

CIPFA Financial Management Code - East Suffolk Council Self-Assessment November 2021			
Key Question	Summary	Compliant	Further actions required to achieve full compliance / development to improve on current practice
The responsibilities of the CFO and Leadership Team			
A - The leadership team is able to demonstrate that the services provided by the authority provide value for money			
Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	SMT and CMT keep services under continuous review/ review of service delivery arrangements, ensuring services are accessible to all. Financial Sustainability Group works to achieve VFM and sustainability as part of the Strategic Plan. Performance Reporting attempts to link performance and finance.	Partly	Financial Sustainability annual Strategic Plan report to include focus on achievement of VFM. Encourage reference to VFM in Council reports.
Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services? ☐	As above.	Partly	As above. Increased provision of templates and toolkits to officers.
Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?	Yes - Demonstrated through documents such as: Annual Governance Statement; external audit opinion on VFM; East Suffolk Strategic Plan Annual Report; Statement of Accounts Narrative Report, etc.	Mostly	Increase VFM referencing in Council reports and Strategic Plan annual report.
B - The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government			
Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?	Yes - part of CMT, Financial Sustainability Group, Corporate Governance Group, and Designated Officer Group, and reports directly to Chief Executive.	Fully	
Does the CFO lead and champion the promotion and delivery of good financial management across the authority?	Quarterly reporting to Cabinet Sign off all Cabinet reports for financial considerations and risks. Compliance for financial regulations and procedures and relevant codes of practice and guidance. Open door policy for all members/officers Reports directly to Chief Executive, monthly one-to-one meetings. Monthly CMT meetings and regular attendance at SMT meetings. Monthly meetings with Resources Portfolio Holder.	Fully	
Is the CFO suitably qualified and experienced?	CIPFA qualified and IRRV Affiliate member. 39 years local government finance experience and in fourth S151 Officer role.	Fully	

Is the finance team suitably resourced and fit for purpose?	Finance Compliance Manager and Finance Planning Manager posts recruited in September 2020 to support Deputy Chief Finance Officer. Report to Cabinet in June 2021 to further strengthen Financial Services resourcing.	Fully	
Governance and financial management style			
C - The leadership team demonstrates in its actions and behaviours responsibility for governance andinternal control			
Does the leadership team espouse the Nolan principles?	Council has a clear framework for governance and internal control. Audit Regulations are statutory requirment to conduct review of effectiveness of internal controls and report to Audit and Governance Committee. Annual Governance Statement is supported by assurance statements from SMT and all Heads of Service highlighting key actions and areas of good governance.	Fully	
Does the authority have in place a clear framework for governance and internal control?			
Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?			
Does the leadership team espouse high standards of governance and internal control?			
Does the leadership team nurture a culture of effective governance and robust internal control across the authority?			
D - The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)			
Has the authority sought to apply the principles, behaviour and actions set out in the framework to its own governance arrangements?	Code of Corporate Governance approved by Council as part of the Constitution and which is consistent with principles of this framework Development of internal audit plan and regular reporting to Audit and Governance Committee	Fully	
Does the authority have in place a suitable local code of governance?		Fully	
Does the authority have a robust assurance process to support its AGS?	AGS is considered at SMT, Corporate Governance Group, and Audit and Governance Committee, and is signed off by Leader and Chief Executive.	Fully	
E - The financial management style of the authority supports financial sustainability			
Does the authority have in place an effective framework of financial accountability?	Financial Regulations, Budget Reports collectively set out the approach. S151 report on robustness of estimates and adequacy of reserves is considered as part of the annual budget report.	Fully	

Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	This Council is committed to this and it is a key objective in the Financial Sustainability theme of the Strategic Plan.	Fully	
Does the authority's finance team have appropriate input into the development of strategic and operational plans?	CFO and Deputy CFO are members of the Financial Sustainability and Corporate Governance Groups. Finance Team involved in combined service planning and budget meetings for 2022/23 budget.	Fully	Finance Team to be involved in combined service planning and budget meetings for 2022/23 budget.
Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so?	Heads of service and budget managers are financially literate. Some gaps in knowledge and competence to be addressed, especially on business case preparation and analysis.	Mostly	Further training to be undertaken as part of corporate training programme.
Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?	Financial Procedure Rules incorporate delegated powers. Rules in the process of being reviewed and revised and further training will be required to implement this review.	Mostly	Further training to be undertaken following revision.
Has the authority sought an external view on its financial style, for example through a process of peer review?	Peer Review to be conducted in Autumn 2021 / Spring 2022.	Partly	Governance including financial management to be reviewed Spring 2022.

#### Medium to long-term financial management

#### F: The authority has carried out a credible and transparent financial resilience assessment

Has the authority undertaken a financial resilience assessment?	The Council undertakes resilience review as part of annual budget setting process (CIPFA resilience index)	Mostly	More robust review required and more reference to be made to CIPFA resilience index - limited use previously due to recent establishment of ESC and lack of comparators.
Has the assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios?	Different scenarios are considered as part of the Council's MTFS and budget processes. However, once a central scenario has been established this becomes the planning assumption underpinning the MTFS and budget, and there is no routine or formal comparison to alternative scenarios.	Partly	Consideration to be given as to whether there is any practical value in testing resilience against a range of alternative scenarios.
Has the authority taken appropriate action to address any risks identified as part of the assessment?	Financial risks are assessed and reviewed quarterly. These reflect the issues identified as part of the assessment of financial resilience carried out as part of budget preparation.  The corporate risk register reflects financial risks which are monitored by the CFO. Update of risk register included in quarterly reporting. Horizon scanning session undertaken with council insurers.	Mostly	Corporate risk register to be further reviewed following horizon scanning session.

#### G: The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members

Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?	The annual Going Concern assessment provides a comprehensive analysis of the risks concerning the Council's financial sustainability. Financial risk is a significant factor in the reserves requirement analysis carried out as part of the budget process	Fully	
Does the authority have a strategic plan and long-term financial strategy that adequately address these risks?	Issues relating to longer term resilience highlighted in budget reports,regular discussions at leadership teams, response to government consultations/engagment. Strategic Plan Financial Sustainability group has the role of overseeing delivery of this objective in the medium and longer term.	Mostly	Development of sustainable Long Term Financial Strategy (LTFS).
Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (eg using a technique such as scenario planning)?	Different scenarios are considered as part of the Council's MTFS and budget processes. However, once a central scenario has been established this becomes the planning assumption underpinining the MTFS and budget, and there is no routine or formal comparison to alternative scenarios.	Partly	Consideration to be given as to whether there is any practical value in using techniques such as scenario planning and testing resilience against a range of alternative scenarios.
Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short and medium-term decision making?	Issues relating to longer term resilience highlighted in budget reports,regular discussions at leadership teams, response to government consultations/engagment. Strategic Plan Financial Sustainability group has the role of overseeing delivery of this objective in the medium and longer term.	Mostly	Development of sustainable Long Term Financial Strategy (LTFS).
<b>H. The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities</b>			
Has the authority prepared a suitable capital strategy?	Yes, Capital Strategy produced annually and reviewed by Audit and Governance Committee before approval by Full Council.	Fully	
Has the authority set prudential indicators in line with the Prudential Code?	Yes. Reported to Audit and Governance Committee for review prior to approval by Full Council in advance of financial year. Mid year and outturn reports reported to Audit and Governance Committee.	Fully	
Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set?	As above.	Fully	
<b>I. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans</b>			
Does the authority have in place an agreed medium-term financial plan?	Yes, a four-year MTFS is produced each year.	Fully	

Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?	Yes, the MTFS reflects the Strategic Plan and integrates into service plans and the Capital Strategy.	Fully	
Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?	Yes, MTFS is prepared on this basis, with Scrutiny Committee given the opportunity to challenge these assumptions.	Fully	
Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?	The MTFS is considered to be resilient in respect of key drivers of cost and demand. The Council maintains an extensive range of Earmarked Reserves to accommodate year to year variances.	Fully	
Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?	The Council has an up to date Asset Management Plan and Asset Strategy in place.	Fully	

#### The annual budget

#### J. The authority complies with its statutory obligations in respect of the budget setting process

Is the authority aware of its statutory obligations in respect of the budget-setting process?	Yes	Fully	
Has the authority set a balanced budget for the current year?	Yes	Fully	
Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so?	Yes	Fully	

#### K. The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves

Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves?	Yes	Fully	
Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?	Yes	Fully	

Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?	Yes	Fully	
Does the report set out the current level of the authority’s reserves, whether these are sufficient to ensure the authority’s ongoing financial sustainability and the action that the authority is to take to address any shortfall?	Yes	Fully	
Stakeholder engagement and business cases			
L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget			
How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?	The Council engages with its stakeholders in the delivery of its services and undertakes budget consultation activity.	Mostly	Links to be strengthened between engagement and long-term financial strategy.
How effective has this engagement been?			
What action does the authority plan to take to improve its engagement with key stakeholders?			
M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions			
Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal?	Asset Management Group provides forum for discussion on schemes and recommendation for inclusion. All key decisions require separate Cabinet paper detailing business case. Standard option appraisal methodology not generally used at present.  Standard project appraisal methodologies increasingly being used as required by Government and external various funding providers.	Mostly	Capital Strategy to be revised to reflect amended guidance and standardised options appraisal process to be rolled out in authority where appropriate.
Does the authority offer guidance to officers as to when an option appraisal should be undertaken?	New report format requires appraisal of options for all matters being considered by Councillors.  Support is provided by Finance where options appraisals need to be carried out and evaluated in order to make a decision, where the decision is significant and requires Cabinet approval	Mostly	To be developed as above.
Does the authority’s approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?	Options appraisals are carried out for major projects as part of the approval process. These will be bespoke to the project, and reviewed by Finance, rather than following a common approach	Mostly	To be developed as above.

Does the authority’s approach to option appraisal include suitable mechanisms to address risk and uncertainty?	Yes, but on ad hoc project by project basis.	Mostly	To be developed as above.
Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)?	Yes, in relevant Cabinet reports.	Fully	
Monitoring Financial Performance			
N. The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability			
Does the authority provide the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability?	SMT, CMT, and the Cabinet are involved in budget setting and MTFS review throughout, with reports and presentations taken to meetings regularly throughout the year. These I incorporate consideration of emerging risks to the Council's budget strategy and financial sustainability, and recently have in particular focussed on impacts of the Covid-19 pandemic.	Fully	
Do the reports cover both forward and backward-looking information in respect of financial and operational performance?	SMT and CMT are provided with information concerning the budget and MTFS, and quarterly monitoring reports including historical information.	Fully	
Are there mechanisms in place to report the performance of the authority’s significant delivery partnerships such a contract monitoring data?	Major review has been carried out in respect of the Council's key delivery partnerships, with actions including establishment of robust contract review meetings and termination of arrangements in some areas.  Resources being recruited to strenghten partnership contract monitoring.	Mostly	Contract management and monitoring arrangements to be embedded. Memorandum reporting on partnerships to be included in quarterly reporting.
Are the reports provided to the leadership team in a timely manner and in a suitable format?			
Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?			
O. The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability			
Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?	Key elements of the Balance Sheet position, e.g. collection fund and treasury management closely monitored and reported monthly. Debtor and reserves positions shared widely with relevant services.	Fully	
Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet?			
Is the authority taking action to mitigate any risks identified?			



Is the monitoring of balance sheet risks integrated into the authority’s management accounts reporting processes?	The risks around reserve levels are integrated into the quarterly budget monitoring process.		
Does the authority report unplanned use of its reserves to the leadership team in a timely manner?	Forecast use of reserves is reported quarterly to Cabinet.	Fully	
External Financial Reporting			
P .The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom			
Is the authority’s CFO aware of their responsibilities in terms of the preparation of the annual financial statements?	Yes, CFO fully aware of responsibilities	Fully	
Are these responsibilities included in the CFO’s role description, personal objectives and other relevant performance management mechanisms?	Yes.	Fully	
Have the authority’s financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom?	Yes, financial statements are prepared on time and in accordance with the Code of Practice	Fully	
Q. The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions			
Is the authority’s leadership team provided with a suitable suite of reports on the authority’s financial outturn and on significant variations from budget?	Cabinet is provided with a comprehensive report detailing financial outturn and significant variations from the budget. Information is prepared working with SMT and CMT ensuring that it is relevant and presented effectively.	Fully	
Is the information in these reports presented effectively?			
Are these reports focused on information that is of interest and relevance to the leadership team?			
Does the leadership team feel that the reports support it in making strategic financial decisions?			