

CIPFA Financial Management Standards
(self-assessment check)

		Assessment & Evidence	Improvement	Timescale
Section 1: The responsibilities of the chief finance officer and leadership team				
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money.	<p>External Audit review (2019/20) indicates no issues with their VFM review. The audit commented on the OFSTED review. The comments of EY were as follows:</p> <p>“The arrangements put in place by the Council to address the OFSTED findings, including setting up a Children & Families Service Improvement Board , creating a detailed action plan and seeking review of that plan by Hampshire County Council, were judged appropriate.</p> <p>The actions taken to address the subsequent whistleblowing allegations – primarily the commissioning of a review by an independent inspector, resulting in a series of recommendations drawing on their work and previous internal reviews of the service – were judged appropriate.</p> <p>We therefore had no matters to report about the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources.”</p> <p>NB: A report for 2020/21 from the external auditors will be elsewhere on the Governance Agenda and includes value for money.</p> <p>Internal Audit highlight no specific concerns in their reports.</p> <p>There are suitable mechanisms in place to promote value for money - for example Contract procurement rules clearly specify a need to award</p>	None	N/a

		to the most economically advantageous tender (exemptions only allowed via Head of Supplier Management); VFM a key part of business cases for major decisions; VFM and performance considered in the processes reviewed and reported within Annual Governance Statement.		
B	The authority complies with the CIPFA <i>Statement on the Role of the Chief Finance Officer in Local Government</i> .	<p>Note for info that the main principles of the Statement are:</p> <ol style="list-style-type: none"> 1. The chief financial officer in a local authority is a key member of the leadership team – <u>COMMENT:</u> <u>yes S151 sits on Executive Management Board¹ (EMB) and Gold command²</u> 2. The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy. <u>COMMENT:</u> <u>yes via membership of EMB and other strategic meetings e.g Cabinet/EMB, Change Board etc</u> 3. The CFO in a local authority must lead the promotion and delivery by the whole 	None	n/a

¹ The board of paid senior management – Executive Directors and CEO

² Emergency response board for the council – used for Covid19 response and other 24/7 emergencies of the most strategic importance and impactful

		<p>authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.</p> <p><u>COMMENT:</u> <u>yes – via Financial Procedure Rules, monthly budget scorecard use of approach of business cases and input from internal audit - all underpin proper governance.</u></p> <p>4. The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.</p> <p><u>COMMENT</u> <u>Yes- Finance function has adequate budget and resources and high standards of professional qualifications & training</u></p> <p>.</p> <p>5. The CFO in a public service organisation must be professionally qualified and suitably experienced.</p> <p><u>COMMENT</u> <u>Yes- qualified and many years past experience at S151 level</u></p>	<p>Training package from Finance for staff being introduced for budget holders to promote consistent standards. Training and updates for councillors on LA finance post election</p>	<p>Spring 2022</p>
<p>Section 2: Governance and financial management style</p>				
<p>C</p>	<p>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p>	<p>All reports to EMB on decisions reflect a 'resource' paragraph to capture issues on revenue and capital and its implications.</p> <p>All democratic reports contain a resource implications section to enable elected councillors to</p>	<p>None</p>	<p>n/a</p>

		<p>review impact on resources and the finances of the council</p> <p>Management letters to EY each year are produced around corporate governance and the Annual Governance Statement (AGS) which are part of a framework of financial and other controls. No fundamental issue reported by External Audit with the approach adopted by SCC.</p>		
D	The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework</i> (2016).	The Code of Corporate Governance and Annual Governance Statement (together with assurance gathering process) reflect and apply the framework.	None	n/a
E	The financial management style of the authority supports financial sustainability.	<p>Medium Term Financial Strategy (MTFS) forms a part of each annual budget process. The February 2021 budget report included a full update for 4 years ahead. Increased Budget Gap for year 4 reported at July Council (£27.4M) for year 2.</p> <p>Housing Revenue Account (HRA) – Overview report, with recommendations & 40 year business plan included in budget report. Updates via Cabinet Member briefing during the year.</p>	<p>Longer term robust savings and operational plans need further developing to stay within predicted financial envelope</p> <p>December 2021, HRA now included in the budget update to Cabinet for first time.</p>	<p>For budget 23/24 onwards</p> <p>Done & to include in annual budget updates to cabinet going forward</p>

Section 3: Long to medium-term financial management				
F	The authority has carried out a credible and transparent financial resilience assessment.	<p>Review of the CIPFA resilience index takes place each year to identify funding and risks. Generally SCC is a middle or lower risk on most measures. This year found to be high with regard to Social Care Spending i.e. a large proportion of spend relates to this area (and is demand led)</p> <p>Reserves assessed as part of the budget against the risks faced.</p> <p>Use of reserves is part of the strategy to balance the 2021/22 budget, and is documented in the budget report. Unalloacted Reserves remain in good stead going forward, but the underlying position would be much more of an issue without reserves. And the council has exposure to one-off measures and use of reserve funds supporting budget.</p>	<p>Scale of future deficit a significant risk and needs addressing via further work on longer term plans (currently being undertaken by the management and finance teams)</p> <p>Risk levels compared with reserves will need to be continually addressed.</p>	During 2022/23 and onwards for future years budget
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to elected councillors.	Done via detailed Medium Term Financial Strategy report – separate part of annual budget. Also, updates to cabinet are normally supplied in-year. However Covid uncertainty and uncertainty over future funding from Government (2022/23 is a 1 year settlement & changes to the funding system are in the pipeline for 2023/24). this means funding is hard to predict.	<p>Part of reporting via Dec budget paper to Cabinet</p> <p>Scale of budget shortfall should mean no delay for any savings until 2023/24 budget but in-year actions.</p> <p>Reinforces the need for early plans within a systematic and</p>	On-going & in time for 23/24 budget

			planned/monitored approach to the budget gap and in-year delivery of savings where possible.	
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	<p>Yes – Met by preparation of Treasury Management, Capital Strategies, and associated policies and prudential indicators. Monitoring thereof and appropriate reporting back to Governance Committee and Council.</p> <p>Update of Code in 2021 outlines that disinvestment should be considered before borrowing & costs of capital financing should be clearly shown as a %age of the revenue budget</p>	<p>None</p> <p>Requirements of the new Code will be reflected in the budget report</p>	n/a
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	<p>Yes – the MTFP as referred to above. The budget shortfall was £27.4M for 2022/23, post July Council.</p> <p>Five year programme for Capital Programme.</p>	No balanced budget after 2022/23 – plans need to be further developed	On-going & in time for 23/24 budget
Section 4: The annual budget				
J	The authority complies with its statutory obligations in respect of the budget setting process.	Yes – most recently as agreed on 24 February 2021 at full council, with budget set for 2021/22 that is balanced. Budgets were widely discussed across the management team before being included in the budget report.	None	n/a

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.	Yes – see paragraphs 18-29 of the annual budget report (Feb 2021). This will also be reported to Feb 2022 Council	None	n/a
Section 5: 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.	Yes –consultation issues considered annually. For 2022/23 budget primarily this relates to proposal for St Mary’s Leisure Centre. The 2021 consultation was limited (5 weeks) due to the pandemic. The long term financial strategy follows the corporate plan, which is produced following consultation with stakeholders.	None	n/a
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	Business cases are requested for major decisions and option appraisal methods applied, in particular in relation to capital investment. Specialists support is brought in as needed. Finance should have early involvement via the Finance Business Partner for relevant area	If delivered as part of capital programme, project will be monitored via monthly review of progress on Capital Programme.	.
Section 6: 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.	(1) Financial risks picked up in quarterly report to cabinet on in-year monitor (revenue and capital) versus budget. (2) On a monthly basis (April excluding) EMB receive a scorecard presenting the financial	(1)Continued monitor of position and mitigation. Destination 22 Plan for Children Services (2)Frequent meetings between S151 and	On-going review of destination 2022 and budget mitigation plans

		<p>forecast versus budget and a written briefing note with key highlights. The Monitor/Scorecard also compares savings delivered with planned budget savings.</p> <p>Cabinet Member Briefings (CMB) also have a standing agenda item for the financial monitor. Formal report to cabinet each quarter.</p> <p>(3) Risks around school deficits (especially where academisation is involved), the overall position with the DSG deficit.</p>	<p>Executive Director (Children & Learning) re in-year budget pressure. External Challenge to budget position via inclusion of Deputy Chief Executive at meetings.</p> <p>Executive Management Team frequently discuss & challenge service budget updates (including Children's budget) during in-year budget monitor reports (monthly)</p> <p>(3) School deficits now part of Budget Monitor meetings between S151/ Head of Finance & Executive Director (Children & Learning)</p>	LGA review of Children Services spending
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	Treasury Management is reported, and a strategy agreed via Governance Committee. Financial health indicators across debtors, creditors and prudential indicators are monitored and reported to EMB and also Cabinet as part of the quarterly in-year budget monitoring.	None	n/a
Section 7: External financial reporting				
P	The chief finance officer has personal and statutory responsibility for ensuring that the	S151 officer reviews statement before signing. Accounts produced following detailed timetable, with qualified and experienced staff who are	None	n/a

	statement of accounts produced by the local authority complies with the reporting requirements of the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i> .	encouraged to update their knowledge for any change in accounting practices.		
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	Executive Management Board review the outturn figures and confirm their agreement to the budget carry-forward decisions to be agreed at Council.	None	n/a