependant on clarity from central government on the future of local government funding; specifically the outcomes of the Fair Funding Review, the outcome of consultation into the future of the New Homes Bonus scheme, and the review of Business Rates Retention which are overdue.</p> <p>We will continue to monitor this position on an ongoing basis and pending the availability of further information on the future of local government funding, we will consider development of the MTFS and financial planning beyond the 5 years that are currently modelled.</p> <p>Responsible:</p> <p>Chief Financial Officer</p>
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H	<p>The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.</p> <p>Detail:</p> <p>The Council has a long-term Capital Strategy that ensures that assets are managed, and future plans are linked to capital resources available.</p> <p>Commercial investment activity should be considered over a suitable time horizon with risks fully considered.</p> <p>Ensure compliance with the Prudential Code if borrowing.</p>	26-27	<p>ASSESSMENT - GREEN</p> <p>Management of the Council's Capital and Treasury Management activities are governed by the Capital Strategy, Treasury Management Strategy and Prudential Indicators which are part of the MTFS approved annually by the council and aim to ensure the Council's capital expenditure plans are prudent, affordable and sustainable, with any decisions on borrowing taken in line with spending plans considering available funding, cash flow needs and interest rates (both current and future forecasts). Regular Treasury Management Reports are presented to the Audit and Standards Committee.</p> <p>The council has an approved Commercial Strategy which sets out the council's approach to commercial investments.</p> <p>The Council's Capital Strategy, Treasury Management Strategy and Prudential Indicators comply with the requirements of the Prudential Code.</p>	<p>Actions:</p> <p>The council will continue to monitor compliance with the CIPFA Code and regular monitoring reports will continue to be prepared for the Audit and Standards Committee.</p> <p>Responsible:</p> <p>Chief Financial Officer</p>
I	<p>The authority has a rolling, multi-year medium-term financial plan consistent with sustainable service plans.</p> <p>Detail:</p> <p>Translation of the long-term view into a more detailed medium-term financial plan. The time frame of which should support financially sustainable decision making.</p> <p>Clear link to service plans.</p>	27	<p>ASSESSMENT - GREEN</p> <p>The Council has a 5 year indicative budget at a detailed level which ensures the delivery of priorities as set out in the Corporate Plan and Service Plans and underpins the MTFS which is considered by Members. This is updated throughout each financial year with the process of revision beginning in summer and feeding through Member meetings during the budget setting cycle each year.</p> <p>Regular updates are provided throughout the budget setting process, including to the Budget Working Group, to The Finance and Democracy Committee and to Full Council on the latest information and assumptions in respect of funding, costs and risks.</p>	<p>Actions:</p> <p>None Identified.</p>

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Annual Budget				
J	<p>The authority complies with its statutory obligations in respect of the budget setting process.</p> <p>Detail:</p> <p>These are generally covered by part 2 of Local Government Act 2003. This includes robustness of estimates and reserves (covered below) and the requirement for financial monitoring.</p> <p>It also includes section 114 of the Local Government Finance Act 1988, which requires the CFO to issue a report if the Council is about to incur unlawful expenditure. This would include setting an unbalanced budget.</p>	29	<p>ASSESSMENT - GREEN</p> <p>The Council sets a balanced budget and complies with the requirement in relation to the S151 Officer statement (s25) on the robustness of the budget and the adequacy of reserves.</p> <p>There are well-established budget monitoring procedures in place including regular budget monitoring reports presented to Programme Committees.</p>	<p>Actions:</p> <p>None Identified.</p>

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K	<p>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.</p> <p>Detail:</p> <p>Reserves to be considered as part of the budget process and should be 'adequate' and 'necessary'. They should enable the Council to manage unexpected events from within its own resources.</p> <p>The budget report details earmarked reserves held, the purpose of each reserve and estimated opening and closing balances.</p>	29-30	<p>ASSESSMENT - GREEN</p> <p>The MTFS Report to Budget Council in March each year includes a statement from the Chief Financial Officer on the robustness of the estimates included within the budget and a statement on the adequacy of the proposed level of reserves.</p> <p>The MTFS budget report also details earmarked reserves held, the purpose of each reserve and estimated opening and closing balances.</p>	<p>Actions:</p> <p>None Identified.</p>

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Stakeholder Engagement and Business Plans				
L	<p>The authority has engaged, where appropriate, with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.</p> <p>Detail:</p> <p>Enabling residents to understand that resources are limited, and spending has to be prioritised.</p> <p>Leadership Team redirects resources to areas of higher priority.</p> <p>Understanding of statutory service delivery requirements.</p> <p>Use stakeholder consultation to set priorities.</p> <p>Helps to encourage community involvement, which could help reduce costs.</p>	31	<p>ASSESSMENT - GREEN</p> <p>The budget and MTFS are developed in consultation with members and MT, building on discussions held with budget holders to identify pressures and savings.</p> <p>The Budget Working Group meets throughout the budget setting cycle annually to highlight the key budget issues and to encourage further discussion.</p> <p>A budget consultation takes place as part of the budget setting process, the results of which are reported to members.</p> <p>A residents survey is conducted on a regular basis along with consultation on specific developments and proposals, each of which encourages community involvement and informs service delivery improvements.</p>	<p>Actions:</p> <p>To continue the existing approach to stakeholder engagement to assist in the development of medium-term financial planning and the development of budget proposals.</p> <p>Responsible:</p> <p>Management Team</p>

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M	<p>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p> <p>Detail:</p> <p>Decisions are made from clear business cases that detail the upfront and ongoing costs and benefits.</p> <p>Where appropriate the time value of money should be considered.</p> <p>Alternative options should be considered.</p> <p>The complexity of the business case should be proportionate to the decision.</p>	31-32	<p>ASSESSMENT - GREEN</p> <p>All formal decisions of the council are made either by a meeting of the Full Council itself, by Programme Committees, Regulatory Committees, or via delegations to officers. Full details of the relevant delegations and responsibilities are set out in the Constitution.</p> <p>Decision items take the form of committee reports which set out the business case and recommendations for the relevant meeting to consider.</p> <p>Committee reports include alignment of the recommendations with Corporate Priorities, financial implications which include the upfront and ongoing costs and benefits, legal implications, risk assessments, and compliance with financial regulations and other constitutional requirements, as appropriate.</p> <p>The above approach has been reviewed by the council's external auditors and found to be proportionate for the investment decisions being made by the council.</p>	<p>Actions:</p> <p>None identified</p>
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> <p>Detail:</p> <p>The Council should have timely information on its financial and operational performance.</p> <p>Performance indicators should be reviewed, alongside any overspends/ undelivered savings.</p>	33	<p>ASSESSMENT - GREEN</p> <p>Regular in-year budget monitoring reports are produced for both revenue and capital budgets as part of the council's reporting cycle, with any material budget implications captured and mitigating actions identified, reported and approved in MTFS update reports presented to both the Finance and Democracy Committee and Full Council meetings.</p> <p>Programme committees receive performance monitoring reports which link to the achievement of corporate priorities as identified in the council's Corporate Plan.</p>	<p>Actions:</p> <p>None identified</p>

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O	<p>The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.</p> <p>Detail:</p> <p>There is reference to monitoring material elements of the balance sheet that might give indications of departures from financial plans.</p> <p>Specific reference is made to commercial asset portfolios, contingencies and provisions.</p> <p>Cash flow is managed in accordance with guidance.</p>	33	<p>ASSESSMENT - GREEN</p> <p>The Budget Working Group meets throughout the budget cycle and routinely monitors the level of reserves held by the council and the purposes for which they are held. The MTFS report considered by Council annually sets out details of reserves within a Reserves and Balances Framework.</p> <p>Bi-annual treasury management reports to Members update on investments held and any external debt. Cash balances are monitored regularly and if risks are identified they will be reported to MT.</p> <p>The annual budget setting report incorporates the Investment Strategy of the council and includes specific reference to and details about the council's commercial asset portfolio.</p> <p>Regular reviews of reserves are undertaken by the Finance team and reported to MT via the CFO as appropriate.</p>	<p>Actions:</p> <p>None Identified.</p>

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External Financial Reporting				
P	<p>The Chief Finance Officer 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> <p>Detail:</p> <p>The CFO has statutory responsibility for:</p> <ol style="list-style-type: none"> 1. producing the accounts and ensuring they are published on a timely basis; 2. maintaining financial records; and 3. certification of the accounts and confirmation of a 'true and fair view'. 	35	<p>ASSESSMENT - GREEN</p> <p>The Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.</p> <p>The Finance Team subscribe to CIPFA's advisory service and receive ongoing updates and training to ensure continuing compliance.</p> <p>The CFO is required to certify compliance within the annual Statement of Accounts prepared and the council's external auditors audit the accounts to ensure compliance.</p>	<p>Actions:</p> <p>None Identified.</p>

Ref.	Description of the Standard	Pages of the Code	CFO Assessment of Current Position	Actions Required
Q	<p>The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions</p> <p>Detail:</p> <p>The narrative report that accompanies the accounts provides a link to achievement of outcomes and performance.</p> <p>The leadership team understand variances from budget and how they have been managed.</p> <p>The future implications of variances should also be considered i.e. will it affect the financial strategy/ financial resilience.</p>	25	<p>ASSESSMENT - GREEN</p> <p>The financial outturn report identifies key variances from budgets with appropriate explanations, and recommends action, where appropriate, in line with the in-year budget monitoring process.</p> <p>Any key issues arising from the outturn figures are reflected in subsequent budget monitoring reports as well as in the process for approving the Corporate Plan and MTFS.</p> <p>The narrative report that accompanies the accounts provides a link to achievement of outcomes and performance.</p> <p>A reconciliation to the Comprehensive Income and Expenditure Statement is provided in the statement of accounts to link the statutory accounts to the information provided as part of budget monitoring during the year and the outturn report.</p>	<p>Actions:</p> <p>None Identified</p>