

## BRECKLAND DISTRICT COUNCIL

**Report of:** Maxine O'Mahony, Executive Director Strategy and Resources

**To:** Governance and Audit Committee, 29 July 2021

**Author:** Alison Chubbock, Assistant Director Finance

**Subject:** CIPFA Financial Management Code

**Purpose:** To provide an update to Governance and Audit committee on the CIPFA Financial Management (FM) Code and the progress against the Code to date

### Recommendation(s):

- 1) That Governance and Audit Committee note the report and progress against the CIPFA FM Code

### 1.0 BACKGROUND

1.1 At the end of 2019 CIPFA released its new *Financial Management Code* which is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. At that time a report was taken to Finance Board to review with follow up planned in March 2020. Due to the Covid pandemic no further work took place on this until February 2021 when a full review and gap analysis was carried out, with subsequent reporting and discussion at Resources Board and at CMT from March 2021.

#### **The CIPFA FM Code**

1.2 For the first time, this is a Code which sets out the standards of financial management for local authorities. This publication aims to help create the early warning signs for authorities to help prevent situations seen in some local authorities over the past couple of years.

The Code is a principles based approach and CIPFA's view is that all financial management practices should comply with these principles. To enable authorities to test their conformity with these principles the FM Code translates the principles into financial management standards which will have different practical applications according to each authorities' circumstances.

The Code requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. CIPFA considers application of the FM Code to be a collective responsibility of each authority's organisational leadership team.

The six principles of the Code are:

- Leadership
- Accountability
- Transparency
- Standards
- Assurance
- Sustainability

Underneath these principles are a set of financial management standards.

- 1.3 Local authorities were required to apply the requirements of the FM Code with effect from 1 April 2020. However, CIPFA understood the ambition of the date and consider that April 2020 is the commencement date of a 'shadow year' and the first full year of compliance with the Code will be 2021-22.

### **Breckland Performance**

- 1.4 Appendix A shows the principles and standards in the Code with a RAG status based on an initial analysis of Breckland's performance against each standard. Overall this shows a very positive picture with most areas showing a 'green' status, however there are a few at 'amber' which require some work to improve those areas. The proposed actions are detailed at the end of Appendix A

## **2.0 OPTIONS**

- 2.1 That Governance and Audit Committee note the report and progress against the CIPFA FM Code

- 2.2 Do nothing.

## **3.0 REASONS FOR RECOMMENDATION(S)**

- 3.1 The report is for information purposes.

## **4.0 EXPECTED BENEFITS**

- 4.1 To provide an update to Governance and Audit committee on the CIPFA Financial Management (FM) Code.

- 4.2 To provide the Governance and Audit Committee with a summary of the Breckland performance against the FM Code and the proposed actions to improve this performance.

## **5.0 IMPLICATIONS**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

### **5.1 Financial**

- 5.1.1 Our performance against the new Code helps to provide assurance that the organisation is managing its finances and responsibility is taken by the senior management and Members

## **6.0 WARDS/COMMUNITIES AFFECTED**

- 6.1 N/A

## **7.0 ACRONYMS**

- 7.1 CIPFA – Chartered Institute of Public Finance & Accountancy  
7.2 CMT – Corporate Management Team  
7.3 FM – Financial Management  
7.4 RAG – Red, Amber, Green

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**Background papers:-**

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**Key Decision:** No

**Exempt Decision:** No

**This report refers to a Mandatory Service**

**Appendices attached to this report:**

Appendix A Extract from CIPA FM Code with RAG status and action plan