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CIPFA Financial Management Code – Self Assessment

Council: Ryedale 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	Current Position	Areas for Improvement in 2021/22
<p>Financial Management Standard A The leadership team is able to demonstrate that the services provided by the authority provide value for money.</p>	<p>Amber - Value for Money is assessed as part of the external audit process and for 2019/20 the Council received an unqualified Value for Money Opinion.</p> <p>Business cases for spending plans – both in the budget – and, especially in the last year as a result of the pandemic – are brought to the Strategic Management Board for evaluation before passing through to members where decision-making is taken by Committee or Full Council and when efficient and effective use of resources has been demonstrated.</p> <p>Regular meetings between the Chief Executive and the Leader were in place in the last year to discuss budget issues including the continuing impact of COVID on the council’s finances and to ensure that any proposals for additional spend showed value for money. All COVID related spend is checked by the Finance team and a tracker is maintained for scrutiny and audit purposes, as well as Government submission. COVID related costs are agreed until October 2021; there may be a need for additional budget provision from reserves if requirements extend beyond this period.</p> <p>Meetings took place between the s151 officer, the Leader and other elected members to discuss the Medium Term Financial Strategy (MTFS) and budget, including ongoing forecasting. The MTFS was agreed in February 2021 with additional ring-fenced investment at the direction of Elected Members. Additional business case development will be required to ensure that value for money can be achieved to move forward these projects.</p>	<p>For 2020/21 and beyond the s151 officer will undertake an annual Value for Money review. For 2020/21 this will largely be retrospective, as COVID-19 has impacted on resources available to do this, but in future years this will take place during the year.</p> <p>Additional finance capacity has been agreed in the 2021/22 budget and this will help to support this work.</p> <p>Additional business case development is required to ensure that value for money can be achieved to move forward projects which were agreed as ring-fenced allocations during the setting of the 2021/22 MTFS.</p>

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	<p>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>Financial Management Standard B The authority complies with the CIPFA Statement on the Role of the Chief</p>	<p>Green - The Council complies with CIPFA's Statement on the Role of the CFO – the CFO is part of the Council's Strategic Management Board 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.</p>	<p>Notice has been given by NYCC on the delivery of financial services. As a LGR consultation is currently underway, planning service continuity is on hold until the outcome of Government considerations on the future model of local government and the timeline for implementation is known. This is a major risk for the organisation and will require immediate action following Government decision-making.</p>

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<p>Financial Officer in Local Government.</p>	<p>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>Financial Management Standard C The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p>	<p>Amber – In 2020/21 the Council set up a new Corporate Governance service to ensure that all key governance issues are managed properly and effectively. This encompasses risk management, codes of conduct and standards, democratic services, Freedom of Information, Information Governance and relationships with external bodies. An Annual Governance Statement is reviewed and agreed by Strategic Management Board prior to scrutiny purposes.</p> <p>Internal Audit play a key part of the Council’s assurance framework and meet routinely with the S151 Officer and other members of Strategic Management Board 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.</p> <p>Senior Managers and internal audit have acknowledged the impact of the pandemic on the audit plan (which was not presented to committee until October 2020) and have agreed a schedule for completing all audit work in the plan through to the end of the financial year. Resource has been allocated to this and Strategic Management Board will support delivery of internal audit work as far as they are able during the remainder of 2020/21 but it is recognised that, given the response to the coronavirus and recovery efforts, it is likely that the number of audits and timelines for completion of work will slip further. We have therefore agreed that work to be carried out during the remainder of 2020/21 will be targeted towards</p>	<p>Quarterly Internal Audit progress reports are scheduled for discussion at SMB to ensure sufficient focus on implementing agreed actions, but noting the impact of COVID</p> <p>Discussions will be held with internal audit to ensure that the programme of work for 2021/22 takes account of the ongoing pandemic effect and to ensure that work is prioritised appropriately. This will include improving the timeliness of agreeing actions from internal audit and the implementation of those actions.</p>

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	<p>higher priority areas. The internal audit plan for 2021/22 will also take account of any outstanding priorities or work deferred from 2020/21.</p> <p>A new Counter Fraud and Corruption Policy was adopted in January 2021</p> <p>Regular monitoring of the Corporate Risk Register is undertaken by Senior Management Board</p>	
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<p>Financial Management Standard D The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).</p>	<p>Green - The Council's Annual Governance Statement is prepared with consideration to CIPFA's good governance framework and principles.</p>	
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<p>Financial Management Standard E The financial management style of the authority supports financial sustainability.</p>	<p>Green - The Council Plan and MTFS set the strategic framework for the Council and the tone for financial leadership. The Strategy contains ten objectives:</p> <ul style="list-style-type: none"> • Budgets are Prudent and Sustainable in the Long Term. The Council will aim to maintain a balanced budget by ensuring that in-year expenditure is matched by income from Council Tax, Business Rates, fees and charges and grants from government and other bodies. Funding from reserves will be used to cover one-off investments or temporary initiatives subject to a detailed business case being approved by Members. • Financial plans recognise corporate Priorities and Objectives. • Significant risks are identified, and mitigation factors identified. • The Capital Programme is planned over a 4 year period with no further borrowing planned at this stage other than Finance lease arrangements. This will be kept under review to ensure optimum Financing arrangements are put in place as capital plans progress. • Constraints on capital and revenue resources, including the uncertainties around future government funding, are recognised and taken into account. 	<p>Budget Management in the council is carried out through a principle of delegation and management accountability. Finance officers advice but budget managers have operational responsibility for spending against agreed resources. Further work will be undertaken to improve the budget manager experience, including looking at systems and training</p>
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	<ul style="list-style-type: none"> • Council Tax increases will be kept within the Government’s expected upper level of increase, and the broad anticipated increase for future years will be set out within the Financial Plans, recognising that these increases may be subject to change. • Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council; • Value for Money and achievement of improved efficiency and service delivery underpin the Financial Strategy. • The Financial Strategy supports the achievement of Excellence in Financial Management and use of resources. • The Council will seek to maximise income through a Commercial Strategy. 	
<p>Financial Management Standard F The authority has carried out a credible and transparent financial resilience assessment.</p>	<p>Green - Financial resilience underpins the objectives of the Council’s Medium Term Financial Strategy. An annual budget risk assessment is undertaken which underpins the budget.</p> <p>The Council scores well on the CIPFA Resilience index especially due to high levels of reserves. In terms of reliance on Council Tax it is around average but has a lower ratio of fees and charges to service expenditure</p>	<p>A new commercial strategy was launched in 2020, but full implementation has been delayed due to the impact of the pandemic. This will be picked up again in due course</p>

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<p>Financial Management Standard G The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.</p>	<p>Green - The MTFS is developed in consultation with Strategic Management Board and elected members. It is approved by the Policy and Resources Committee before being recommended to full Council.</p> <p>The later years of the MTFS take into account scenario planning and the overall Strategy includes projections over a four-year period.</p> <p>The reports and briefing to members are clear about the long-term risks and sustainability.</p> <p>The council retains appropriate reserve balances to manage risks over the medium term and the Strategy includes the specific policy on use of reserves.</p> <p>The capital plan covers the same time period. This has been updated in recent years and spending is now linked to some key strategic objectives, such as affordable housing or supporting business</p>	
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<p>Financial Management Standard H The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.</p>	<p>Green – Management of the Council’s debt is governed by the Treasury Management Strategy and Prudential Indicators which aim to ensure the Council’s capital expenditure plans are prudent, affordable and sustainable, with decisions on borrowing taken in light of spending plans and available funding, cash flow needs and interest rates (current and future forecasts). Regular monitoring reports are presented to members.</p> <p>The Council’s Treasury Management Strategy and prudential indicators comply with the requirements of the Prudential Code.</p> <p>The CIPFA Code requires the Chief Finance Officer to ensure that members with responsibility for treasury management, particularly those with responsibility for scrutiny, receive adequate training in treasury management. Training has been provided to members by Link Asset Services and further training will be arranged as required.</p>	
<p>Financial Management Standard I The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.</p>	<p>Green - The Council has a 4-year indicative budget which underpins annual service planning. This is updated annually with the process of revision beginning in summer and feeding through member meetings in the autumn.</p> <p>Latest information on funding, costs and risks are highlighted on every available occasion.</p>	

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<p>Financial Management Standard J The authority complies with its statutory obligations in respect of the budget setting process.</p>	<p>Green - The Council sets a balanced budget and complies with the requirements in relation to the S151 Officer statement (s25) on the robustness of the budget and adequacy of reserves.</p> <p>(See annual budget report to full Council – February each year)</p>	
<p>Financial Management Standard 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>	<p>Green - As above through the s25 opinion</p>	
<p>Financial Management Standard 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>	<p>Amber - The MTFs and budget is developed in consultation with Members and Senior Management Board, building on discussions held with budget managers to identify pressures and savings. A public consultation takes place and its results are reported to members.</p> <p>Member briefings are held during the autumn to highlight the key budget issues and encourage further discussion between groups and the s151 officer. More detailed discussions are held with the leader throughout the budget process.</p>	<p>Review the budget consultation to improve and consider content including specific budget proposals.</p> <p>Encourage great member involvement prior to budget meeting</p>

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<p>Financial Management Standard M The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p>	<p>Green - Investment decisions are subject to financial appraisal using appropriate financial modelling for example discounted cash flow using whole life costs and income.</p>	
<p>Financial Management Standard N The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.</p>	<p>Green - Quarterly in-year financial monitoring reports are produced as part of the council’s reporting cycle. This includes setting out the impact on reserves Ad-hoc reports are also brought when significant issues are identified.</p>	
<p>Financial Management Standard O The leadership team monitors the elements of the balance sheet that pose a significant risk to its financial sustainability</p>	<p>Amber - Use of reserves is explicitly reported in quarterly performance reports. Quarterly treasury reports update on investments and debt. Regular reviews of Reserves by the s151 officer are undertaken mid-year in order to justify amounts and reasons for the Reserves. This is then incorporated into the longer term forecasting of reserve balances is included as part of the MTFS report. However as it is expected that reserves will be used more in the forthcoming years and therefore this will be enhanced</p>	<p>Review reporting of balance sheet items to Strategic Management Board as part of Q reporting regime.</p>

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<p>Financial Management Standard P The chief financial 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 of Practice on Local Authority Accounting in the United Kingdom</p>	<p>Green - The Statement of Accounts is prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom. This is stated in the accounts that have been signed off by the s151 Officer ahead of submission to the Audit Committee. The Council has consistently received an unqualified audit opinion from the external auditors.</p>	
<p>Financial Management Standard Q The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions</p>	<p>Green - The outturn report identifies key variances from budgets with appropriate explanations and recommends action where appropriate in line with the in-year quarterly monitoring process. Any key issues arising from the outturn figures are reflected in the budget and MTFS process.</p>	