

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Finance & Audit Committee
Date: 10th November 2021
Reporting officer: Lisa Nyon, Assistant Director (Corporate Services)
Subject: CIPFA Financial Management Code 2019

Purpose and summary of report:

The purpose of the report is to provide Members with an update against agreed actions for full compliance with the CIPFA Financial Management Code 2019.

Recommendations:

Members are requested to note:

- The completion of the action plan that was presented at this committee on 9th March 2021
- The results of the recent self –assessment as being fully compliant with the Code.

1. Introduction

- 1.1 A self-assessment against The Chartered Institute of Public Finance Accountants (CIPFA) Financial Management Code (FM Code) was undertaken in February 2021. The findings of the self-assessment and resulting action plan were presented at this committee on 9th March 2021.
- 1.2 Members may recall that out of the 17 standards there were two ‘Amber’ rated actions for completion these being:-
 - The formation of a Risk Management Working Group and
 - Consideration of an ‘Options Appraisal Methodology’ when applying Value for Money considerations across the council
- 1.3 It is pleasing to note that officers have concluded work on the action plan at Appendix 2 and our latest self-assessment concludes that we are fully compliant with the code.

2. Update of Assessment

- 2.1 For members information, the FM Code consists of 17 financial management standards grouped into 6 categories:

- 2.1.1 **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
 - 2.1.2 **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.
 - 2.1.3 **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.
 - 2.1.4 **Adherence to professional standards** is promoted by the leadership team and is evidenced.
 - 2.1.5 **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.
 - 2.1.6 **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.
- 2.2 Appendix two sets out our updated self-assessment against the financial management standards, undertaken by the Finance team and demonstrates full compliance with the code.
- 2.3 In assessing compliance with the code a RAG rating format has been used as set out in the table below.

RAG Rating	Number of Standards	Definition
RED	0	Significant improvements are required to comply with the code
AMBER	0	Moderate improvements are required to comply with the code
GREEN	17	Compliant / Minor improvements are required to comply with the code

3. Future reporting

- 3.1 The FM Code states that:
“CIPFA considers application of the FM Code to be a collective responsibility of each authority’s organisational leadership team”
- The leadership team is defined as elected Members, the Chief Finance Officer (CFO) and their professional colleagues in the leadership team
- 3.2 To ensure on-going compliance with the code an annual self-assessment will be conducted by the finance team in order to ensure that the leadership team of the council and members of this committee are fully advised on compliance with the code going forward.

4. Background papers

- 4.1 Background papers pertaining to this report are held by the Assistant Director (Corporate Services). Anyone wishing to inspect background papers should, in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements

IMPLICATIONS	APPENDIX 1
Legal	<p>Local government finance in the UK is governed by primary legislation, regulation and professional standards as supported by statutory provision. The general financial management of a local authority, however, has not previously been supported by a professional code.</p> <p>Whilst not a legal requirement, the FM Code is designed to support good practice in financial management and assist local authorities in demonstrating their financial sustainability.</p>
Finance and Value for Money	<p>The code sets out guidance to support sound financial decision making and specifically, the first element of the code looks to ensure:</p> <p><i>The leadership team is able to demonstrate that the services provided by the authority provide value for money.</i></p> <p>Compliance with the code will support the financial and value for money decision making of the authority.</p>
Risk Assessment	<p>Compliance with the FM Code will mitigate any potential risks in respect of financial management and financial decision-making.</p>
Data Protection Impact Assessment	<p><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p>a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data? No</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A</p> <p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk. N/A</p>
Equality Impact Assessment	<p>a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. No</p> <p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. No</p> <p><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>

IMPLICATIONS		APPENDIX 1
Corporate Plan	This report supports delivery of objective #3 – Progress – in the Corporate Plan and specifically the following aims: <ul style="list-style-type: none"> - A financially innovative council - Sound financial management - Drive service improvement and corporate governance 	
Climate Change	There are no climate change implications resulting from this report.	
Crime and Disorder	There are no crime and disorder implications resulting from this report.	
Digital and website implications	There are no digital and website implications resulting from this report.	
Safeguarding children and vulnerable adults	There are no safeguarding children and vulnerable adults implications resulting from this report.	