

Financial Management Standard	Current Assessment	RAG	Areas for improvement	
<b>Section 1 – The Responsibilities of the Chief Finance Officer and Leadership Team</b>				
149	<p><b>A The leadership team is able to demonstrate that the services provided by the authority provide value for money</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?</li> <li>Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?</li> <li>Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?</li> </ul>	<p>Service delivery and associated resourcing is informed by our Corporate Vision and Council Plan which sets out our local priorities and how we will deliver against them. This plan is based on an assessment of local need and is approved by officer and political leadership teams. Further detail is then explained in local service plans.</p> <p>The MTFs delivers a robust financial plan through a rigorous budget setting process which includes extensive member engagement and challenge through Overview &amp; Scrutiny Cttee. Before all growth, savings, special items and substantial/capital schemes are agreed they are subject to a full business case and appraisal of alternative options (including “do nothing”).</p> <p>Value for money and efficiency approaches/option is further promoted through regular items at CLT/ECLT &amp; Executive briefings, staff forums, Big Chat, wider corporate communications and Council wide commercial workshops.</p> <p>Benchmarking techniques are one of a number of tools used to measure efficiency of services and to identify opportunities for improvement, by comparing key performance measures across services internally or with other authorities. This is an area being further developed alongside other external value measures.</p> <p>The Council's performance framework includes regular monitoring of key projects and our overall budget position to ensure that the key aims of the council are progressed to budget, timescales, and delivering priority outcomes. These are reported to the Corporate Management Team and through Executive</p> <p>The council has a strong record of identifying and delivering financial savings through efficiency, income maximisation and alternative service delivery models. The current efficiency programme (Organisational Foundations) has a strong governance and reporting framework into the Corporate Leadership team and aligned to budget setting.</p>	Green	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>Further develop use of benchmarking and other external value measures (Oct 2023). <b>Nov 23 Update – A number of datasets are now in place both for individual services and the council's overall financial position.</b></li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement	
150		<p>The council's constitution explains how the Council operates and makes decisions efficiently and effectively, clarifying key officer roles, and responsibilities.</p> <p>The MTFP has specific section that details VFM arrangements and there is a Commercial strategy and Procurement strategy agreed by Executive/Council.</p> <p>External auditors provide annual assurance that Value for Money is achieved, through their external VFM opinion.</p> <p>The Council abides by the Transparency Regulations 2015 and provides detailed information on its website in order for external interested parties to undertake their own views as to our efficiency and effectiveness and VFM.</p> <p>All decisions include an Equality Impact Assessment to ensure we do not deliberately or inadvertently discriminate against certain groups or individuals.</p> <p>The organisation has recently implemented a Strategic Procurement and Commissioning board (Officer led) to further ensure improved value for money and cost savings through its procurement, commissioning and contract management processes. This Board is supported through the Contract Management Support, Learning &amp; Working Group, which is a Council wide forum which upskills services &amp; ensure best practice is adopted.</p>		
<b>B</b>	<p><b>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear</li> </ul>	<p>The Chief Finance Officer (the Deputy Chief Executive) is a key member of the Corporate Leadership Team, chairs CLT in the absence of the CEO, chairs and sponsors a numerous Council Wide Programmes including OFP, Strategic Procurement Board, Corporate Transport. He is actively leads in shaping and delivering the Council's Corporate Business Plan and Medium Term Financial Strategy (MTFS) as well as ensuring there are sufficient resources to deliver the Strategies. All significant investment decisions are subject to scrutiny by the CFO and is challenged where the project is not aligned to the strategic vision of the council.</p>	Green	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>The Finance Team have recently seen investment to ensure the appropriate resources to best support the organisation. A program of work to improve budget managers skills around financial management and to further understand their roles and accountability is underway (Sept 2023)</li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement
<p>on, all material business decisions?</p> <ul style="list-style-type: none"> <li>Does the CFO lead and champion the promotion and delivery of good financial management across the authority?</li> <li>Is the CFO suitably qualified and experienced?</li> <li>Is the finance team suitably resourced and fit for purpose?</li> </ul>	<p>The CFO is ACCA qualified with over 30 years experience in local government finance and over 15 years as Section 151. He chairs the Berkshire Treasurers group and is a member of SUM, SMT, SOLACE. As well as significant experience of local government finance and he has a longstanding understanding of the local Political and financial position of the Borough.</p> <p>He is supported by an experienced Deputy 151 Officer, who as well as being CIPFA qualified has over 30 years local government experience, working to Assistant Chief Executive Level and across a number of London Boroughs, Unitary, County and District Councils.</p> <p>The CFO is supported by a highly skilled team which include qualified accountants (CCAB/CIMA) and technician qualified (AAT) accountants. All qualified officers undertake continuing professional development as required by their accounting bodies.</p> <p>All finance staff are encouraged to attend technical training.</p> <p>The CFO sponsors regular budget monitoring reports, reviewed by CLT and the Councils Political leadership, to ensure the financial position of the council is understood and managed as a priority.</p> <p>Arrangements are in place for specialist financial advice to assist the finance team in meeting their statutory requirements (technical accounting, treasury management, financial management &amp; planning and taxation).</p> <p>The Governance and the Procurement and Commissioning functions are embedded into the Resources and Assets Dept, led by the CFO, to further ensure alignment with financial governance and good practice.</p>		<p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>We will continue to review the effectiveness of training plans and improvements to career planning (Sept 2023)</li> <li>We will introduce an approach to ensure records of qualification and continual professional development are held centrally (July 2023)</li> </ul>
<b>Section 2 – Governance and Financial Management Style</b>			
<p><b>C</b></p> <p><b>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control</b></p> <p><b>Key questions:</b></p>	<p>The leadership team champion the Nolan Principles of Selflessness, Integrity, objectivity, accountability, openness, honesty and leadership.</p> <p>The Council has in place a constitution that sets out how it operates, how decisions are made and how the Council ensures that its activities are appropriate, transparent and accountable to local people.</p>	Green	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>None</li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement
<p style="text-align: center; vertical-align: middle;">152</p> <ul style="list-style-type: none"> <li>• Does the leadership team espouse the Nolan principles?</li> <li>• Does the authority have in place a clear framework for governance and internal control?</li> <li>• Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?</li> <li>• Does the leadership team espouse high standards of governance and internal control?</li> <li>• Does the leadership team nurture a culture of effective governance and robust internal control across the authority?</li> </ul>	<p>The Council has in place a formal governance structure that is appropriate to the way in which it operates. This includes relevant committees and reporting lines, terms of references and conduct, including provision for scrutiny of decisions taken. The Council has in place a formal scheme of delegation, which sets out which individuals or committees are entitled to make which decisions.</p> <p>Our committees, member working groups and other elements of our governance structure have formal, agreed terms of reference, setting out the scope of their responsibilities.</p> <p>The Council has formal codes of conduct for officers and members. The Council maintains an up-to-date register of interests for all senior officers and members.</p> <p>There are effective arrangements for assurance, internal audit and internal accountability. Any areas of concern raised through those arrangements are managed robustly and transparently. Both the internal and external auditor attend and provide regular reports and updates to the Standards and Audit Committee. All recommendations are acted upon promptly.</p> <p>Internal Audit works to an agreed plan, which is based on a robust analysis of the Council’s governance, risk management and internal control arrangements, the environment within which the Council operates and the risks and challenges that it faces.</p> <p>The Council adopts a robust approach to the identification, assessment and management of risks to the achievement of its objectives and to the delivery of services. The Corporate Risk Register is owned by CLT with responsibility for the management of individual risks allocated clearly across the organisation.</p> <p>A strong Statutory Officers Group (CFO,CEX,MO) is in place to further monitor and support arrangements.</p> <p>The council has adopted the Local Code of Corp Governance and has a number of Governance policies based on best practice signed up to by CLT and the Executive.</p>		<p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• A review of the financial regulations is underway to further clarify and reinforce the roles of officers across the organisation with regard to financial management and governance. (Aug 2023) <b>Nov 23 Update – updates being progressed as part of the constitution review</b></li> <li>• Improvements to the approach for the assurance process through the Annual Governance process will be reviewed (Mar 23)</li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement	
<p style="text-align: center;">153</p> <p><b>D</b></p>	<p><b>The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Has the authority sought to apply the principles, behaviour and actions set out in the framework to its own governance arrangements?</li> <li>• Does the authority have in place a suitable local code of governance?</li> <li>• Does the authority have a robust assurance process to support its AGS?</li> </ul>	<p>The council's Annual Governance Statement (AGS) sets out the principles of 'delivering good governance' and sets out how we have demonstrated them for the year.</p> <p>The AGS is reviewed and challenged by the audit committee. The audit committee is a key component of our corporate governance as it provides an independent and high-level focus on the arrangements that underpin good governance and financial standards.</p> <p>A local Code of Corporate Governance is in place based on the CIPFA/SOLACE framework. THE AGS includes a compliance assessment against the Code.</p> <p>The audit committee now includes an independent member and its effectiveness is reviewed each year and reported to Council.</p> <p>The authority has a robust process in place for the leadership team to provide assurance to support the AGS.</p> <p>The Head of Internal Audit works proactively with the audit committee to review 'lessons learned' from other LA's to review our own process of governance and assurance.</p> <p>Our Internal Audit Team assess their compliance against the Public Sector Internal Audit Standards. An External Quality Assessment is planned for 2023. The Head of Internal Audit has completed a self-assessment against the CIPFA role requirements.</p>	<p style="text-align: center;">Green</p>	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul>
<p><b>E</b></p>	<p><b>The financial management style of the authority supports financial sustainability</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Does the authority have in place an effective framework of financial accountability?</li> </ul>	<p>The Council has an effective framework of financial accountability. Our Financial Regulations and procedures are part of the constitution and set out financial decision requirements.</p> <p>Financial Procedures set out officer responsibilities. Schemes of Authorisation set out delegation of financial responsibility. Appropriate authorisations are built into our systems and processes. The control environment is reviewed regularly by Internal Audit.</p> <p>The finance team provide support and training to officers with delegated financial responsibility and e-learning is also available to support</p>	<p style="text-align: center;">Amber</p>	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• Whilst there are good communication and information sharing arrangements in place across Berkshire CFO's, steps are being taken to widen networks across Financial services (July 2023)</li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement
<p>154</p> <ul style="list-style-type: none"> <li>• Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?</li> <li>• Does the authority’s finance team have appropriate input into the development of strategic and operational plans?</li> <li>• Do managers across the authority possess sufficient financial literacy to deliver services cost-effectively and to be held accountable for doing so?</li> <li>• Has the authority sought an external view on its financial style, for example through a process of peer review?</li> <li>• Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?</li> </ul>	<p>financial literacy. All budget codes have clear ownership and accountability which is reflected in our reporting.</p> <p>Regular budget monitoring reports are provided to the council's leadership team and members and financial sustainability and emerging risks are commented upon as part of this reporting.</p> <p>The finance team are aligned to specific service areas, to ensure service knowledge is obtained to support service developments and continuous improvement.</p> <p>We manage our finance function through a series of devolved budget managers. These managers understand they are responsible for delivering services cost effectively and are held accountable for doing so. Finance staff provide support and challenge to these managers by interpreting and explaining performance as well as advising and supporting on key business decisions.</p> <p>Financial sustainability is a key fundamental of the MTFS, which is refreshed annually (and monitored monthly). The MTFS includes three year revenue and capital programmes. This includes realistic estimates of funding available and budget growth required over the medium term and appropriate levels of contingencies and reserves required based on an assessment of risks it faces.</p> <p>The Council recognises that effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudent approach to capital expenditure, investment and debt. Therefore, all investment decisions (treasury and non-treasury) are taken in light of the Council’s Corporate Plan, Medium Term Financial Strategy, Capital Strategy and Treasury Management Strategy all off which are prepared jointly with the Council’s senior officers.</p> <p>We have an effective framework of financial accountability set out in our Financial Procedures that is understood clearly and applied throughout the organisation, from the leadership team through to front line service managers. The MTFP also details the “Budget Manager Protocol” and there is a number of established processes and practices including effective budget monitoring process, extensive use of the Overview &amp; Scrutiny Cttee.</p>		<ul style="list-style-type: none"> <li>• A more formal approach to financial training will be put in place for all budget managers</li> <li>• Job descriptions will be reviewed to ensure they include more specific budget responsibilities and value for money responsibilities</li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement
	<p>There is an ongoing programme of training in Finance and specific areas such as Procurement and Commercialisation.</p> <p>Financial management is embedded into our improvement and efficiency programmes including customer excellence, innovation, improvement and commercialisation.</p> <p>The Council employs financial consultants where prudent to do so, including in respect of HRA and treasury management, to help it ensure it meets all its statutory obligations and to help assess future funding options. As well as utilising an internal corporate change team to support continuous improvement the council also utilises wider external support where required for corporate programmes or specific service focused approaches.</p> <p>The external auditor reviews the financial statements and gives an opinion on the financial sustainability of the Council.</p> <p>An LGA Peer Review was undertaken in November 2021 that included an assessment of financial arrangements. There is currently an improvement plan in place to support recommendations from that work and a recent review of progress has been very complimentary about the work undertaken to date.</p>		
<b>Section 3 – Medium to Long Term Financial Management</b>			
<p><b>F The authority has carried out a credible and transparent financial resilience assessment</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Has the authority undertaken a financial resilience assessment?</li> <li>• Has the assessment tested the resilience of the authority’s financial plans to</li> </ul>	<p>A detailed and well-established MTFS process ensures the early identification of issues including the long term sustainability of funding. The MTFS includes prudent modelling of estimates of income and funding sources, local government funding, service drivers and growth, risks and contingencies. The MTFS is contributed to and agreed by SLT, has extensive consultation through Overview &amp; Scrutiny Cttee before approval by the Council. The MTFS is a three year forward looking plan covering the revenue and capital programmes and includes a number of strategies mentioned earlier in this assessment, as recommended by the FM Code.</p> <p>The annual CFO letter further and more specifically details the risks identified, mitigations and the overall strategic financial position.</p>	Green	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• We will consider further processes and measures can be put in place to monitor the overall financial resilience of the org (Oct 23) <b>Nov 23 updates – additional datasets and benchmarking in place – to be included in Chief Finance Officer report Jan 24</b></li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement
<p>a broad range of alternative scenarios?</p> <ul style="list-style-type: none"> <li>Has the authority taken appropriate action to address any risks identified as part of the assessment?</li> </ul>	<p>The Corporate Risk register identifies strategic financial risks and is monitored alongside of the Councils ongoing financial management arrangements, where Finance Business Partners inform and understand risks.</p> <p>CIPFA Financial Resilience Index 2021 puts Wokingham at the lower end of the risk matrix for Financial Stress. This measure alongside other such as the Grant Thornton Resilience data is kept under close monitor as part of our overall management process</p> <p>The external auditor reviews the financial statements and gives an opinion on the financial sustainability of the Council.</p> <p>The council has a robust risk management approach which includes financial issues and impacts; which is reported through its Corporate Leadership Team, Executive, and Audit Committee.</p> <p>Investments and efficiency programs are initially taken through detailed business case approval processes and then are supported with regular monitoring and reporting governance.</p>	Green	
<p><b>G The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?</li> <li>Does the authority have a strategic plan and long-term financial strategy that adequately address these risks?</li> </ul>	<p>The Council produces a 3-year MTFS, 5 year capital programme and a 4 year Housing Strategy incorporating revenue and capital models using a range of assumptions for economic factors and service related factors.</p> <p>The Council retains appropriate reserve balances, general fund and earmarked funds (e.g. insurance reserves) to manage risks over the medium term. Reserve balances are agreed as part of the MTFS and are integral to ensuring we have the resources we need.</p> <p>The current high levels of uncertainty around future funding for local government, and some legacy impacts of COVID-19, make producing a meaningful long term plan very challenging. This risk to financial planning is clearly set out in the MTFS, CFO letter and has been communicated to the Leadership Team and Members.</p> <p>The Council has a Corporate Business Plan that sets out its aim and vision for the future. The three year MTFS which is updated annually supports the Business Plan and sets out the medium term financial position</p>		



Financial Management Standard	Current Assessment	RAG	Areas for improvement
<ul style="list-style-type: none"> <li>Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (e.g. using a technique such as scenario planning)?</li> <li>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?</li> </ul>	<p>of the authority, including various strategies and policies that explain how risks are managed over the medium/ longer term.</p> <p>As an example of the approaches engaged, the council has utilised scenario planning, following the peer review, to identify its Organisational Foundations Programme and is developing a long-term forecast for the DSG as part of an approach to utilise the safety valve programme.</p>		
<p><b>H The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>Has the authority prepared a suitable capital strategy?</li> <li>Has the authority set prudential indicators in line with the Prudential Code?</li> <li>Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set?</li> </ul>	<p>The Council complies with the CIPFA Prudential Code. The CIPFA Prudential Code requires councils to ensure that capital spending plans are affordable, sustainable and prudent.</p> <p>Our capital strategy is approved with our budget each year and supports a ten year rolling capital programme. The strategy sets out the key principles and objectives of our capital spending to support decision making and ensure the programme is affordable over the longer term.</p> <p>In line with the code, the Council sets Prudential Indicators and has monitoring procedures to ensure that the authority stays within authorised limits.</p> <p>Treasury Management performance (including prudential indicators) is reported 6 monthly to the Audit Committee.</p>	Green	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>Steps are in place to further align the Asset strategy/plan to the capital programme and longer-term finance planning. Ensuring need is aligned to financial sustainability and that deliverables align to future revenue budgets <b>Nov 23 update – whilst longer-term forecasting tool has not been identified as yet, the new benchmarking tools include a number of measures to</b></li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement	
	<p>The Council recognises that effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudent approach to capital expenditure, investment and debt. All investment decisions are therefore taken with detailed business cases and in light of the Council’s Corporate Plan, Medium Term Financial Strategy, Capital Strategy and Treasury Management Strategy</p> <p>Embedded in the councils overall financial management approach is a regular capital programme monitoring process, which is reported up through CLT and Executive. Any variances are detailed and required mitigations reported and agreed.</p> <p>The Council also has a 4-year Housing Strategy which outlines the key priorities, required outcomes and the key activity to deliver those outcomes.</p> <p>Commercial investments were undertaken in line with the Council’s Commercial Property Investment Strategy and funded through prudential borrowing.</p>		<p>give further assurance of the overall financial position</p>	
<p>158</p>	<p><b>I The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Does the authority have in place an agreed medium-term financial plan?</li> <li>• Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?</li> <li>• Has the medium-term financial plan been prepared on the basis of a robust assessment of</li> </ul>	<p>The Council’s Medium Term Financial Strategy (MTFS) is drafted in light of the Council’s Corporate Plan, individual service plans, the Capital Strategy and Treasury Management Strategy to ensure all areas are accounted for and are financially sustainable.</p> <p>The MTFS is updated and reported annually to Full Council and updated regularly throughout the year for management reporting purposes.</p> <p>The Senior Leadership Team is responsible for identifying initiatives and opportunities for savings in order to bridge the financial gap in the MTFS. Where additional budget is required (Growth) the MTFS and business planning process ensures that these amounts are reviewed and challenged to determine whether there are potential mitigations to reduce costs and that they are realistic and sufficient and ensure that key requirements of services are met.</p> <p>Although the plan is set on a rolling 3-year basis, plans are monitored throughout the and where the latest data indicates that there have been material changes to assumptions, as demonstrated in recent years they are updated and reported in the financial monitoring reports to Members.</p>	<p>Green</p>	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• We are currently developing additional approaches to manage budget pressures and growth and to better utilise benchmarking data to understand cost (Oct 23)</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• We continue to develop how the Risk Register and financial reporting can earlier identify and allow the mitigation of future cost pressures (Jul 23).</li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement
<p>relevant drivers of cost and demand?</p> <ul style="list-style-type: none"> <li>Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?</li> <li>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?</li> </ul>	<p>Savings targets are only included in the approved budget if there is confidence in their delivery. Delivery of savings is monitored in revenue monitoring reports and through specific governance for larger projects.</p> <p>Capital &amp; Revenue budgets are collectively presented to Overview &amp; Scrutiny Cttee to show connective impact and impacts are shown in MTFP. Service plans are produced in accordance with the MTFP and activity data analysis used for future projections.</p>		
<b>Section 4 – The Annual Budget</b>			
<p><b>J</b></p> <p><b>The authority complies with its statutory obligations in respect of the budget setting process</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>Is the authority aware of its statutory obligations in respect of the budget-setting process?</li> <li>Has the authority set a balanced budget for the current year?</li> <li>Is the authority aware of the circumstances under which it should issue a Section</li> </ul>	<p>The Council understands its obligation in respect of the budget setting process and has set a balanced budget for the current year, understanding what is required for future years in order to allow further planning and options analysis.</p> <p>The Local Government Act 2000 requires the full council to approve the annual budget, on the recommendation of the executive or equivalent, together with the associated council tax demand (before 11 March each year). The Local Government Act 2003, Section 25 requires the authority's CFO to report to the council on the robustness of the estimates made in the annual budget and on the adequacy of the proposed financial reserves assumed in the budget calculations. The Council meets this requirement by reporting these items to the January Executive Committee prior to submission to a full council meeting in February each year.</p>	Green	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>None</li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement
<p>114 notice and how it would go about doing so?</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> <p>There is an extensive member scrutiny process as part of budget setting with specific meetings to review and understand Growth, Savings and Capital programmes for each directorate.</p> <p>The Chief Finance Officer role is clearly communicated and enforced through statutory officer group. Various communications channels as already detailed (Big Chat, ECLT etc) are also utilised to ensure a clear and consistent message.</p> <p>The CFO, who is very experienced in public finance, liaises continually with other CFOs who have enacted S114 or have considered such measures. The CFO is also aware that S114 is a sign of organisational failure and ensures of all those responsible for financial viability are aware of what must be done in order to not be in such a position.</p>		
<p><b>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</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>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?</li> <li>Does this report accurately identify and consider the most significant estimates used to prepare the budget,</li> </ul>	<p>The Section 25 Report is compiled annually by the section 151 officer and is reported along with, or as part of, the annual budget, MTFs and Capital and Treasury strategies to the Executive each January. It deals with the robustness of the estimates included in the budget and the adequacy of reserves and covers the key risks for the organisation in line with CIPFA Guidance.</p> <p>The Council has set up earmarked reserves to mitigate the risks of the main (known) financial risks crystallising. Substantial earmarked reserves are also set aside for specific risks such as for Business Rate income to offset any major fluctuations in these areas; More generally the Council also sets a Prudent General Fund Working Balance of £8m for any other issues resulting in a financial consequence.</p> <p>The MTFs includes a statement in relation to the robustness of estimates made and on the adequacy of the proposed financial reserves.</p> <p>The Council monitors its position against other external measures such as CIPFA resilience index and Grant Thornton data as well as utilising external auditor reports to further understand and collaborate the overall position and level of resilience.</p>	Green	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>None</li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement
<p>the potential for these estimates being incorrect and the impact should this be the case?</p> <ul style="list-style-type: none"> <li>Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?</li> <li>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?</li> </ul>			
<b>Section 5 – Stakeholder Engagement and Business Cases</b>			
<p><b>L The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>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?</li> <li>How effective has this engagement been?</li> </ul>	<p>The Council's Constitution ensures we consult with Members of the Public and its partner organisations in accordance with our legal obligations.</p> <p>We engage with key stakeholders when setting the annual budget and for larger items of change will undertake appropriate consultation.</p> <p>The Corporate Plan engagement provided significant local insight and understanding to help shape resource priorities and future change initiatives.</p> <p>Widespread engagement with the public on council spending is hard for residents to engage with in a meaningful way and is not effective in influencing the budget plans. Engagement is therefore focussed on development of the Council's Corporate Plans and feeding in growth bids to the business planning and MTFs cycles to meet emerging needs.</p>	Amber	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>to continually review approaches to engage and help improve awareness of the councils budget process and resourcing with residents (Nov 2023) <b>Nov 23 update – a resident budget engagement exercise has been added to this years MTFP budget setting process and responses are currently being analysed</b></li> <li>We will consider how to improve the inclusion of equalities</li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement
<ul style="list-style-type: none"> <li>What action does the authority plan to take to improve its engagement with key stakeholders?</li> </ul>	<p>Engagement with residents/service users is conducted in line with individual service changes proposed within the budget, as part of the development and delivery of those proposals, rather than detailed engagement on the whole budget. This allows the engagement to be more targeted to affected groups and ensures that the engagement is meaningful.</p>		<p>impacts at the earlier budget Bids stage (May 23)</p>
<p><b>M</b></p> <p><b>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication <i>Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal</i>?</li> <li>Does the authority offer guidance to officers as to when an option appraisal should be undertaken?</li> <li>Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?</li> <li>Does the authority's approach to option appraisal include suitable</li> </ul>	<p>Option appraisals form an essential part of the development of the Council's capital programme and all capital and revenue growth schemes have to undertake a business case appraisal through a "bid" process. Options appraisals are also mandated for procurement requirements over £50k, in line with the Councils Constitution and require approval from Finance &amp; Procurement Business Partners.</p> <p>The Council has set up a Project Management Office (PMO) who have responsibility for embedding a project management approach across the organisation to support, monitor and report on the progress of projects within the Council's Project Portfolio. Support and advice are offered to project managers in all aspects of project management. The team also lead on major transformation programmes in relation to providing project resourcing as well as appropriate governance.</p> <p>The criteria for a key decision is set out in the council's constitution, and the format of the decision report requires input from relevant professionals, and has a format that gives clear recommendations and outlines associated risks. The report will consider options available and reasons for recommended option.</p>	<p>Green</p>	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>Continue to develop service managers business case skills and appropriate tools to support approach and governance.</li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement
<p>mechanisms to address risk and uncertainty?</p> <ul style="list-style-type: none"> <li>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)?</li> </ul>			
Section 6 – Monitoring Performance			
<p><b>N The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>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?</li> <li>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</li> </ul>	<p>All budget managers and senior managers have access to the Council's Financial Management System (BWO) where they can look up reports and enquiries showing real time information. This is supplemented by management reports being provided regularly to all budget managers as part of a monthly dialogue and discussion with finance business partners.</p> <p>Budget managers are provided ongoing system and financial skills training and support (formal and informal) to assist the process and value of reporting.</p> <p>Monitoring information (revenue and capital) is then fed into a monthly report which is sent to CLT on a monthly basis showing the current position against budget and the likely outturn for the year, alongside reasons for variances and mitigations being considered or enacted.</p> <p>Reports are taken to informal Executive monthly and formal Executive quarterly.</p> <p>The Corporate Risk Register further ensures an understanding of key risks including financial implications and is aligned to ongoing budget monitoring – ensuring any required mitigations are identified and managed effectively.</p>	Green	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>continue to review the format of reporting to maximise information to senior managers to ensure appropriate mitigation and support is provided to address issues, Where possible linking finances to demand and cost comparisons (benchmarking detailed earlier in the plan)</li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement
<p>a contract monitoring data?</p> <ul style="list-style-type: none"> <li>• Are the reports provided to the leadership team in a timely manner and in a suitable format?</li> <li>• Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?</li> </ul>			
<p><b>O</b></p> <p><b>The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?</li> <li>• Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet?</li> <li>• Is the authority taking action to mitigate any risks identified?</li> <li>• Does the authority report unplanned use of its reserves to the leadership team in a timely manner?</li> </ul>	<p>All major issues are identified in the Council’s Risk Register and monitored as a whole by SLT on a quarterly basis. All financial issues are monitored through the monthly budget monitoring process.</p> <p>The Council has set up earmarked reserves to mitigate the risks of the main (known) financial risks crystallising. Specific earmarked reserves are in place for substantial risks such as Business Rate income to offset any major fluctuations in these areas; More generally the Council also sets a Prudent General Fund Working Balance of £8m for any other issues resulting in a financial consequence.</p> <p>Debt management is managed through monthly reporting and meetings with service users. Regular cashflow monitoring/forecasting is undertaken to ensure that the Council has enough resources to meet its requirements</p> <p>Borrowing and investments are reported to the Audit committee through the year.</p>	<p>Green</p>	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• A further review of cashflow management and future borrowing strategy is being supported by external experts</li> </ul>



Financial Management Standard	Current Assessment	RAG	Areas for improvement
<ul style="list-style-type: none"> <li>Is the monitoring of balance sheet risks integrated into the authority's management accounts reporting processes?</li> </ul>			
<b>Section 7 – External Financial Reporting</b>			
<p><b>P The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements?</li> <li>Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms?</li> <li>Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the <i>Code of Practice on Local Authority</i></li> </ul>	<p>The Statement of Accounts is prepared on an annual basis in accordance with the Accounts and Audit Regulations 2015, and the Code of Practice on Local Authority Accounting in the United Kingdom (the local authority accounting Code). The CFO personally certifies the annual Statement of Accounts indicating their personal and statutory responsibility.</p> <p>The authority's leadership team and the CFO are aware of the CFO's responsibilities in terms of the preparation of the annual financial statements and the finance team produce an annual Closing timetable, to ensure that the Council meets its obligations in regard to the production of its financial statements.</p> <p>The Council has consistently received an unqualified audit opinion from the external auditors.</p> <p>Whilst we understand there are currently delays in the sign-off of annual accounts, in the main the reasons for this are beyond the Council's controls with national issue in terms of infrastructure (now agreed in the short-term) and assurances in respect of the Pensions body accounts. We continue to work closely with our external auditor to progress all matters we can (in respect of 2020/21, 2021/22 and 2022/23) and there are no significant issues being raised.</p>	Green	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>None</li> </ul>

Financial Management Standard	Current Assessment	RAG	Areas for improvement
<p><i>Accounting in the United Kingdom?</i></p>			
<p><b>Q The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• 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?</li> <li>• Is the information in these reports presented effectively?</li> <li>• Are these reports focused on information that is of interest and relevance to the leadership team?</li> <li>• Does the leadership team feel that the reports support it in making strategic financial decisions?</li> </ul>	<p>The presentation of financial information to CLT is a regular agenda item – including budget setting, monitoring and outturn/variance reporting.</p> <p>Reports provide detail of any significant variances and the actions and mitigations to bring expenditure and income back in line with budgets.</p> <p>CLT minutes provide detail of the decisions – both service level and corporate that come from this reporting and future reports then update on the effectiveness of interventions.</p> <p>All appropriate non financial reports will also include financial implications to ensure all CLT decisions are made with the insight and understanding of financial impacts and sustainability.</p>	<p>Green</p>	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul>