



Report Reference Number: A/20/12

To: Audit and Governance Committee
Date: 29 July 2020
Status: Non-Key Decision
Ward(s) Affected: All
Author: Karen Iveson; Chief Finance Officer (s151)
Lead Executive Member: Councillor Cliff Lunn, Executive Lead Member for Finance and Resources
Lead Officer: Karen Iveson; Chief Finance Officer (s151)

Title: CIPFA Financial Management Code

Summary:

CIPFA's Financial Management Code (FM code) is a framework to ensure strong financial management in local authorities. Compliance with the FM Code is mandatory for 2021/22 onwards.

This report provides a self-assessment, action plan and progress update on the FM Code.

Covid-19 has impacted on the progress against the actions, but work will continue over the remainder of the year to ensure compliance from April 2021.

A further progress update will be brought to the January meeting.

Recommendation:

It is recommended that, subject to comments from the Committee, the actions are endorsed, and that progress be noted.

Reason for recommendation:

To ensure the agreed actions are completed.

1. Introduction and background

1.1 Strong financial management is an essential part of ensuring public sector finances are sustainable. The Financial Management Code (FM Code) identifies risks to financial sustainability and provides a framework of assurance.

- 1.2 Compliance with the FM Code is the collective responsibility of elected members, the Chief Finance Officer and Leadership Team colleagues.
- 1.3 2021/22 is the first year of compliance, with 2020/21 giving time for authorities to reflect on the contents of the FM Code and demonstrate how they are working towards compliance.

2. The Report

2.1 A self-assessment was completed in December 2019 and adopted by Leadership Team in January 2020. The self-assessment (attached at **Appendix A**) provides an overview of the requirements of the FM code and a “RAG” rating for each standard:

- **Green** – Compliant with the Code
- **Amber** – Largely compliant but some areas for improvement
- **Red** – Not compliant /significant areas for improvement

2.2 11 out of the 14 standards have been assessed as Green and 3 as Amber. Overall the Council’s financial management arrangements are strong although some areas for improvement have been identified. A number of actions have been agreed but Covid-19 has impacted on capacity to take all of these forward as originally planned. These actions remain and we will aim to address them in advance of April 2021.

2.3 A further progress update will be brought to this Committee in January 2021.

3. Alternative Options Considered

Not applicable.

4. Implications

4.1 Legal Implications

None as a direct result of this report.

4.2 Financial Implications

None as a direct result of this report.

4.3 Policy and Risk Implications

Significant control weaknesses present risk for the Council and therefore it is important that agreed actions are implemented.

4.4 Corporate Plan Implications

Ensuring an effective financial management framework underpins delivery of the Council Plan.

4.5 Resource Implications

Resources to deliver the agreed actions are within the approved budget and policy framework.

4.6 Other Implications

There are no other notable implications beyond those set out in the report and associated action plan.

4.7 Equalities Impact Assessment

Not applicable.

5. Conclusion

- 5.1** Overall the Council's financial management arrangements are strong although some areas for improvement have been identified. Whilst Covid-19 has impacted on our capacity to implement the actions as originally planned, we will aim to complete by April 2021.

6. Background Documents

None.

7. Appendices

Appendix A – Financial Management Code Self-Assessment and Action Plan Update as at October 2020

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