



Meeting	SLT	Agenda no.	7g
	Strategic Board		
Meeting Date	17th May 2022		
	8th June 2022		
Report Authors:	Neil Cross – Chief Financial Officer		
Presented By	Neil Cross – Chief Financial Officer		
Subject	CIPFA Financial Management Code 2021/22		
Type of Report:	Decision		
Action Point No.		For Publication	Yes/

RECOMMENDATIONS

It is recommended that the Service Leadership Team:

- Note the introduction of the CIPFA Financial Management Code and that 2021/22 financial year is the first full year of compliance.
- To Agree with the assessed level of compliance compared to the Standards contained in the FM Code, shown in Appendix 1 and to commit to the improvements that have been highlighted.

EXECUTIVE SUMMARY

The purpose of the report is to review the Authority's compliance with CIPFA's Financial Management Code ("The FM Code").

An assessment has been carried out in Appendix 1, to demonstrate that the Authority meets the requirement of the FM Code. The assessment that has been carried out to against each of the of the 17 Standards mentioned above, that are contained in the FM Code.

Overall, the assessment show's that the Authority is able to demonstrate a high level of compliance, with a few areas of improvement being identified. The areas of improvement include:

- Improved value for money recognised through procurement in the service following the centralisation of the procurement function and the adoption of a category based approach.
- A more formalised structure for capturing and reporting on productivity and efficiencies.
- To Continue to improve the finance awareness of staff within the Authority. This will be aided with the simplification of financial reports and the provision of additional training.

BACKGROUND

The FM Code is guidance published by the Chartered Institute of Public Finance and Accountancy to ensure public sector finances are sustainable. Compliance with CIPFA guidance is mandated in the Fire and Rescue National Framework.

The purpose of the CIPFA Financial Management Code is to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.

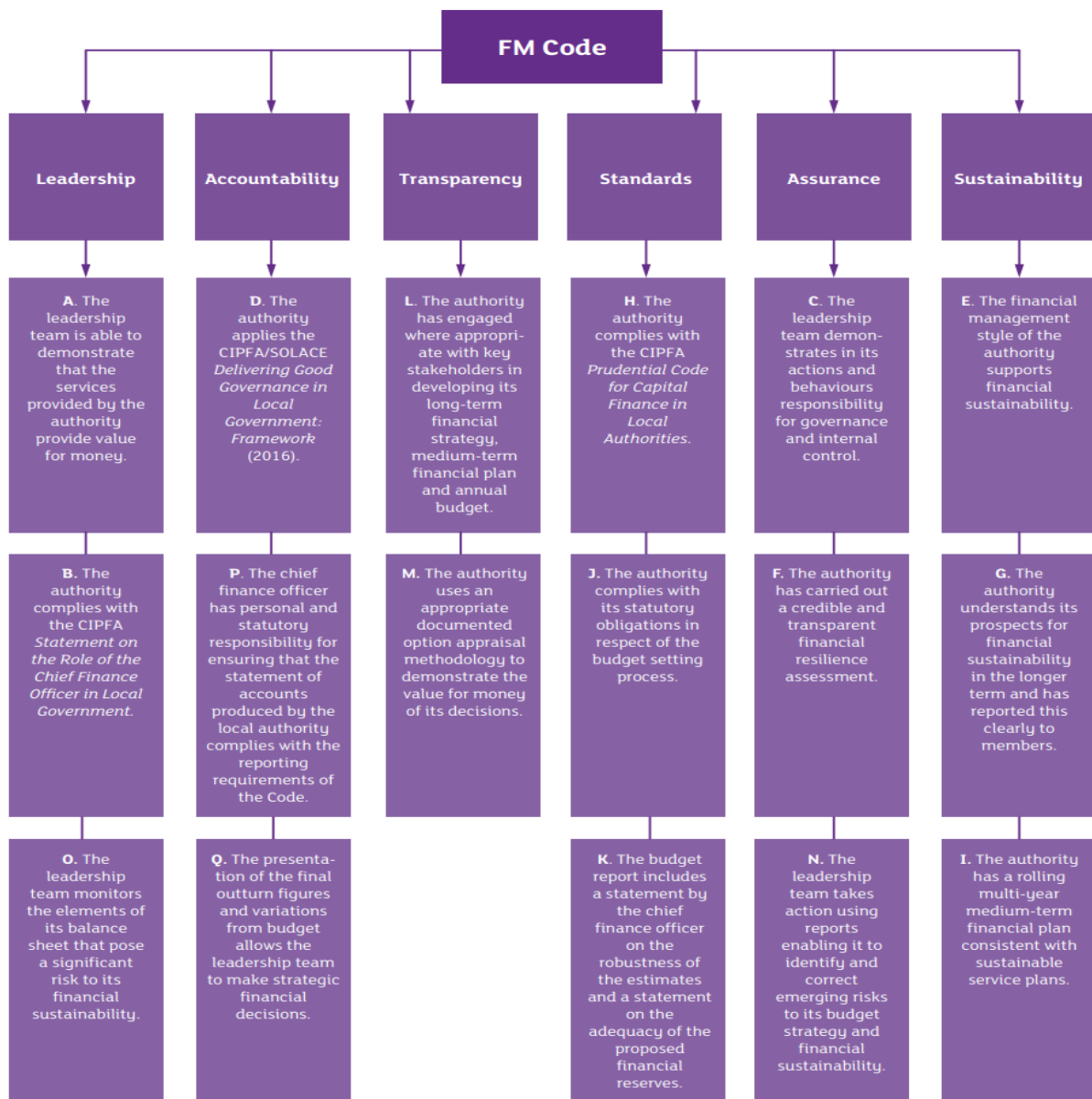
The FM Code is based on a series of principals supported by specific standards which are considered necessary to provide the strong foundation to:

- Financially manage the short, medium and long-term finances of a local authority
- Manage financial resilience to meet unforeseen demands on services
- Manage unexpected shocks in financial circumstances.

Principals of good financial management:

- **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- Adherence to **professional standards** is promoted by the leadership team and is evidenced.
- Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

The FM Code translates these principles into 17 financial management standards as displayed below.



These financial management standards have different practical applications according to the different circumstances of each authority and their use should therefore reflect this. CIPFA highlights that authorities should take a proportional response and focus on key gaps and risks areas.

An assessment has been carried out in Appendix 1, to demonstrate that the Authority meets the requirement of the FM Code. The assessment that has been carried out against each of the of the 17 Standards mentioned above, that are contained in the FM Code.

It is the collective responsibility of the Office of the PFCC, Chief Finance Officer and the Service Leadership Team to demonstrate compliance with the FM Code.

OPTIONS AND ANALYSIS

The benefits of the proposals are to provide reassurance around the Compliance with CIPFA's FM Code, ensuring that the Authority has good financial management in place. This should provide a strong foundation to ensure:

- Financially manages the short, medium and long-term finances of the Authority
- Manage financial resilience to meet unforeseen risks or demands
- Manage unexpected shocks in financial circumstances.

RISKS AND MITIGATIONS

Compliance with the FM Code validates that the Authority's ability to manage risk and plan for future financial sustainability.

This should give further reassurance in regard to risk SRR150001 on Authorities risk register.

LINKS TO FIRE AND RESCUE PLAN

Strong financial management and resilience, ensures the Authority service can deliver on the priorities in the Fire and Rescue Plan.

FINANCIAL IMPLICATIONS

This report relates to financial governance and should have no direct financial impacts.

LEGAL IMPLICATIONS

Whilst compliance with the code is not a statutory duty in itself, failure to comply could be viewed as not meeting existing statutory duties.

The Chief Financial Officer (Section 151 Officer) has the Statutory Responsibility (supported by the Service Leadership Team) for ensuring compliance with the FM Code. Actions and responsibilities are outlined in Appendix 1 to this report.

STAFFING IMPLICATIONS

This decision does not have any direct staffing implications. However, there will be a requirement to engage with staff through the implementation of the recommendations (e.g. Training).

EQUALITY AND DIVERSITY IMPLICATIONS

We have considered whether individuals with protected characteristics will be disadvantaged as a consequence of the actions being taken. Due regard has also been given to whether there is impact on each of the following protected groups as defined within the Equality Act 2010:

Race	No	Religion or belief	No
Sex	No	Gender reassignment	No
Age	No	Pregnancy & maternity	No
Disability	No	Marriage and Civil Partnership	No
Sexual orientation	No		

If an impact on one group or more is anticipated, a full People Impact Assessment must be completed and attached to the report. Please also look to add other

comments to ensure that a review has been properly considered as part of this report process.

HEALTH AND SAFETY IMPLICATIONS

There are no Health and Safety Implications arising as a result of this report.

CONSULTATION AND ENGAGEMENT

There are no Consultation requirements as a result of this report.

LIST OF BACKGROUND PAPERS AND APPENDICES

Appendix 1 – Assessment of Compliance to CIPFA Financial Management Code

Appendix 2 CIPFA Financial Management Code