

## CIPFA Financial Management Code - Financial Standards Self Assessment

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Rating
<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 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. Procurement route decision making governance is also in place through a strategic procurement function, which consists of a (multi-disciplinary) Senior Officer Procurement Board/ Panel which challenges and/or supports proposals to ensure appropriate consideration has been taken of Value for Money.</li> <li>• Both Internal Audit and External Audit include value for money within their remit, as did the recent LGA peer review carried out in January 2024.</li> <li>• The developing One Coventry Plan is central to ensuring that the Council secures long term value in providing services. The Council's One Coventry Plan was refreshed during 2022 to create greater alignment between the key themes and priorities both in the City, and regionally. The performance report for 2022/23 was presented to Scrutiny Co-ordination Committee in December 2023, and Cabinet in January 2024, and measures the direction of travel of 73 performance indicators.</li> </ul>	It is planned that more regular performance updates will be reported formally to members for future years	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 Director of Finance and Corporate Services (formerly the Chief Operating Officer) is the Authority's s151 officer and is a key member of the Council's Leadership Board, influencing the development and implementation of strategy, as well as resource and delivery of the Council's strategic objectives.</li> <li>• CIPFA have produced a document titled 'The role of the Chief Financial Officer (CFO) in Local Government', against which the Council continuously assesses itself for compliance with respect to the 5 principles laid out in the statement.</li> <li>• The Council's most recent assessment against the CFO role was carried out in August 2023, as part of the annual review of the effectiveness of the Council that underpins the Annual Governance Statement. This confirmed that each of the principles are met, stating that 'The Chief Operating Officer (Section 151 Officer) is a key member of the Council's Strategic Leadership Team (now called Leadership Board) with a critical role in strategic planning for the organization. The Team also includes the Chief Executive and Monitoring Officer, who, along with the Director of Finance, collectively have leadership responsibility for good governance as principal statutory officers.</li> </ul>		GREEN
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2 Governance and Financial Management Style				
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 Chief Executive and all Directors of the organization meet weekly as a Leadership Board to monitor progress against the Council's identified priorities. One meeting per month is dedicated to performance management</li> <li>• Financial management items are regularly reported through the Leadership Board, including the budget setting process, periodic financial performance management and corporate risk to ensure both peer challenge, and ownership of financial matters at the highest level, including those responsible for service delivery.</li> <li>• The Annual Governance Statement is included in the Statement of Accounts.</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 over governance &amp; risk</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>	Continued 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>	Continued roll out of the One Coventry Plan	GREEN

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>– an appropriate 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 and accountability, supported by finance staff aligned to service delivery structures, including senior finance staff regular attendance at Service &amp; Project Management Teams to support and/or challenge as necessary.</li> <li>– dedicated finance Business Partner resources to ensure the quality, relevance and timeliness of the provision of financial advice.</li> <li>– High standard of financial management IT system which facilitates access to high quality financial management information.</li> <li>– Top tiers of the financial management service are required to be fully qualified and active affiliated members of a CCAB Accounting Body.</li> <li>– all reports to elected 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, approval of proposals is based on robust business cases, with consideration of all options available and a full assessment of risk &amp; sensitivities.</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 Leadership Board.</li> <li>– a comprehensive suite of finance training for managers and budget holders.</li> </ul> </li> </ul>	Continuous development of manager skills to ensure 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 reviewed based on the most recent data available (2022/23) by Finance Officers. This demonstrates that the Council, relative to other Metropolitan Authorities, compares favourably on most measures, including level of reserves; interest on debt; overall debt;</li> </ul>	Continue to monitor & report the Council's status in the CIPFA Resilience Index	AMBER

		<p>Council Tax Base growth. CCC does however measure unfavourably for social care costs, Childrens social care in particular. This is a known issue, and already under scrutiny within the Council. Placements for vulnerable children have indeed reduced, but the financial benefits of this have been offset by high inflation and a greater proportion of complex cases, both of which are National issues for the whole of local government. Despite being national issues requiring national government action aswell as local focus, the rating for this element of the code is considered to remain as amber as it remains a threat to our overall resilience.</p> <ul style="list-style-type: none"><li>• 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><li>• The Council's external auditors also consider the Councils financial sustainability and resilience as part of it's external assessment and Audit Findings report. As part of their assessment for 2022/23, reported to (Audit &amp; Procurement Committee) members in March 2024, they considered that the Council has a strong track record, and no significant weaknesses due to the fact that the Council has taken steps to address challenges, and has strong reserve balances.</li></ul>		
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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 and policy decision making.</li> <li>• The establishment of Coventry Municipal Holdings Ltd together with the associated monitoring and reporting processes through a formal Shareholder Committee (as a subset of the Cabinet), provides a base on which strong governance is achieved in respect of City Council subsidiaries;</li> <li>• In order to further develop the Council's approach to managing strategic risk in respect of commercial activity, external advice has previously been sought from the City Council's standing treasury management advisors including proportionality.</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 in 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, and the subsequent monitoring and reporting of activity against these during the year.</li> </ul>	<p>The impact of any changes in CIPFA's Prudential Code will be monitored &amp; incorporated into future plans as required.</p>	GREEN

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, and sensitivity analysis considered.</li> </ul> </li> <li>Known 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 the lack of multi-year settlements and/or intelligence regarding the next Comprehensive Spending Review, can limit the ability to set detailed multi-year programmes other than at an indicative level.</li> </ul>	Officers will continually review Medium Term Financial planning, both in terms of resourcing and expenditure to reflect developments as they arise	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 5.1.2 and Recommendation 4 of the Budget Report 2024/25 includes such statements</li> <li><a href="https://internaldemocraticservices.coventry.gov.uk/documents/s59458/Budget%20Report%202024-25.pdf">https://internaldemocraticservices.coventry.gov.uk/documents/s59458/Budget%20Report%202024-25.pdf</a></li> </ul>		GREEN

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	<ul style="list-style-type: none"> <li>• Significant consultation and engagement was carried out during 2022 and 2023 as part of the refresh of the Once Coventry Plan. Members approved this in March 2023.</li> <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>• The public consultation for the budget setting takes place for c8 weeks each year, including public and workforce meetings.</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. City Centre Cultural Gateway</li> <li>• Wider consultation with residents is also embedded as part of the engagement around the organization's priorities and objectives.</li> </ul>	The Council will continually review the engagement process for the MTFS and annual budget setting process	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 for all decision making, setting out the rationale for the project/proposal, the capital and revenue costs, the resourcing of those costs, payback period and Return on Investment if appropriate, and project risks.</li> <li>• Prevailing market rates are reviewed regularly and reflected in proposals. The size and form of business cases are proportionate to the scale of the decision, and will reflect both financial and service based outcomes.</li> <li>• Procurement decisions are documented and reported to the relevant Procurement Panel.</li> </ul>		GREEN
6 Monitoring Financial Performance				
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 Leadership Board and Cabinet</li> <li>– Year-end financial reporting of the outturn through Cabinet/Council report and the Statement of Accounts</li> </ul> </li> </ul>		GREEN



	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> </ul> </li> <li>• Key risks are also considered regularly (quarterly) by the Council’s Leadership Board, and periodically to members of the Audit &amp; Procurement Committee. This includes key financial risks as appropriate, including the MTFS and financial sustainability.</li> </ul>		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 Director of Finance &amp; Corporate Services is the s151 Officer and is responsible for ensuring that the statement of accounts (SoA) 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 and has strengthened its resources to ensure compliance and timeliness.</li> <li>• The accounts are subject to external audit, although are currently subject to a Government consultation intended to ensure all local authorities historic statement of Accounts are published by September 2024*.</li> <li>• The external audit of the 2019/20 SoA was signed off in October 2023. The SoA’s for 2020/21 have been published in March 2024, and SoA’s for both 2021/22 and 2022/23 will be published by September 2024, the indicative date set out in the Government consultation.</li> <li>• The Councils 2023/24 SoA is expected to be in draft form before the end of 2024. These will be audited by May 2025*, also in line with the Government consultation.</li> </ul>	Action will continue to be taken which strengthens the core accounting and property valuation functions	AMBER
		* Dates subject to confirmation		

	Local Authority Accounting in the United Kingdom”			
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>• Service outturn performance is the responsibility of individual members of the Leadership board. The consolidated position is reported to Leadership Board as a collective to inform both backward, and forward look decision making</li> <li>• The formal outturn report to members 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