

## CIPFA Financial Management Standards – Self Assessment

| Ref.     | CIPFA Financial Management Standard  | Current Status  | Planned Developments   | Rating |
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| <b>1</b> | <b>Responsibilities of the CFO and Leadership Team</b>   |   |  |        |
| A        | The leadership team is able to demonstrate that the services provided by the authority provide value for money | <ul style="list-style-type: none"> <li>A well-established Annual Financial Cycle (AFC) set of processes is in place including: Medium Term Financial Strategy (MTFS); budget setting; in year monitoring and year end reporting. Within these, capital, revenue, commercial investment and treasury aspects are integrated, with the management of the associated risks being a key element.</li> <li>Performance reporting is undertaken through the One Coventry Performance Plan, including an extensive suite of indicators and relevant benchmarking. The wider performance management framework of under the Plan sets out the values and behaviours that support and enable the delivery of the plan.</li> <li>All reports to member bodies and service management teams include financial implications and risk management sections as standard. Senior finance staff contribute to reports with financial implications as authors, contributors or approvers, as appropriate.</li> <li>Contract Procedure Rules set out processes to ensure probity, transparency and value for money in procurement.</li> <li>Both Internal Audit and External Audit include value for money within their remit.</li> <li>The developing One Coventry Plan is central to ensuring that the Council secures long term value in providing services</li> </ul> | Development and roll out of the One Coventry Plan and accompanying programme of activity | AMBER  |
| B        | The Authority complies with the CIPFA “Statement of the Role of the CFO in Local Government”                   | <ul style="list-style-type: none"> <li>The Chief Operating Officer is the Authority’s s151 officer and is a key member of the Strategic Leadership Team, helping it to develop and implement strategy, as well as resource and deliver the Council’s strategic objectives.</li> <li>The Council’s most recent “The Role of the Chief Financial Officer” assessment in April 2021 concluded that the 5 principles laid out in CIPFA’s Statement on the Role of the Chief Financial Officer in Local Government are met. The Assessment is reviewed annually as part of the review of effectiveness which underpins the Annual Governance Statement.</li> </ul>   |  | GREEN  |

| 2 Governance and Financial Management Style |   |   |  |       |
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| C   | The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control | <ul style="list-style-type: none"> <li>• The One Coventry Values and Behaviours framework sets out what the Council stands for and how those values are translated into day to day actions throughout the Council. The Directors of the organisation meet weekly to monitor progress against the Council's identified priorities.</li> <li>• The Annual Governance Statement is included in the Statement of Accounts.</li> <li>• Strategic Leadership Team (SLT) meets weekly and consists of Chief Executive, Chief Operating Officer (S151), Chief Partnership Officer, Director of HR and OD and Director of Law and Governance (Monitoring Officer). It monitors/role is to oversee the governance of the organisation, understand areas of arising and ongoing risk and ensure corporate oversight.</li> <li>• The Constitution is at the core of the framework of governance and internal control, with key elements of governance and control:- <ul style="list-style-type: none"> <li>– Codes of conduct for officers and members;</li> <li>– Procedure rules across a number of areas, including finance and contracts;</li> <li>– An Ethics Committee charged with promoting and maintaining high standards of conduct;</li> <li>– Audit &amp; Procurement Committee, giving independent assurance</li> <li>– Corporate Governance Steering Board and Procurement Panels</li> <li>– All reports to Member bodies are required to include, amongst other things, a financial implications section and legal implications section that is signed-off by a senior finance and legal officers, as authors, contributors or approvers, as appropriate.</li> </ul> </li> </ul> | Development and roll out of the One Coventry Model | GREEN |
| D   | The authority applies the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)"         | <ul style="list-style-type: none"> <li>• Coventry City Council has an approved Code of Corporate Governance, which is consistent with the principles reflected in the CIPFA / SOLACE framework and guidance Delivering Good Governance in Local Government (2016), the key elements of which are: <ul style="list-style-type: none"> <li>– a governance / internal control environment that supports the Council in establishing, implementing and monitoring its policies and objectives;</li> <li>– a One Coventry Plan which sets out the Council's long-term vision and priorities for the city and affirms the Council's commitment to do this by maximising the use of its assets and reducing its operating costs, and through active communities and empowered citizens.</li> </ul> </li> </ul>   | Development and roll out of the One Coventry Plan  | GREEN |

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| E   | The financial management style of the authority supports financial sustainability        | <ul style="list-style-type: none"> <li>• Characteristics of the Council’s financial management style: <ul style="list-style-type: none"> <li>– a balance of stewardship and enabling (delivering accountability, supporting performance &amp; enabling transformation);</li> <li>– a consistent structure and approach to delegation of financial responsibilities and authority</li> <li>– financial management based on budget holder responsibility, supported by finance staff aligned to service delivery structures, including finance staff attendance at Service Management Teams;</li> <li>– dedicated finance Business Partner resources to ensure the quality, relevance and timeliness of the provision of financial advice;</li> <li>– all reports to Member bodies are required to include, amongst other things, a financial implications section that is signed-off by a senior member of finance staff, as authors, contributors or approvers, as appropriate;</li> <li>– at a scheme/project level, the approval of proposals is based on business cases, with the consideration of all the options available and the full assessment of risk;</li> <li>– a well-established Annual Financial Cycle (AFC) process across budget setting, in year monitoring and year end reporting exists, integrating capital, revenue, commercial investment and treasury aspects, and the associated risks;</li> <li>– S151 officer as an integral member of the SLT;</li> <li>– a comprehensive suite of finance training for managers.</li> </ul> </li> </ul> | Continue to develop the skills of managers to ensure that they have access to performance and financial information to deliver services effectively | GREEN |
| <b>3 Long to Medium-Term Financial Management</b> |  |  |   |       |
| F   | The authority has carried out a credible and transparent financial resilience assessment | <ul style="list-style-type: none"> <li>• The formal budget resolutions include the S151 Assurance Statement on the robustness of reserves and estimates.</li> <li>• A reserves strategy is approved as part of the suite of budget papers on an annual basis establishing that the level of reserves held by the Council is prudent for the Authority to hold, taking into account risk.</li> <li>• The MTFS includes a wide assessment of the spend and resource issues facing the Council, as well as the key financial strategies and policies that underpin the budget and medium term programme.</li> <li>• The CIPFA resilience index has been used on an informal basis. The authority is informed by the principles that underpin the index and has been able to adjust its position for some elements where resilience has been perceived to be at risk.</li> </ul>   | Report the Council’s status in the CIPFA Resilience Index to help manage strategic risk.  | AMBER |

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| G | <p>The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members</p> | <ul style="list-style-type: none"> <li>• The AFC is the process through which the Council ensures that its plans are financially sustainable, with the wider budget setting report at the core of the AFC, integrating key plans and strategies, including: <ul style="list-style-type: none"> <li>– multi year financial plans based on the integration of revenue and capital activities, brought together within a MTFS;</li> <li>– a Capital Strategy;</li> <li>– a Treasury Management Strategy;</li> <li>– a Minimum Revenue Provision Policy;</li> <li>– a Commercial Investment Strategy;</li> <li>– a Reserves statement.</li> </ul> </li> <li>• The formal output of the AFC is the culmination of a much wider and extensive process of member engagement and consultation, through informal and semi-formal arrangements. This allows issues to be considered in significant detail, enhancing the robustness of strategic financial management/p and policy decision making.</li> <li>• The establishment of Coventry Municipal Holdings Ltd together with the associated monitoring and reporting processes, provides a base on which strong governance can be achieved in respect of commercialisation through City Council companies;</li> <li>• To order to further develop the Council’s approach to managing strategic risk in respect of commercialisation, external advice has been sought from the City Council’s standing treasury management advisors.</li> </ul> |   | GREEN |
| H | <p>The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”</p>                                 | <ul style="list-style-type: none"> <li>• Capital, treasury and investment activities are managed line with the Prudential Code for Capital Finance in Local Authorities, as well as associated statutory guidance (e.g. Investment Guidance; Minimum Revenue Provision Guidance; Treasury Management Guidance).</li> <li>• Fundamental to this is the approval of the Capital, Treasury Management and Investment Strategies, as part of the wider budget setting report(s), and the subsequent monitoring and reporting of activity against these during the year.</li> </ul>  | <p>The impact of changes in CIPFA’s Prudential Code will be incorporated into future plans as required.</p> | GREEN |

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| I        | The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans   | <ul style="list-style-type: none"> <li>• Multi year revenue and capital programmes developed through the MTFS bring together spend and resourcing plans, and are approved as part of the budget report, being subsequently updated and rolled forward annually: <ul style="list-style-type: none"> <li>– 5 year capital programme with resourcing approved for the term of the programme;</li> <li>– 3 year revenue programme balanced for the first year of the programme, with future year pressures highlighted.</li> </ul> </li> <li>• Future years spend pressures are highlighted within the budget report and managed through an established rolling budget setting process incorporating informal and formal engagement with members and stakeholders, a key driver of which is the allocation of resources in accordance with the priorities of the Council and the financial sustainability of the Council.</li> <li>• Uncertainty surrounding future resource settlements, including in some years the lack of multi-year settlements, can limit the ability to set detailed multi-year programmes other than at an indicative level.</li> </ul> |  | GREEN |
| <b>4</b> | <b>The Annual Budget</b>  |   |  |       |
| J        | The authority complies with its statutory obligations in respect of the budget setting process  | <ul style="list-style-type: none"> <li>• The Council approves an annual balanced budget that enables the S151 Officer to positively comment on the robustness of the estimates and the adequacy of the proposed financial reserves (s25 assurance statement).</li> <li>• The annual budget is supported with full information and is approved as part of a wider integrated capital and revenue report, including the treasury and commercial investment strategies.</li> </ul>   |  | GREEN |
| K        | The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves | <ul style="list-style-type: none"> <li>• Section 5.1 and Recommendation 2 of the Budget Report 2021/22 includes such statements: <a href="https://internaldemocraticservices.coventry.gov.uk/documents/s49508/Budget%20Report%202021-2022.pdf">https://internaldemocraticservices.coventry.gov.uk/documents/s49508/Budget%20Report%202021-2022.pdf</a></li> </ul>   |  | GREEN |

| <b>5 Stakeholder Engagement and Business Plans</b> |   |  |   |       |
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| L  | The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan, and annual budget | <ul style="list-style-type: none"> <li>• Consultation with stakeholders is undertaken in setting the annual budget and capital programme, including the statutory consultation with business ratepayers and consultation with the trade unions.</li> <li>• Stakeholder involvement is integral to the development and implementation of major projects and capital schemes, from both a financial and service delivery perspective e.g. MRF, City of Culture, Station redevelopment</li> <li>• Wider consultation with residents is embedded as part of the engagement around the organisation's priorities and objectives.</li> </ul> | Significant consultation is due to take place in early 2022 on the One Coventry Plan. | GREEN |
| M  | The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions.                                 | <ul style="list-style-type: none"> <li>• The Council uses a range of option appraisal methodologies appropriate to the project.</li> <li>• Business cases are required as a matter of course, which set out the rationale for the project/proposal, the capital and revenue costs, the resourcing of those costs, payback period if appropriate and project risks. The size and form of the business case is proportionate to the scale of the decision.</li> <li>• Procurement decisions are documented and reported to the relevant Procurement Panel.</li> </ul>  |   | GREEN |
| <b>6 Monitoring Financial Performance</b>          |   |  |   |       |
| N  | The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget   | <ul style="list-style-type: none"> <li>• The AFC process allows for a prompt and proactive response to emerging risks and for mitigating actions to be identified through: <ul style="list-style-type: none"> <li>– Quarterly financial monitoring through service management teams, based on clear budget holder responsibilities</li> <li>– Quarterly in-year financial reporting to Cabinet and SLT</li> <li>– Year-end financial reporting of the outturn through Cabinet/Council report and the Statement of Accounts</li> </ul> </li> </ul>  |   | GREEN |

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|          | strategy and financial sustainability  | <ul style="list-style-type: none"> <li>– the MTFS in respect of medium to long term issues</li> </ul>   |   |       |
| O        | The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability  | <ul style="list-style-type: none"> <li>• Key elements of the balance sheet that give rise to risk to financial sustainability are managed and monitored through annual financial cycle reporting, including in-year budget monitoring and performance reports to Cabinet:- <ul style="list-style-type: none"> <li>– Cash balances, treasury debt and investments as part of the Treasury Management Strategy, and separately to Finance and Procurement Committee as part of regular treasury monitoring</li> <li>– Commercial Investments, including shares and non-treasury loans, as part of the Commercial Investment Strategy, property performance monitoring processes and the year-end closure/valuation of assets;</li> <li>– Operational assets are managed as part of the relevant service provision;</li> <li>– Day to day debtors and creditors, as part of the budget monitoring of the relevant areas and the year-end closure processes;</li> <li>– Reserves, through the MTFS.</li> <li>– There is scope to rationalise and regularise reporting arrangements to ensure that SLT receive an easily understood report on these issues.</li> </ul> </li> </ul> | SLT to formally consider strategic risk on a quarterly basis.   | GREEN |
| <b>7</b> | <b>External Financial Reporting</b>  |   |   |       |
| P        | The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on | <ul style="list-style-type: none"> <li>• The S151 Officer is responsible for ensuring that the 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”.</li> <li>• The operational responsibility for production of the Statement of Accounts in line with proper accounting practices rests within Financial Management division. The Financial Management Division is staffed by suitably qualified staff.</li> <li>• The accounts are subject to external audit</li> <li>• The audit of the 2019/20 accounts has been protracted with the 2019/20 not signed off as at December 2021.</li> </ul>  | <p>The external auditor’s Audit Findings Report contains recommendations which have been agreed by management and will be acted upon.</p> <p>Action is under way to strengthen the core</p> | AMBER |

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|   | Local Authority Accounting in the United Kingdom”   |  | accounting function. |       |
| Q | The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions | <ul style="list-style-type: none"> <li>• The outturn report provides an analysis of the financial position of the Council at the end of the financial year including: <ul style="list-style-type: none"> <li>– Capital, revenue, commercial investment and treasury performance during the financial year;</li> <li>– Explanations and mitigating actions in respect of variations to budgets;</li> <li>– The resulting reserves position.</li> </ul> </li> <li>• The outturn report follows on from and is consistent with budget setting and in-year monitoring, allowing outturn to be viewed in the context of the regular strategic financial reporting.</li> <li>• The outturn report informs the financial management of the subsequent financial year and supports informed decision making in taking the MTFS forward.</li> </ul> |                      | GREEN |