

## APPENDIX A

### CIPFA Financial Management Code – Self Assessment

Council: Selby District Council

#### RAG Rating

**Green** – Compliant with the Code

**Amber** – largely compliant but some areas for improvement

**Red** – Not compliant /significant areas for improvement

Principle	Self-Assessment (RAG rated) December 2019	Areas for Improvement	Progress Update October 2020
<p><b>Financial Management Standard A</b> The leadership team is able to demonstrate that the services provided by the authority provide value for money.</p>	<p><b>Amber</b> - Value for Money is assessed as part of the external audit process and the Council has consistently received an unqualified Value for Money Opinion. Delivering 'great value' is one of the strategic objectives within the Council Plan. An annual 'Value for Money' review is contained within the Service Level Agreement for the Finance Service and this identifies (with the caveat that published data is limited) those services where the Council performs strongly relative to its peers and where improvements could be made. However, the VFM assessment for 2018/19 was not delivered due to other competing demands and it has been delayed in 2019/20</p>	<p>The Value for Money review should be prioritised and delivered for 2019/20 and annually thereafter.</p> <p>Responsible Officer: CFO Indicative timescale: 31 March 2020</p>	<p>Covid-19 has impacted on the resources available to undertake this work and therefore it is currently on hold.</p> <p>Additional capacity has been agreed as part of the latest Programme for Growth which should enable the necessary capacity to be diverted towards VFM work.</p> <p>A revised deadline of 31 March 2021 is proposed but this remains high risk due to on-going impacts of Covid-19.</p>
<b>Financial</b>	<b>Green</b> - The Council complies with	Strengthen the links	Covid-19 has impacted on capacity to

<p><b>Management Standard B</b> The authority complies with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.</p>	<p>CIPFA's Statement on the Role of the CFO – the CFO is part of the Council's Senior Leadership Team and reports directly to the Chief Executive. The role is currently a joint role with NYCC and is employed by NYCC as part of the wider 'Better Together' collaboration between the two councils. A review of the SLA between SDC and NYCC recommends that the link between the CFO and wider finance functions are strengthened.</p>	<p>between the CFO and wider finance function.  Responsible Officer: Chief Executive Indicative Timescale 31 March 2020</p>	<p>consider this, but this will be taken forward prior to 1 April 2021.  The prospect of LGR has also thrown up some challenges around the potential for conflicts of interest as the CFO is employed by NYCC. In order to maintain the integrity of the CFO role for SDC the CFO is not involved in LGR at NYCC.</p>
<p><b>Financial Management Standard C</b> The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p>	<p><b>Amber</b> - Internal Audit are a key part of the Council's assurance framework and meet routinely with the S151 Officer and Leadership Team to ensure that Audit resources are appropriately directed towards areas of greatest need (applying a risk based approach) and that audit actions are followed up.  Leadership have acknowledged the need for a greater focus on engagement with Internal Audit and implementation of agreed actions flowing from individual audits.</p>	<p>Improve the timeliness of agreeing actions from internal audit and the implementation of those actions.  Responsible Officer: Leadership Team Indicative timescale: Immediate</p>	<p>Quarterly Internal Audit progress reports are scheduled for discussion at Leadership Team to ensure sufficient focus on implementing agreed actions.  However, Covid-19 has impacted on capacity across the organisation and revised timescales for actions in 20/21 are proposed (see audit progress report).</p>

<p><b>Financial Management Standard D</b> The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)</p>	<p><b>Green</b> - The Council's Annual Governance Statement is prepared with consideration to CIPFA's good governance framework and principles.</p>		
<p><b>Financial Management Standard E</b> The financial management style of the authority supports financial sustainability.</p>	<p><b>Green</b> - The Corporate Plan (new Council Plan approved by Council in December 2019) and MTFS set the strategic framework for the Council and the tone for financial leadership. Financial Sustainability is one of the key objectives within the "...delivering great value" priority of the Council Plan.</p> <p>The financial strategy aims to provide financial sustainability, resilience and capacity for the Council in pursuing its objectives.</p>		
<p><b>Financial Management Standard F</b> The authority has carried out a credible and transparent financial resilience assessment.</p>	<p><b>Green</b> - Financial resilience is a key objective of the Council's Medium Term Financial Strategy. An annual budget risk assessment is undertaken which underpins the budget.</p>		

<p><b>Financial Management Standard G</b> The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.</p>	<p><b>Green</b> - The MTFS developed in consultation with the Leadership team and executive members. It is approved by the Executive before being recommended to full Council.</p> <p>The MTFS is built around a best, worst and mid-case funding scenario with the mid-case being the scenario which provides the framework for the annual budget and 3 year financial plan.</p> <p>The MTFS does not forecast service costs in any detail although does highlight risk – consideration should be given to developing more accurate long term cost forecasting for areas of significant risk.</p>	<p>Develop long term service forecasts for areas of significant risk.</p> <p>Responsible Officer: CFO</p> <p>Indicative Timescale: 30 September 2020</p>	<p>The MTFS approved by Council in September 2020 includes an assessment of significant service related issues along with appropriate scenarios.</p>
<p><b>Financial Management Standard H</b> The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.</p>	<p><b>Green</b> - The Council's Treasury Management Strategy and prudential indicators comply with the requirements of the Prudential Code.</p> <p>An assessment has also been undertaken against CIPFA's new Prudential Guide to Property Investment and the Council complies with the guidance.</p>		

<p><b>Financial Management Standard I</b> The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans</p>	<p><b>Green</b> - The Council has a 3 year indicative budget which underpins annual service planning.</p> <p>Risk, issues and investment proposals drive financial and service planning.</p>		
<p><b>Financial Management Standard J</b> The authority complies with its statutory obligations in respect of the budget setting process.</p>	<p><b>Green</b> - The Council sets a balanced budget and complies with the requirements in relation to the S151 Officer statement on the robustness of the budget and adequacy of reserves.</p> <p>(See annual budget report to full Council – February each year)</p>		
<p><b>Financial Management Standard K</b> 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><b>Green</b> - As above</p>		

<p><b>Financial Management Standard L</b> 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><b>Green</b> - The MTFS and budget is developed in consultation with Executive Members, Leadership Team and Extended Leadership Team. The draft budget proposals are subject to consultation with the public (citizens, businesses and community groups, staff etc) and both the MTFS and budget are scrutinised by the Council's Policy Review Committee before final consideration of any feedback and recommendations to full Council.</p>		
<p><b>Financial Management Standard M</b> The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p>	<p><b>Green</b> - Investment decisions are subject to financial appraisal using appropriate financial modelling for example discounted cash flow using whole life costs and income.</p> <p>The Council has an approved Project Management Framework which applies to all significant projects.</p> <p>Project documentation includes linkages to corporate objectives and an assessment of benefits and risks and the outputs/outcomes to be achieved however there could be improvements in the routine use of these documents.</p>	<p>Strengthen the routine use of project documentation</p> <p>Responsible Officer: Leadership Team Indicative Timescale: Immediate</p>	<p>The Council Plan and Programme for Growth will be supported by appropriate project documentation. Preparation of project briefs is in progress</p>

<p><b>Financial Management Standard N</b></p> <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><b>Amber</b> - Quarterly in-year financial and performance monitoring reports are brought to Leadership Team as part of the Executive reporting cycle.</p> <p>Ad-hoc reports are also brought when significant issues are identified.</p> <p>However lack of progress on savings leading to in-year 'overspending' and significant slippage on capital programmes and the Programme for Growth projects indicates that more robust in year financial management is needed.</p>	<p>Identify mitigating actions to address significant overspending and slippage in major spending programmes.</p>	<p>Quarterly financial reports are brought to Leadership Team for scrutiny and challenge and Finance representatives attend departmental management team meetings to provide support and constructive challenge to service managers.</p> <p>Covid-19 is having a significant impact on organisational capacity and our ability to undertake works which has led to capital programmes being reprofiled. Significant impacts on costs/income/savings/ are being tracked but remain high risk due to uncertain nature of the virus and its consequential impacts on society and the economy.</p>
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