

Self-Assessment - Financial Management Code

Ref	Financial Management Standard	Our Response	Further Actions (if required)	RAG Rating
Responsibilities of the Chief Finance Officer and Leadership Team				
A	The leadership is able to demonstrate that the services provided by the authority provide value for money (VFM)	<p>On 17 March 2021 Cabinet approved a Council Performance Framework for 2021-2022.</p> <p>A performance framework has been developed to reflect how the Council is performing against city new and changing priorities, as articulated in Relighting Our City.</p> <p>This performance framework will provide high-level city data on key priorities, benchmark city performance against national and regional data, highlight the impact of targeted interventions, inform strategic decision-making in relation to provision and encourage scrutiny of those strategic decisions.</p> <p>The performance framework will look at two different types of indicators, city indicators and impact indicators which will be reported to Cabinet on a quarterly basis: city indicators are high level indicators that although the council will influence, they may not be able to directly effect. Impact indicators are indicators that demonstrate what the Council is directly doing</p>	<p>The delivery of the performance framework will provide further assurance that the authority is delivering value for money.</p> <p>In addition, benchmarking specific council services will be enhanced.</p> <p>A value for money review of the projects within the Housing Revenue Account (HRA) will also be considered.</p>	Amber

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		<p>to improve outcomes and in turn influence the city indicators.</p> <p>In addition to the overarching framework the following areas provide assurance in specific areas:</p> <p>The Council's Project Assurance Group (PAG), provides assurance that the Council's projects and programmes are operating in line with expected corporate standards. PAG also provides scrutiny of business cases, ensuring that they are robust and demonstrate a clear understanding of time, costs, scope, risk and benefits / disbenefits. VFM is a key aspect of the business case.</p> <p>Key projects also have internal boards and working groups. Where appropriate the boards include members of the Senior Executive Board (SEB). These boards evaluate options, before key decisions are made and monitor progress. Where appropriate, expert consultants are utilised on major projects.</p> <p>The Medium Term Financial Strategy (MTFS) delivers a robust financial plan through a rigorous budget setting process.</p> <p>The External Auditor provides a VFM assessment in which they determined that the 'Council has proper</p>		

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		<p>arrangements to secure economy, efficiency and effectiveness in its use of resources’.</p> <p>The Councils Counter Fraud Team prevent and detect fraud which contributes towards protecting public funds and ensuring VFM by stopping / recovering fraudulent transactions. Counter Fraud updates are reported to the Audit and Risk Committee.</p> <p>Benchmarking is undertaken for specific services such as Adult Social Care, however this could be widened to other service areas.</p> <p>The council work in partnership with neighbouring local authorities, in areas such as children’s social care to secure VFM for services across the region.</p> <p>The Council also participates in data sharing / benchmarking with SIGOMA, ADASS and other organisations.</p>		
B	The authority complies with the CIPFA Statement of the Role of the Chief Finance Officer in Local Government	<p>This is reviewed and completed each year by the Chief Finance Officer (CFO).</p> <p>The CFO is a fully qualified CIPFA member and reports directly to the Chief Executive.</p> <p>The responsibilities of the role of the CFO are detailed within the Constitution.</p>	It is proposed that the statement is shared with SEB.	Green

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		<p>The CFO is a member of the Senior Executive Board and has influence on all material business decisions, ensuring financial implications are provided on all reports.</p> <p>The CFO, through the Strategic Finance Team provides financial and treasury management reports throughout the year to Cabinet and Council.</p> <p>The Strategic Finance team is suitably resources with appropriately qualified staff.</p> <p>There are contracts in place for specialist financial advice (treasury management, specific financial support).</p> <p>The annual Statement of Accounts 2019-2020 received an unqualified external audit opinion.</p> <p>Strategic Finance has received substantial assurance in the key financial systems internal audit.</p>		
Governance and Financial Management Style				
C	The leadership team demonstrates in its actions and behaviours responsibility for	The Council's Audit and Risk Committee has an independent member as well as Councillor representatives. The Committee receives updates, provides independent assurance over governance, risk and internal control. The Audit and Risk		Green

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	governance and internal control	<p>Committee reports to Full Council on an annual basis.</p> <p>The internal audit annual opinion provides reasonable assurance on the Council's governance, risk management and control processes. This is reported to the Audit and Risk Committee.</p> <p>The Annual Governance Statement draws up on the management and internal control framework of the Council, especially the work of internal and external audit and the Council's risk management arrangements.</p> <p>SEB own and are accountable for the Strategic Risk Register and Internal Audit Plan.</p> <p>SEB have oversight and review the Council's forward plan – the timetable for taking key decisions to Cabinet and Council.</p> <p>The Council is a learning organisation, reviews of the Monitoring Officer are presented to SEB and the Executive Team.</p> <p>The Head of Paid Services is responsible for the proper recruitment and organisation of staff. The Council's Monitoring Officer has a specific duty to ensure the Council, its officers and its elected</p>		

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		<p>members maintain the highest standards of conduct in all they do.</p> <p>The Constitution includes the Financial and Contract Procedure Rules, scheme of delegation and the roles and responsibilities of Senior Officers, elected members and committees. It also sets out the responsibilities of Heads of Services, Budget Managers and employees. It includes the scheme of delegation for decisions. These responsibilities are reinforced in the Management Accountability letter which all managers are required to sign on appointment.</p>		
D	The authority applies the CIPFA / SOLACE Delivering Good Governance in Local Government: Framework (2016)	<p>The Governance and Ethics Committee is a cross-party group which considers and advises the appropriate Council bodies on matters relating to governance and the Constitution.</p> <p>The Audit and Risk Committee provide independent assurance on the adequacy of the governance and risk management framework and the associated control environment. This Committee receive the draft Annual Governance Statement for review and consideration prior to approving the final statement and action plan, which is subsequently monitored and reported on.</p> <p>The Council has a local Code of Corporate Governance. However, this does need updating in</p>	The Local Code of Corporate Governance will be reviewed and updated during the 2021-2022 year in order to reflect the latest CIPFA/SOLACE framework.	Green

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		<p>order to reflect the latest CIPFA / SOLACE Delivering Good Governance in local Government Framework.</p> <p>This is reported in the Annual Governance Statement.</p>		
E	The financial management style of the authority supports financial sustainability	<p>The Constitution details Cabinet/ Committee functions elected members and officer delegations.</p> <p>The Constitution includes the Financial and Contract Procedure Rules and sets out the responsibilities of Senior Officers, Heads of Services, Budget Managers and employees. These responsibilities are reinforced in the Management Accountability letter which all managers are required to sign on appointment. Budget managers are responsible for budget monitoring, and Strategic Finance - review, challenge, advice and have oversight of the whole process.</p> <p>All reports include financial and other key implications. Financial implications are signed off by Strategic Finance.</p> <p>Decision are reported through leadership teams, and SEB for approval, before, they are considered by Cabinet.</p>		Green

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		<p>The Council has 'one council' approach and budgets aligned to the Council's priorities. The Medium Term Financial Strategy is driven by the Section 151 Officer, but also owned by SEB.</p> <p>SEB have regular focussed sessions on the budget and MTFS to inform strategic decision making.</p> <p>Directors lead on providing updates to SEB and ensuring their Cabinet members are briefed on financial monitoring / implications within their service area.</p> <p>Strategic Finance are represented on major project groups and attend Directorate Leadership Teams to provide strategic advice and challenge to enable successful delivery.</p> <p>The Council supports an enabling management style, allowing transformation to be undertaken within services, improving service delivery, driving out efficiencies, and delivering better value for money. The Council ensures that finances and other resources are put in place to ensure that these transformation programmes can be delivered effectively.</p>		

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Long to Medium Term Financial Management				
F	The authority has carried out a credible and transparent financial resilience assessment	<p>The Council's Five Year Financial Strategy Framework clearly sets out the Council priorities and is aligned to Our Council Plan 2019-2023.</p> <p>The Strategy provides the strategic framework to address the budget challenge facing the council over the medium term.</p> <p>The Council reports updates on the Budget and three year MTFS throughout the year, reports clearly set out the projected budget deficit, the assumptions, uncertainties and risks.</p> <p>In response to the pandemic, the Council has approved its five-point recovery plan, 'Relighting Our City'. On 17 March 2021 Cabinet approved the refreshed Relighting Our City Recovery Framework which demonstrated how the budget has been linked to the key priorities.</p> <p>The Council's Capital Strategy sets out the long-term context in which capital expenditure and investment decisions are made.</p> <p>The capital programme covers a 5 year period and provides a level of contingency to ensure provision is made to sustain key council assets such as fleet, ICT and properties.</p>	<p>Whilst the Council has a Five Year Financial Strategy framework, and three year MTFS, due to the uncertainty over future funding streams focus has been given to addressing the next year's budget deficit in order to set a balance budget and recalculating the potential impact on future years.</p> <p>During 2021-2022 more focus will be given to looking over the medium term with the aim of developing proposals that address the deficit over multiple years.</p>	Amber

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		<p>In addition, the Council Housing Revenue Account is based on a 30 year time horizon and is presented to Cabinet and Full Council on an annual basis.</p> <p>The Council has set a balanced budget for the last consecutive seven years without the need to use general reserves. The Council does, however, have planned use of specific reserves built into the budget.</p> <p>A full risk assessment is undertaken as part of the MTFS. The Council's Strategic Risk register incorporate the MTFS as a risk due to the level of uncertainties facing the Council over the medium term. Mitigations are identified for risks where appropriate; risks are monitored, reviewed and reported against on a regular basis.</p> <p>In relation to demand led services, in particular social care, Strategic Finance supports the services to undertake scenario modelling on potential future demand to determine demographic growth requirements, inflation implications and impact on suppliers.</p> <p>The main challenge facing the Council is the level of uncertainty on the level of resources that will be made available to the council over the medium term. Strategic Finance considers different scenarios to inform the financial strategy.</p>		

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		<p>A number of reserves are held to mitigate against future financial risks such as Budget Contingency reserve, Business Rates equalisation reserve, Treasury Management equalisation reserve. Reserves are also held to support transformation of services, development of projects and delivery of Relight priorities.</p> <p>The Council has successfully maintained the level of reserves.</p> <p>On an annual basis, a specific Reserves Working Group undertake a review of the appropriateness of reserves held by the Council and make recommendations to Cabinet on any future reserves no longer required for their original purpose.</p>		
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	<p>The MTFS remains a Strategic Risk. The MTFS is reviewed and updated on an ongoing basis including a continual review of the assumptions and projections of the strategy, risks, and the effectiveness of key transformation projects.</p> <p>The Council reports updates on Budget and MTFS throughout the year, reports clearly set out the projected budget deficit, the assumptions, uncertainties, risks and the plan in place to address the budget gap. The Five-year Financial Strategy provides a strategic framework to address the</p>		Green

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		<p data-bbox="714 272 1462 344">budget challenge facing the Council over the medium term.</p> <p data-bbox="714 384 1462 600">In relation to demand led services, in particular social care, Strategic Finance supports the services to undertake scenario modelling on potential future demand to determine demographic growth requirements, inflation implications and impact of supplier services.</p> <p data-bbox="714 639 1462 823">The main challenge facing the Council is the level of uncertainty on the level of resources that will be made available to the council over the medium term. Strategic Finance considers different scenarios to inform the financial strategy</p> <p data-bbox="714 863 1462 1190">There is considerable uncertainty over the medium on the impact of the pandemic and the cost of 'living with covid,' including the additional demand which will continue to be placed on services such as social care, public health and wellbeing. The economic costs of the pandemic will also place additional pressures on the Council's income collected from fees and charges as well as council tax and business rates for year to come.</p> <p data-bbox="714 1230 1462 1375">The Council approved its Recovery Plan, 'Relighting Our City' in September 2020. This plan outlines the Council's commitment to continue to work with partners to support the City to live with and recover</p>		

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		<p>from Covid-19. In order to support this work, the Council has established a Recovery Reserve.</p> <p>In addition, the delay of the review of Local Government finances has placed uncertainties on the Council's MTFS.</p> <p>The Council's Capital Programme includes a Corporate Contingency for Growth to fund the Council's replacement programme and support new schemes requiring capital investments. Requests for funding are subject to business cases reviewed in line with corporate priorities.</p>		
H	The authority complies with the CIPFA Prudent Code for Capital Finances in Local Authorities	<p>The is aware of its obligations under the Prudential Code and has assessed itself as compliant with this principle.</p> <p>The Council's Full Council has approved the Capital Strategy which is a key document and forms part of the Council's integrated capital, revenue, strategic management and balance sheet planning. The strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity are undertaken in line with service objectives, whilst taking account of stewardship, value for money, prudence, sustainability and affordability.</p>		Green

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		<p>The Council also has a Housing Revenue Account is based on a 30 year time horizon and is presented to Cabinet and Full Council on an annual basis.</p> <p>Treasury management activity is monitored and reported on a quarterly basis to Cabinet, with mid-year and annual reports being considered by Full Council. The Treasury Management Strategy is approved by Full Council each year.</p> <p>The Treasury Management Strategy and performance reports are presented to Our Council Scrutiny Panel for scrutiny and review throughout the year.</p> <p>Specific training on Treasury Management is provided for councillors.</p>		
I	The authority has a rolling multi-year medium term financial plan consistent with sustainable service plans	<p>The MTFS is a 'live' document detailing budget pressures, opportunities, level of resources and the forecast deficit.</p> <p>The continuous budget setting and monitoring cycle captures the major risks, uncertainties and opportunities facing the Council.</p> <p>Medium term financial modelling is undertaken on areas of uncertainty such as social care, and where appropriate growth is built into the MTFS to deal with future forecast demands. Earmarked reserves</p>		Green

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		<p>are held to support service transformation with the aim of driving out efficiencies in future years.</p> <p>The Council reports updates on Budget and MTFS throughout the year, reports clearly set out the projected budget deficit, the assumptions, uncertainties, risks and the plan in place to address the budget gap. The Five-year Financial Strategy provides a strategic framework to address the budget challenge facing the Council over the medium term.</p> <p>In order to be prudent, the MTFS incorporates Corporate Contingency budgets to deal with emerging pressures identified during the budget setting process. These pressures are monitored throughout the year and request for funding are subject the submission of business cases, any efficiencies identified against these budgets are released to support future budget deficits.</p> <p>Regular updates are presented to Leadership Teams, SEB and Cabinet on the Council financial position over the medium term.</p> <p>The Council also hold a General Fund reserve of £13.7 million, which represents approximately 5% of the net budget requirements to deal with any unforeseen events.</p>		

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The Annual Budget				
J	The authority complies with its statutory obligations in respect of the budget setting process	<p>As required by legislation, the Council set a balanced budget on an annual basis, which is presented and approved by Full Council. The annual budget reports are submitted to Full Council for approval prior to the start of the new financial year.</p> <p>The Council has set a balanced budget without the need to utilise general fund reserves for the last consecutive seven years.</p> <p>Updates on the MTFs and Budget are presented throughout the year to Cabinet for approval.</p> <p>The Council is aware of the circumstances and process in issuing a Section 114 notice but does not envisage this to be an issue over the medium term.</p>		Green
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.	<p>The forecast and actual level of reserves are monitored and reported to Cabinet.</p> <p>A number of reserves are held to mitigate against future financial risks such as Budget Contingency reserve, Business Rates equalisation reserve, Treasury Management equalisation reserve. Reserves are also held to support transformation of services, development of projects and delivery of Relight priorities.</p>		Green

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		<p>On an annual basis, a specific Reserves Working Group undertake a review of the appropriateness of reserves held by the Council and make recommendations to Cabinet on any future reserves no longer required for their original purpose.</p> <p>Whilst the Council does not hold high levels of reserves, through good financial management and prudent planning, it has been able to protect the level of reserves.</p> <p>The Final Budget Report approved by Full Council includes a statement from the Director of Finance (Section 151 Officer) on the robustness of the estimates and levels of reserves.</p>		
Stakeholder Engagement and Business Plans				
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget	<p>The budget consultation process forms part of a continuous process of engagement with residents, businesses and other key stakeholder throughout the year which focuses on understanding people's priorities.</p> <p>The council has also invited residents and businesses to submit questions via social media to which the Leader of the Council and Cabinet Member for Resources have provided responses.</p> <p>The Council aligns its resources to Our Council Plan 2019-2024 which set out how we will deliver our</p>	<p>A new digital tool will be re-launched in 2021-2022 giving respondents a chance to set their own Council budget in line with their preferences.</p> <p>Work will continue to embed the budget consultation process into the continuous engagement we have</p>	Green

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		<p>contributions to Vision 2030 and how we work with partners and communities to be a city of opportunity.</p> <p>Alongside managing the emergency response to the Covid-19 pandemic, the Council has also undertaken extensive planning for recovery. The Council engaged with around 2,500 people including residents, young people, the voluntary and community sector and other partners, employees, Councillors and businesses across the city which helped shape the Council's five-point recovery plan – 'Relighting Our City'. The Budget Report in March reported that the MTFS will be aligned to the our Relight priorities, with growth being built in to support our Relighting Our City agenda, in addition to the £3 million Recovery reserve held to support our recovery.</p> <p>On 17 March 2021 Cabinet approved the refreshed Relighting Our City Recovery Framework which demonstrated how the budget has been linked to the key priorities.</p>	with our residents, businesses, and key stakeholders.	
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	The council uses project management methodology as standard practice, which includes feasibility / options analysis gateway for all registered projects. A later business case gateway check provides further detail on cost / benefit impacts of option selected for further development. The Project	The Council is continuing to develop the project methodology / approach as part of ongoing enhancements. The Council's default	Amber

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		<p>Management Group (PAG) provides scrutiny, support and gateway control to projects.</p> <p>Details are captured in a standardised options appraisal template which is held on central system (Verto).</p> <p>The project methodology at present is a waterfall based approach – with the advancing gateways representing greater levels of understanding about the project.</p>	<p>project methodology at present is the waterfall based approach. However, particularly as a consequence of the uncertainties caused by the pandemic, the need for alternative project management approaches has been brought into sharper focus. Shorter, more critical / urgent projects may be more suited to an agile management approach – this is subject to further work.</p> <p>The Council is also looking to develop a new a contract management framework with supporting documents.</p>	
Monitoring Financial Performance				
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its	The continuous budget setting and monitoring cycle captures the major risk and uncertainties facing the council.		Green

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	budget strategy and financial sustainability	<p>Quarterly budget monitoring reports detailing the forecast annual outturn position and reasons for variances are presented to the Directorate Leadership Teams and SEB for their consideration and approval.</p> <p>Strategic Finance attend leadership teams and major project groups, identifying at an early stage any emerging risks; providing challenge and strategic support.</p> <p>The Strategic Risk Register is reviewed on a regular basis by SEB and Directorate leads which also informs risks at an early stage.</p> <p>As required, growth is built into the MTFS to address risks identified during the monitoring, which are reviewed and agreed by SEB.</p> <p>Corporate contingencies budgets are also held for emerging risks that are identified, but where there is still a level of uncertainty at the time of budget setting.</p> <p>Approved budget reduction targets are also reviewed as part of the budget setting process to ensure they are still deliverable, undeliverable targets are removed or re-profiled as appropriate.</p>		

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		The Budget reports presented to Cabinet (both MTFS and quarterly monitoring), clearly set out the financial risks.		
O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability	<p>The level and areas of credit losses are reviewed on a regular basis and feed into the quarterly monitoring which is reported to elected members.</p> <p>Budget managers also have access to reports on any income still owed for their service areas.</p> <p>Cashflow is monitored on a daily basis and updates shared with the Finance Business Partners and Chief Accountant.</p> <p>The Council holds and maintains a comprehensive list of assets. The year-end process includes detailed valuation of assets by external valuers. These are then reviewed and challenged by Strategic Finance. Reasons for movement are explored and explained.</p> <p>The CFO and Deputy Section 151 Officer review and sign off the assumptions used to calculate major estimates.</p> <p>Provisions are reviewed and agreed with the Director of Finance.</p>	As part of the quarterly monitoring, service areas which generate significant income will be asked to review and comment on outstanding income.	Green

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		<p>The Council has effectively managed its Reserves and reports them to Cabinet. In addition, on an annual basis, a specific Reserves Working Group undertake a review of the appropriateness of reserves held by the Council and make recommendations to Cabinet on any future reserves no longer required for their original purpose.</p> <p>Details around reserves, provisions and balances are shared with SEB.</p> <p>The CFO reviews the Statement of Accountants and confirms that they are a true and fair view of the financial position of the authority as at 31 March in year of account.</p>		
External Financial Reporting				
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	<p>SEB and the CFO are aware of the CFO's responsibilities in terms of the preparation of the annual statement of accounts and is compliant with this principle.</p> <p>Any required changes are reviewed and implemented in advance. Staff attend training / seminars to ensure we are aware of any pending updates/ changes.</p> <p>In addition, information / understanding / approaches are also shared amongst regional colleagues.</p>		Green

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		The Council met the statutory deadline for the production of the Statement of Accounts.		
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions	<p>The draft outturn figures are presented to Directorate Leadership Teams and to SEB for review and to agree the final position (including the use of reserves and grants). Directors lead on providing explanations on any variances against budget within their service areas, and are expected to explain what action is being taken to address any adverse variances, both in year and for future years. The Outturn position is presented to Cabinet for approval.</p> <p>The Outturn report includes explanation on variations to budget, updates on use of reserves and any newly identified budget risks that may need to be incorporated into the MTFS.</p>		Green