

2Code of Financial Management Compliance Framework – assessment

Appendix 2

The Framework

The following is an approach to providing a “qualitative assessment” of the Councils compliance to the FM Code Self-Assessment. It is an assessment by the Director of Finance, ICT and Assets and has been subject to independent review by Internal Audit.

		<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 5px;">Weak Polices/ Processes</div> <div style="flex-grow: 1; border-bottom: 1px solid black; position: relative;"> <div style="position: absolute; top: -10px; left: 50%; transform: translate(-50%, -50%);">←</div> <div style="position: absolute; top: -10px; right: 50%; transform: translate(50%, -50%);">→</div> </div> <div style="border: 1px solid black; padding: 5px;">Strong Polices/ Processes</div> </div>		
		1	2	3
<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">Strong Governance</div> <div style="display: flex; align-items: center; justify-content: center;"> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100px; margin: 0 5px;"></div> <div style="font-size: 2em; margin: 0 5px;">↑</div> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100px; margin: 0 5px;"></div> <div style="font-size: 2em; margin: 0 5px;">↓</div> </div> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">Weak Governance</div>	3	Governance is good but relies on skills and knowledge of individuals rather than the policies etc	Good Governance but policies need slight work to make better	Total Compliance 9
	2	Governance is fair but undermined by loose policies or many light policies to make up shortcomings	Fair on all accounts, but wider improvements are needed.	Governance is fair but Policies are good.
	1	Total Non-compliance 1	Weak Governance Fair Policies and Processes but are not adding value.	Poor Governance not supported by Polices and Processes (e.g. out of date)

The Super-Summary of the Self-Assessment

The following is a high-level super-summary of the assessment undertaken showing the scoring, recommendations, responsible officer for implementing the recommendation and agreed deadline. Where a recommendation is applicable to more than one principle, it is shown in the first principle where it occurs and annotated with an * to show it is a repeated recommendation.

Principle	Score		Recommendation	Responsible Officer	Deadline	
	Total	Assessed				
Leadership	27	16	59%	VfM Policy/Statement/ Strategy; this could either be: <ul style="list-style-type: none"> Standalone VfM Statement Incorporated into the Annual Financial Report. 	Clive Mason	January 2023, as part of the Draft Budget 2023/24.
				Benchmarking (a programme of benchmarking of all services or specific services)	CMT (for discussion)	June 2022.
				Partnership Governance Framework	Tom Day	December 2022.
				Finance to undertake a customer survey to determine how the service is perceived/ received by its users.	Carolyn Bland	September 2022.
				Assessment of balance sheet risk is to be included in the s.25 Robustness of Reserves Statement from 2023/24 budget setting.	Clive Mason	February 2023, as part of the Final Budget 2023/24.

Principle	Score		Recommendation	Responsible Officer	Deadline	
	Total	Assessed				
			<p>Assessment of balance sheet risk is to be included in the 2023/24 Quarterly Risk and Opportunity report.</p> <p>Miscellaneous Debt Performance to be reported to members as part of 2022/23 Quarterly Financial Performance</p>	<p>Clive Mason</p> <p>Carolyn Bland</p>	<p>From April 2023 following approval of the Final Budget 2023/24.</p> <p>September 2022.</p>	
Accountability	27	21	77%	<p>There is good compliance, but some improvements can be made:</p> <p>i) to financial reporting to Cabinet (quicker/more graphical) and Corporate Management Team (more detailed/risk based/better integration with delivery performance)</p> <p>ii) By reviewing the Code of Corporate Governance and documenting the annual review process</p>	<p>Carolyn Bland</p> <p>Monitoring Officer</p>	<p>Some by Q2 2022/23, others by Q2 2023/24.</p> <p>December 2022</p>
Transparency	18	12	66%	<p>Long-Term Financial Strategy</p> <p>Engagement Strategy</p> <p>A formal Options Appraisal is developed and included in the Project Management methodology.</p>	<p>Clive Mason</p> <p>Rebecca Oakley</p> <p>Clive Mason</p>	<p>February 2023, as part of the Final Budget 2023/24</p> <p>December 2022</p> <p>December 2022</p>

Principle	Score		Recommendation	Responsible Officer	Deadline	
	Total	Assessed				
Standards	27	27	100%	None		
Assurance	27	17	63%	<p>Partnership Governance Framework (*, see Leadership)</p> <p>Nolan Principles; awareness training; including Code of Conduct etc for post-election new and continuing members.</p> <p>Long-Term Financial Strategy (*, see Transparency)</p> <p>CMT/SLT Monthly Financial Monitoring, based on Risk</p> <p>If the Council undertake a LGA Peer Review, that is remit includes a review of financial resilience.</p>	<p>Monitoring Officer</p> <p>Carolyn Bland</p> <p>Clive Mason</p>	<p>Post 2023 Election</p> <p>September 2022</p> <p>Post-2023 Election</p>
Sustainability	27	19	70%	<p>Long-Term Financial Strategy (*, see Transparency)</p> <p>Budget Management training for officers</p> <p>LGA Peer Review (once new corporate management team is in place) (CMT)</p>	<p>Carolyn Bland</p> <p>CMT (for discussion)</p>	<p>Autumn 2022</p> <p>Post 2023 Election</p>
Total	153	112	73% AMBER			
Key						

Principle	Score		Recommendation	Responsible Officer	Deadline
	Total	Assessed			
Greater than 85%		Green	Good compliance with the Code of Financial Management; clear evidence demonstrating strong governance and financial sustainability. Fair compliance with the Code of Financial Management; but some further process/policy development is needed. There is nothing detrimental that indicates that financial sustainability is hindered but develop in areas is considered necessary to ensure that financial sustainability and good financial governance is embedded within the Council. Poor compliance with the Code of Financial Management indicating that the Council is at risk of not being financially sustainable and showing poor governance. Significant development needed across many aspects of its financial management framework.		
50%-85%		Amber			
Less than 50%		Red			

The “Working” Summary of the Detailed Self-Assessment (by Principle and Standard)

Principle	Standard	Score					
		Governance		Policies & Practices		Combined	Recommendations
Leadership	A. The leadership team is able to demonstrate that the services provided by the authority provide value for money.	Good control framework.	3	Good Policies & Procedures but clearly evident that assessment of value for money not at the heart of delivery.	2	6	VfM Policy/Statement/Strategy; this could either be: <ul style="list-style-type: none"> • Standalone VfM Statement • Incorporated into the Annual Financial Report. ➤ Including appropriate monitoring that may include benchmarking (see below) and VfM related KPI's. (Clive Mason) Benchmarking (CMT) Partnership Governance Framework (Tom Day)
	B. The authority complies with the CIPFA Statement on	Good control framework.	3	Good document evidencing the support of the CFO; but reflections on central finance	2	6	Finance to undertake a customer survey to determine how the

Principle	Standard	Score					
		Governance		Policies & Practices		Combined	Recommendations
	the Role of the Chief Finance Officer in Local Government.			not known as never assessed.			service is perceived/received by its users. (Carolyn Bland)
	O. The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	Fair governance framework – meets the statutory requirements. But work needed to protect the medium/long term balance sheet risk.	2	The statutory policies and procedures are in place. However, the assessment of financial risk rests on revenue and has not been undertaken on the balance sheet. Further, reporting of misc. debt is absent from strategic oversight.	2	4	Assessment of balance sheet risk to be included in the s.25 Robustness of Reserves Statement from 2023/24 budget setting. (Clive Mason) Assessment of balance sheet risk to be included in the 2022/23 Quarterly Risk and Opportunity report. (Clive Mason) Miscellaneous Debt Performance to be reported to members as part of 2022/23 Quarterly Financial Performance (Carolyn Bland)
Accountability	D. The authority applies the CIPFA/SOLACE Delivering Good Governance in Local	Full Compliance	3	Although the Council has a Code of Corporate Governance, a review should be undertaken to ensure it remains current and any	2	6	A review of the Code of Corporate Governance should be undertaken, including the

Principle	Standard	Score					
		Governance		Policies & Practices		Combined	Recommendations
	Government: Framework (2016).			annual review process documented.			implementation of the annual review process. (Monitoring Officer)
	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.	Full Compliance	3	Full Compliance.	3	9	None
	Q. The presentation of the final outturn figures and variations from budget allows the leadership team to make	Full Compliance	3	There is good compliance with process, but there are some improvements that could be made to Cabinet and CMT reporting in respect of financial reporting.	2	6	In respect of reporting to Cabinet: <ul style="list-style-type: none"> • Quicker reporting (this is expected to be improved when the new Financial Management System is introduced from April 2022. • More “graphical” presentation, this will be worked on by Finance for introduction in 2022/23 Q2 reporting.

Principle	Standard	Score					
		Governance		Polices & Practices	Combined	Recommendations	
						Corporate Management Team: <ul style="list-style-type: none"> • More detailed departmental reporting. • Risk based reporting. • Better integration of delivery and financial performance information. 	
Transparency	L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	Fair compliance, will be enhanced further when a LTFS and engagement strategy is developed.	2	The Council has a good and long history of engaging with stakeholders on various aspects of its activity; especially in respect of financial management. However, even though engagement gives a medium term horizon, there is no long term horizon. In respect of direct engagement a new engagement strategy is being developed that is	3	6	Long-Term Financial Strategy (Clive Mason) Engagement Strategy (Rebecca Oakley)

Principle	Standard	Score					
		Governance		Policies & Practices		Combined	Recommendations
				expected to “go-live” towards the end of 2022.			
	M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	Full Compliance	3	Good compliance but the Project Management Methodology should be enhanced to include a formal Options Appraisal Methodology.	2	6	Formal Options Appraisal Methodology be developed and included within the overall Project Management Methodology. (Clive Mason)
Standards	H. The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	Full Compliance	3	Full Compliance	3	9	None
	J. The authority complies with its statutory obligations in respect of the budget setting process.	Full Compliance	3	Full Compliance	3	9	None
	K. 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.	Full Compliance	3	Full Compliance	3	9	None

Principle	Standard	Score					
		Governance		Policies & Practices		Combined	Recommendations
Assurance	C. The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	With the significant changes in the senior officers of the Council, a general update in respect of Nolan would be advantageous.	2	The Council does have some sound P&P's to give members/officers/ stakeholders assurance in financial management; but a partnership framework would help to assure respective parties on how it engages with those who support the Council in the delivery of its corporate priorities.	2	4	Partnership Governance Framework (Tom Day) Nolan Principles; awareness training (Monitoring Officer)
	F. The authority has carried out a credible and transparent financial resilience assessment.	Full Compliance	3	Full Compliance	3	9	None that impact on the Councils current assessment of financial resilience. However, if the Council was to undertake an LGA Peer Review it should consider included "financial resilience" within its remit.
	N. The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	Governance is good but depth is needed through the leadership team.	2	Appropriate information is reported to member leadership in respect of financial management. However, some improvements could be	2	4	Long-Term Financial Strategy (Clive Mason)

Principle	Standard	Score					
		Governance		Policies & Practices		Combined	Recommendations
				made in in-year monitoring in that "risk" based reporting could be reported to CMT/SLT on a monthly basis. The development of a LTFS will also support LF horizon scanning for members.			CMT/SLT Financial Monitoring, based on Risk. (Carolyn Bland)
Sustainability	E. The financial management style of the authority supports financial sustainability.	Governance is good but depth is limited that some training of budget managers/responsible officers is needed to ensure financial governance/management is embedded in service delivery. It is time for a further LGA Peer View, but when the permanent Corporate Management Team is established.	2	Good P&P's in place, but the development of a LTFS will enhance financial sustainability by giving the leadership team a longer term horizon to effectively plan.	3	6	Long-Term Financial Strategy (Clive Mason) Budget Management training for officers. (Clive Mason/Carolyn Bland) LGA Peer Review (once new corporate management team is in place) (CMT)
	G. The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	s.25 report is robust and duly models the medium (only) financial risks. This is monitored in the quarterly monitoring.	2	The financial horizon is limited to the medium term.	2	4	Long-Term Financial Strategy (Clive Mason)

Principle	Standard	Score					
		Governance		Policies & Practices		Combined	Recommendations
	I. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	Full Compliance	3	Full Compliance	3	9	None