

APPENDIX 1

**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	Update on areas identified for Improvement in 2021/22	Areas for Improvement in 2022/23
<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 for 2020/21 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 Strategic Management Board for evaluation before passing through to members.</p> <p>Regular meetings are held between the Chief Executive and the Chair of Policy and Resources to discuss budget issues including – in the past year – the continuing impact of COVID on the council’s finances and to ensure that any proposals for additional spend show value for money.</p> <p>Further meetings take place between the s151 officer and the Chair of Policy and Resources to discuss budget, including ongoing forecasting.</p> <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.</p>	<p>For 2020/21 and beyond the s151 officer will undertake an annual Value for Money review. For 2020/21 and 2021/22 this will largely be retrospective as COVID-19 and now LGR has impacted on resources available to do this, and will form part of the report to Audit Committee alongside the External Auditors opinion</p> <p>Business Cases have been drawn up for key projects and presented to SMB and Committees where appropriate, including Affordable Housing projects, Milton Rooms investment, Malton and Norton Infrastructure and Connectivity</p> <p>Additional finance capacity was agreed in the 2021/22 budget and additional staffing in place, although LGR has now added an additional pressure to workload</p>	<p>Ensure ongoing VFM assessments through the Council’s final financial year (2022/23)</p>

APPENDIX 1

Principle	Current Position	Update on areas identified for Improvement in 2021/22	Areas for Improvement in 2022/23
<p><b>Financial Management Standard B</b> The authority complies with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.</p>	<p><b>Green</b> - 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.</p> <p>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>The CFO is actively involved in preparations for LGR.</p>	<p>Notice given by NYCC on the delivery of financial services has been withdrawn and the service will continue to operate until 31.03.23</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> – 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.</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>Quarterly Internal Audit progress reports are discussed at SMB to ensure sufficient focus on implementing agreed actions, but noting the impact of COVID</p>	<p>Apart from urgent technical/legal updates, the focus will now be on a complete refresh of financial procedures as one of the LGR workstreams</p>

APPENDIX 1

Principle	Current Position	Update on areas identified for Improvement in 2021/22	Areas for Improvement in 2022/23
	<p>Senior Managers and internal audit have acknowledged the impact of the pandemic on the audit plan 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 the year 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 will be targeted towards higher priority areas. The internal audit plan for 2022/23 will also take account of any outstanding priorities or work deferred from previous years.</p>	<p>Discussions were held with internal audit to ensure that the programme of work for 2021/22 took account of the ongoing pandemic effect and to ensure that work is prioritised appropriately. This approach has continued for setting the 2022/23 Plan.</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 Council Plan and MTFS set the strategic framework for the Council and the tone for financial leadership. The Strategy contains eleven objectives:</p> <ul style="list-style-type: none"> <li>• 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</li> </ul>	<p>There has been closer working together between finance and budget managers to ensure that budgets are as accurate as possible and that any pressures (and savings) are highlighted and</p>	<p>Continue to develop managers' capabilities for financial management.</p>

APPENDIX 1

Principle	Current Position	Update on areas identified for Improvement in 2021/22	Areas for Improvement in 2022/23
	<p>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.</p> <ul style="list-style-type: none"> <li>• Financial plans recognise corporate Priorities and Objectives.</li> <li>• Significant risks are identified, and mitigation factors identified.</li> <li>• 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.</li> <li>• Constraints on capital and revenue resources, including the uncertainties around future government funding, are recognised and taken into account.</li> <li>• 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.</li> </ul>	<p>presented to members in the quarterly monitoring reports and budget planning process.</p>	

APPENDIX 1

Principle	Current Position	Update on areas identified for Improvement in 2021/22	Areas for Improvement in 2022/23
	<ul style="list-style-type: none"> <li>• Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council;</li> <li>• Value for Money and achievement of improved efficiency and service delivery underpin the Financial Strategy.</li> <li>• The Financial Strategy supports the achievement of Excellence in Financial Management and use of resources.</li> <li>• The Council will seek to maximise income through a Commercial Strategy.</li> </ul> <p>Budget Management in the council is carried out through a principle of delegation and management accountability. Finance officers advise but budget managers have operational responsibility for spending against agreed resources.</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 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 now be picked up as part of the transition work for LGR (The Ryedale CFO is sponsor for the workstream on commercial activities)</p>	

APPENDIX 1

Principle	Current Position	Update on areas identified for Improvement in 2021/22	Areas for Improvement in 2022/23
<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 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. The reports and briefing to members are clear about the long-term risks and sustainability. 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>		<p>During 2022/23, the long-term financial position will be updated to members of RDC and also feed into planning for the new Council</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> 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>		

APPENDIX 1

Principle	Current Position	Update on areas identified for Improvement in 2021/22	Areas for Improvement in 2022/23
	<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><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 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>		
<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 (s25) on the robustness of the budget and adequacy of reserves.</p> <p>(See annual budget report to full Council – February each year)</p>		

APPENDIX 1

Principle	Current Position	Update on areas identified for Improvement in 2021/22	Areas for Improvement in 2022/23
<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 through the s25 opinion</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 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>The draft budget consultation document was approved by Policy and Resources (delegated to it by Full Council) and comments on specific services will be examined by SMB to ascertain any further action required</p>	
<p><b>Financial Management Standard M</b> The authority uses an appropriate documented option appraisal methodology to demonstrate the</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>		

APPENDIX 1

Principle	Current Position	Update on areas identified for Improvement in 2021/22	Areas for Improvement in 2022/23
value for money of its decisions.			
<p><b>Financial Management Standard N</b> 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>Green</b> - Quarterly in-year financial monitoring reports are produced as part of the council’s reporting cycle. This includes setting out the impact on reserves</p> <p>Ad-hoc reports are also brought when significant issues are identified.</p>		
<p><b>Financial Management Standard O</b> The leadership team monitors the elements of the balance sheet that pose a significant risk to its financial sustainability</p>	<p><b>Amber</b> - Use of reserves is explicitly reported in quarterly performance reports. Quarterly treasury reports update on investments and debt.</p> <p>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>Balance sheet items are reported to Strategic Management Board as part of Q reporting regime.</p>	<p>During 2022/23, the long-term financial position and impact on reserves will be updated to members of RDC and also feed into planning for the new Council.</p> <p>As part of the LGR preparation, there will be financial reviews of all eight councils including balance sheets</p>
<p><b>Financial Management Standard P</b> The chief financial officer has personal and statutory responsibility for ensuring that the</p>	<p><b>Green</b> - 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.</p>		

APPENDIX 1

Principle	Current Position	Update on areas identified for Improvement in 2021/22	Areas for Improvement in 2022/23
<p>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>The Council has consistently received an unqualified audit opinion from the external auditor and this was also the case for 2020/21.</p>		
<p><b>Financial Management Standard Q</b> The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions</p>	<p><b>Green</b> - 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>		