

Public Document Pack



Please note that the following documents were published separately from the main agenda for this meeting of the Executive to be held on Wednesday, 17th March 2021 at 4.30 pm in Virtual Meeting.

4. Business Support & Economic Recovery: Proposals for the use of Additional Restrictions Grant Funding (Pages 3 - 14)
6. The CIPFA Financial Management Code (Pages 15 - 40)

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SUBJECT: BUSINESS SUPPORT & ECONOMIC RECOVERY: PROPOSALS FOR THE USE OF ADDITIONAL RESTRICTIONS GRANT FUNDING

DIRECTORATE: MAJOR DEVELOPMENTS

REPORT AUTHOR: JO WALKER, ASSISTANT DIRECTOR - GROWTH

1. Purpose of Report

- 1.1 To approve proposals for the use of Additional Restrictions Grant (ARG) funding to provide ongoing support to businesses impacted by Covid-19 and promote the economic recovery of the City.
- 1.2 To agree to delegate the final allocation of funding for each of the measures outlined in this report to the S151 Officer and Director of Major Developments.

2. Executive Summary

- 2.1 City of Lincoln has mobilised a dedicated team of staff to service the requirement for business support and to manage and administer the government's local funding package since March 2020.
- 2.2 The team have worked to deliver a first-class service to customers and this has been recognised and appreciated by the business community.
- 2.3 Officers have also proactively engaged with other authorities to collaborate on policy and to share best-practice to try to ensure consistency across the local area, leading where required.
- 2.4 This working arrangement has continued during Lockdown 2, the Local Restrictions period and now Lockdown 3, however funding streams have become progressively more complex, taking up considerable resource such that a number of officers are now spending up to 100% of their time on the response. The resource in processing grants is predominantly drawn from Major Developments, Business Services and DCE (Events). This is in addition to the considerable resource from Finance and Audit teams as the schemes have become more complex.
- 2.5 This report sets out the current spectrum of business support being administered by the team with the latest monitoring information. It then proposes a strategy for the deployment of 'Additional Restrictions Grant' (ARG) funding which has been provided by government alongside the various mandatory funds to enable local authorities to support businesses during the pandemic and with the economic recovery thereafter (up to March 2022).

3. Covid 19 – Business Grants

3.1 Between March – September 2020, the City Council issued grants to approximately 1,700 businesses to a value of over £21m. Since the November lockdown period until the 15th of February, up to 4400 grants have been issued to around 800 businesses to the value of over £8.75 million.

3.2 Since November 2020, the grant regime has become progressively more complex, with the Council being allocated a series of funds to support businesses during the National and Local Restriction Periods. These grants fall broadly into 2 categories.

3.3 A – Mandatory Grants:

For rate-paying businesses mandated to close as a result of local or national restrictions. These grants are paid on a regular and ongoing basis as long as restrictions are in place. Payments are due every 14 days during local restriction periods or for longer periods in the case of national lockdowns.

3.4 B – Discretionary Grants:

For the Council to administer at its discretion. In the case of City of Lincoln, we have used this funding to support businesses which ‘fall through the gaps’ of the mandatory funding schemes as follows:

- Closed businesses that do not pay business rates (such as those that share space or B&Bs)
- Businesses which have not been mandated to close but have been severely impacted by the restrictions (for example those in the hospitality, leisure supply chain). In this case, a business needs to evidence ongoing business costs and at least a 30% drop in turnover.

4. Discretionary Funding

4.1 A total of £2,868,060 has been awarded to the City of Lincoln to administer on a discretionary basis (funding known as the Additional Restrictions Grant or ‘ARG’). This funding can be deployed at the discretion of the Authority up to March 2022 and must be focussed on providing direct support to businesses, however it cannot be used as a wage top-up.

4.2 As of 15th of February £ 440,143 has been spent supporting those businesses that ‘fall between the cracks’ of the mandatory schemes. This covers November (Lockdown 2), December (Tier 3/4) and closed non rate paying businesses January – February (42-day Lockdown/Top Up). Further grants for businesses which are ‘open but impacted’ are expected to be paid from this fund for the current lockdown period.

4.3 This grant funding will continue to be deployed to support businesses that do not meet the mandatory criteria as long as lockdown or restrictions continue. We are planning for this to be at least until April 2021.

4.4 In addition to offering continued support with running costs, officers are working on a package of further support to help economic recovery. This has been informed by direct feedback from businesses (through a question in the grant application

form) and interviews with intermediaries (FSB, Visit Lincoln, Lincoln Big, LSIP, Lincoln University and businesses) and other stakeholders.

5. ARG Proposal – Continued Response & Recovery

- 5.1 In planning for how we might deploy these funds, we need to consider how this funding might be used to match or add value to existing schemes or to address any gaps in provision. We also need to consider how we can administer the funding in the most efficient way, maximise the value to our business community as well as relieving some of the additional pressures on existing staff to facilitate a return to the 'day-job'.
- 5.2 To inform how best to utilise these funds and support economic recovery with the resources available to us and avoiding duplication, we have spoken to a number of stakeholders. We have also carried out our own survey of business needs (embedded within the grant application process). We have also taken account of research by the LEP and the GL Economic Recovery Plan. Key findings and analysis are included in Appendix 1 and 2.
- 5.3 In addition, on 09 March 2021 the draft proposals were taken to a meeting of the Council's Community Leadership Scrutiny Committee for their consideration and input. Since September 2020 the committee have been undertaking an important scrutiny review of the impact of Covid-19 on businesses and the economy. The findings of that review and the comments from the Committee, have been incorporated into these proposals. They will also influence not only the detail for what grants could be used for but the approach we would take in ensuring that the opportunities are widely communicated to businesses.
- 5.4 In assessing these requirements, we propose to ring-fence the remaining £2.43m and to utilise this resource as follows. It is proposed that the final decision regarding the amount of funding, (beyond that proposed below), procurement and contracting arrangements be delegated to the Section 151 Officer and Director of Major Developments.

A - £500,000 safeguarded to **continue to operate discretionary, ongoing support** during any further period(s) of restrictions during 2021/22. This figure is based on analysis of weekly spend and would cover a period of up to 15 weeks/3 months of Tier 3+ restrictions.

***Rationale:** Most restrictions will remain in place until 12 April and thereafter, some restrictions will apply into May/June. Further restrictions may then need to be reintroduced during winter 21/22, based on the latest information being provided by Government and Chief Advisers.*

B - £500,000 ring-fenced for a '**Business Revival**' scheme to support businesses to adapt, diversify, digitalise and prepare for re-opening. It is proposed that this fund could be used to purchase equipment, invest in premises, digital technologies, marketing, mentoring or training. Guidance will be provided but the fund will remain flexible to respond to individual business needs. The fund will focus on support for SMEs, impacted by Covid but the scheme will not be sector specific. City of Lincoln is seeking to work in partnership with Lincolnshire County Council and other Lincolnshire Authorities

to deliver this scheme.

Reason: *This would be an extension to and more flexible version of the previous, oversubscribed 'Kickstart' scheme administered by Business Lincolnshire using ERDF funds. It is wholly additional to the 'cash-flow' support we are offering through lockdowns and in keeping with the requirement of ARG, which cannot be used as wage supplement. It will apply across sectors and should therefore be additional to the 'Restart Grants' announced in the Budget statement which focus on hospitality and retail only. It offers positive support to encourage revival through diversification, upskilling and other means but affords the business flexibility to choose what is right for them rather than being told what they should do. Responds to advice from business stakeholders and intermediaries and is complementary to Lincolnshire County Council's proposed package of support. The scheme may be launched in phases to respond and adapt to business needs and to ensure there is capacity to manage.*

Timescale: *from April 2021*

C – Up to £900k for a Visitor Economy Support Package, which would help fund a renewed place marketing campaign, co-ordinated through the Destination Management Organisation (DMO), Visit Lincoln and enable further support to the tourism and hospitality sector, for example to assist with online marketing, sales and training. Further 'top-up' grants may be considered to support tourism and hospitality sector businesses; this measure will be considered in the context of the 'Restart Grants'¹, announced in the Budget on 3rd March 2021.

Reason: *Visitor Economy has been decimated by the crisis but is a key sector for our economy and with an opportunity to capitalise on the growth in the domestic market in 2021, we need to be prepared to rebuild. The DMO will enable a co-ordinated approach to supporting the sector in a coherent and co-ordinated way over the long-term.*

D – Up to £350k for a High Street Recovery Package, to support retail businesses and high street recovery as a whole. The Council will work in partnership with Lincoln BIG, with a package of measures tailored to address business priorities identified through a recent survey carried out by Lincoln BIG and earlier work to develop a new High Street Recovery Plan. This will include measures to address security, marketing and events as well as providing direct support to businesses. A further strand will focus on support for the Central Market proposals – part of the Town Deal programme – and specifically to provide support to Market Traders.

Reason: *supporting the recovery of the High Street and its offer will be crucial to ensuring readiness and vibrancy post covid. Previous funding identified to support this work (through the European Regional Development Fund [ERDF]) has not materialised and so ARG offers an alternative option to support a wider programme of activities and to complement and add value to what can be*

¹ Providing up to £6,000 per premises for non-essential retail and up to £18,000 per premises for hospitality and sectors opening later.

achieved through the Town Deal.

E – Up to £180k for measures to **support young people in business** or with a route to employment. This would include support for new starts in key growth areas such as digital/tech through a **Digital Accelerator Programme**, which would provide mentoring and support to nurture tech entrepreneurs, complementing the potential seed funding that could be offered to help with set up costs through the ‘business revival’ or wider County support packages. Funds for a **City Apprenticeship** scheme will also be considered, as an alternative route to employment for young people.

***Reason:** We are aware that a number of redundancies have resulted from the acquisition of local tech firms, largely impacting young people. The trend towards self-employment/start-up amongst young graduates is something which is likely to continue. Sector specific accelerator programmes (such as the current Agri-Tech programme, offered by the University of Lincoln²) offer an opportunity to support and nurture entrepreneurialism and this is something previously identified in our Digital Strategy. It offers a cost-effective mechanism to support a number of prospective tech entrepreneurs and would complement the wider funding packages being offered.*

Apprenticeships would provide a follow-on from the ‘kickstart’ work placement scheme and offer an alternative to self-employment/start-up as a route to employment. This is something the City Council has a strong track record in delivering and something which could be considered as a roll-out to external firms.

6. Strategic Priorities

6.1 Let's drive economic growth

The objective of the ARG funding is to provide support to businesses and to promote the City's economic recovery. This will directly support the Council's Strategic Vision in respect of economic growth. The objective in Lincoln is to drive a growth agenda that is both inclusive and sustainable.

6.2 Let's deliver quality housing

Whilst the ARG funds have an economic focus, indirectly, by driving economic recovery the programme will have a positive impact on the delivery of quality housing by supporting city vibrancy which will in turn support market demand and viability.

6.3 Let's enhance our remarkable place

The proposals will support business activity within the City and promote economic vibrancy which will in turn help to sustain and safeguard the place.

² [Agri-Tech Accelerator – 10x10 Business Accelerator \(10by10.co.uk\)](https://10by10.co.uk/)

6.4 Let's address the challenges of climate change

The programme will support business diversification required as a result of covid. This includes measures such as digitalisation and wider adaptations that also align with the net zero objective. Supporting a vibrant City Centre also aligns with our sustainable growth objectives.

7. **Organisational Impacts**

7.1 **Legal Implications including Procurement Rules**

All of the activities outlined within this report will be required to align with the Government Guidance in respect of ARG funds.

All contracting and procurement activity will be undertaken in accordance with the Council's Contract Procedure Rules and ultimately Public Contract Regulations 2015 and all other relevant legislation.

7.2 **Financial Implications**

The costs associated with the delivery of this programme will be met from the Council's ARG allocation and existing staff resource.

7.3 **Equality, Diversity and Human Rights include**

As identified in the Greater Lincolnshire Recovery Plan significant increases in unemployment can be expected short term because of Covid. This, and the expected reduction in investment training and apprenticeship provision by local businesses is likely to particularly disadvantage the young. The proposal to include 'Measures to support young people in business or with a route to employment' will help to address this issue. The proposals will also contribute to better access to services both through supporting wider City Centre regeneration and encouraging the use of digital technologies.

In meeting the requirement of local business during this challenging period, the programme is seeking to address local needs and create opportunities for all. The overriding objective being to ensure growth is both inclusive and sustainable.

The Council will continue to adhere to government guidelines and to consider all individuals in shaping detailed project proposals.

7.4 **Human Resources**

This programme will be led by existing staff within the Major Development Directorate drawing on other Council expert resources including legal, finance and procurement staff.

7.5 **Land, Property and Accommodation**

The proposals will support local businesses occupying land and property. In this regard the proposals will help to safeguard these assets and support economic recovery/city vibrancy.

7.6 Significant Community Impact

Subject to approval this programme will have a positive community impact. Please refer to the emerging vision and delivery plan for specific details. The Plan has been developed in the context of stakeholder consultation.

8. Risk Implications

8.1 Risk: Lack of Take Up

Mitigation: stakeholder engagement and survey work carried out to understand need and demand for the different measures.

8.2 Risk: Resource to Deliver

Mitigation: range of partners identified to be involved in the delivery to ensure capacity.

8.3 Risk: Doesn't meet terms of funding award

Mitigation: ARG funds can be used to support businesses at the discretion of the local authority. Further FAQs and advice has been sought with regard to the provision of funding to support delivery as set out in this report.

9. Recommendation

9.1 To approve proposals for the use of Additional Restrictions Grant (ARG) funding to provide ongoing support to businesses impacted by Covid-19 and promote the economic recovery of the City.

9.2 To agree to delegate the final allocation of funding for each of the measures outlined in this report to the S151 Officer Director of Major Developments.

Is this a key decision? Yes

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? 2

List of Background Papers:

Lead Officer:

Jo Walker, Assistant Director – Growth &
Development
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Appendix 1 Summary of Consultation Findings

To support this process, we have engaged with a range of stakeholders, including:

- The Federation of Small Businesses (FSB)
- Visit Lincoln
- East Lindsey District Council
- West Lindsey District Council
- Lincoln BIG
- Lincoln Science and Innovation Park (LSIP)
- University of Lincoln

Stakeholder Findings

Ensure that hospitality is supported and can capitalise on anticipated increase in domestic tourism market from summer 2021 onwards
Consider those in shared retail/leisure spaces and arts and heritage sector
In the manufacturing sector, staff absences are viewed as an inconvenience, but there is no evidence of loss of productivity locally
Ensure positive messaging of the 'Kickstart Scheme' and provide some guidance on the use of the funding
Believed that £3k represents the correct amount for the 'Kickstart Scheme'
Visit Lincoln to offer a basic free listing for all businesses in Lincoln
There is an identified need for support with online marketing and Visit Lincoln are seeking to offer an enhanced package
There is the opportunity to align and add value, in collaboration with East Lindsey and West Lindsey and to support a county-wide DMO
Lincoln BIG's business Survey, undertaken to inform their priorities for 2021, illustrated that the principal challenges facing retail / high street businesses over the next 12 months include: <ul style="list-style-type: none"> - Paying rent - Continuity of business - Lack of footfall - Managing customer behaviour - Giving up the business - Getting back customers - Working from home becomes the norm In terms of support over the next 12 months, the following priorities were identified (in order of ranking) <ol style="list-style-type: none"> 1- Accessing government grants and loans / other financial support 2- General business advice and regular news updates 3- Marketing and public relations 4- Social media 5- Financial / cash flow issues 6- Business networking and events 7- Online trading 8- Wellbeing support
Flexible grant scheme could support with the following identified issues: <ul style="list-style-type: none"> - Adapting to Covid-19 safe workspaces to enable safe re-opening - Stimulating capital expenditure; businesses have delayed spending due to the uncertainties. Providing a capital injection could act as a stimulus to invest to support recovery and growth - Businesses are experiencing problems in accessing goods from the EU, support would help in adapting their processes to source local supply chains - Upskilling/adapting to new ways of working and need to connect with young graduates
There have been a number of redundancies amongst young people as a result of tech acquisitions/limited opportunities.

Appendix 2: Business Response

Within the current grant application forms, a question has been included, asking businesses what additional support they feel would assist them during the covid pandemic and to support economic recovery.

The charts below show an overview of the additional support comments received from business highlighted within their grant application. A total of 281 comments were received, of which the greatest proportion (122) were from the retail sector, followed by restaurants (23).

The comments have been split into the most mentioned categories (Figure 1). A further breakdown of the key points raised by businesses is summarised below.

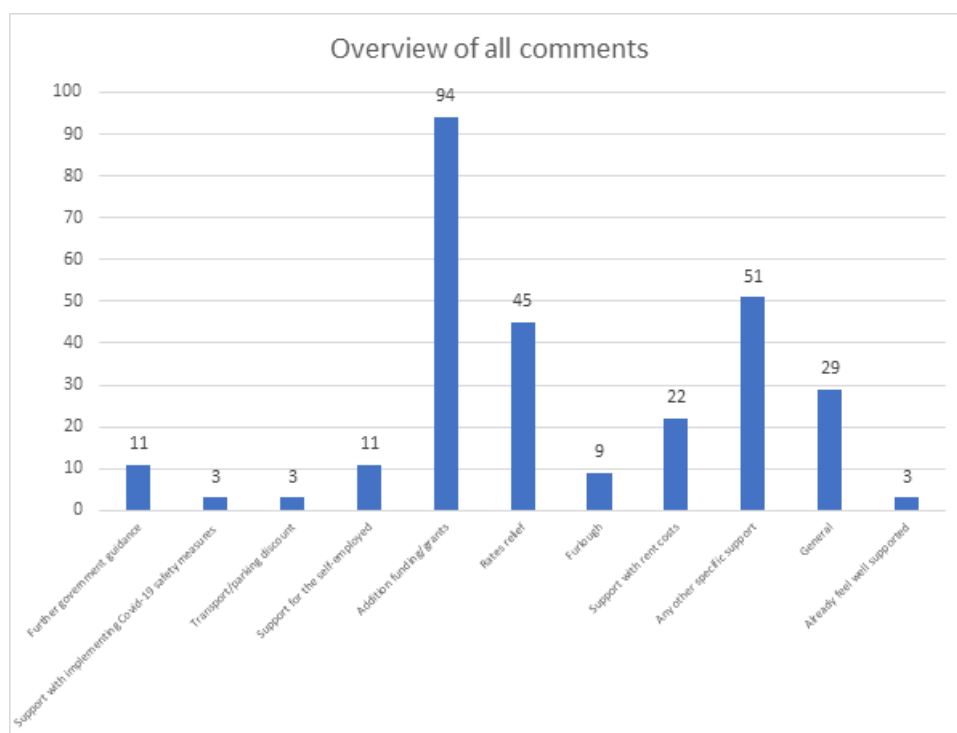


Figure 1

Principal Points

Further government guidance

- Detailed information/advice on operating safely in each tiered restriction
- Increased sign posting for help for small businesses
- Regular business information updates be email on changes
- Up to date PPE guidance
- Continued sharing of good practice around Covid safety measures

Support with implementing Covid-19 safety measures

- Support towards PPE costs
- Help towards making premises Covid secure
- Support in presenting appropriate advertising to help win customers back

Transport/parking discount

- issues pertaining to current parking restriction times, creating barriers for shoppers

- encouragement for residents to shop locally
- reduction in parking prices

Support for the self-employed

- grants for directors
- more immediate SEISS payment
- longer tax deadlines

Additional funding/grants

- additional financial help for the loss of income during peak trading summer months
- grants to cover rent and overheads
- further discretionary grants would be helpful as this would help to support low wage staff
- low interest loans
- turnover based support
- tax incentive grants for hiring new employees

Rates relief

- further business rate reductions from March 2021
- Continued VAT relief at 5%
- A reduction in the BID Levy

Furlough

- Continuation of furlough scheme
- Furlough payment or support for directors who are currently excluded from the range of grants and support available

Support with rent costs

- Rent reductions
- Rent freezes due to not being able to use workspace
- Continuation of the retail discount
- Grants to support the payment of rent
- Rent contributions from government, similar to the eat out to help out scheme, offering financial contribution to customers making purchases

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SUBJECT: THE CIPFA FINANCIAL MANAGEMENT CODE

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: JACLYN GIBSON, CHIEF FINANCE OFFICER

1. Purpose of Report

- 1.1 To inform the Executive of the new CIPFA Financial Management Code which is applicable in shadow form during 2020/21 with compliance expected from 2021/22.
- 1.2 To present to the Executive an initial assessment that has been carried out of the Council's assessed level of compliance compared to the Standards contained within the Financial Management Code and the associated actions arising to ensure compliance.

2. Executive Summary

- 2.1 Local government finance in the UK has been governed by primary legislation, regulation and professional standards as supported by regulation. The general financial management of a local authority, however, was not supported by a professional code.
- 2.2 This situation changed when, in December 2019, Chartered Institute of Public Finance and Accountancy (CIPFA) published its Financial Management code (FM Code) to provide guidance for good and sustainable financial management in local authorities. It has been produced to assist local authorities in demonstrating their financial sustainability through a set of standards of financial management.
- 2.3 The standards have different practical applications according to the size and different circumstances of individual authorities and their use locally should reflect this. The principle of proportionality applies to the FM Code and reflects a non-prescriptive approach to how each standard is met.
- 2.4 The COVID-19 crisis has seen local authorities placed under extreme pressure to respond to the needs of their communities by providing services and support to an unprecedented extent. Understanding these pressures, the CIPFA Financial Management and Governance Panel has considered these changes against workload, reprioritisation and resource issues facing local authority staff. It concluded that while the first full year of compliance with the FM Code can remain as 2021/2022, it can do so within a more flexible framework where a proportionate approach is encouraged. In practice this is likely to mean that adherence to some parts of the Code will demonstrate a direction of travel.

3. Background

- 3.1 In response to recent concerns (even before COVID-19) around financial resilience of Councils, CIPFA has introduced a new FM Code as part of a package of measures that it is putting in place. These measures have been driven by the exceptional financial circumstances faced by local authorities, having revealed concerns about fundamental weaknesses in financial management. In particular there have been a small number of high-profile failures across local government which threaten stakeholders confidence in the sector as a whole.
- 3.2 The FM Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. For the first time the FM Code sets out the standards of financial management for local authorities.
- 3.3 CIPFA acknowledges the additional extraordinary burdens being faced by local authorities due to COVID-19 and has reflected on the extent to which it is appropriate to introduce a new FM Code at the current time. In February 2021 they provided clarification on compliance with the code to reflect COVID-19 pressures. This stated:

Much of the existing Code requirements are based on statutory responsibilities, the timescales for which CIPFA is not able to influence. The Code does, however, allow for both flexibility and a proportionate approach:

“The manner in which compliance with the FM Code is demonstrated will be proportionate to the circumstances of each local authority.”

and that:

“Financial management standards are to be guided by proportionality.”

CIPFA concluded that while the first full year of compliance can remain as 2021/2022, it can do so within a more flexible framework where a proportionate approach is encouraged. In practice this is likely to mean that adherence to some parts of the Code will demonstrate a direction of travel.

4. The Financial Management Code

- 4.1 The Code focuses on value for money, governance and financial management styles, financial resilience and financial sustainability. The Code identifies the risks to financial sustainability and introduces an overarching framework of assurance which builds on existing financial management good practice. The Code has been designed on a principles-based approach which will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable. The six principles of good financial management are:
- **Organisational Leadership** Demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
 - **Accountability** Based on medium term financial planning, driving the annual budget process, supported by effective risk management, quality supporting data and whole life costs.

- **Transparency** At the core of financial management, using consistent, meaningful and understandable data, reported frequently, with evidence of periodic officer action and elected member decision making.
- **Professional Standards** Promoted by the leadership team, with adherence evidenced.
- **Assurance** Recognised as an effective tool, mainstreamed into financial management, including political scrutiny and the results of both external audit, internal audit and inspection.
- **Long-Term Sustainability** At the heart of all local services' financial management processes, evidenced by the prudent use of public resources.

4.2 In turn the Code is structured around 7 areas of focus:

- The Responsibilities of the Chief finance officer and Leadership Team
- Governance and Financial Management Style
- Long to Medium Term Financial Management
- The Annual Budget
- Stakeholder Engagement and Business Plans
- Monitoring Financial Performance
- External Financial Reporting

Each of these areas is supported by a set of guidance standards against which Councils should be assessed. CIPFA's expectation is that authorities will have to comply with all the financial management standards if they are to demonstrate compliance with the FM Code and to meet its statutory responsibility for sound financial administration and fiduciary duties to taxpayers, customers and lenders.

- 4.3 Although the FM Code does not have legislative backing, it applies to all local authorities, including police, fire, combined and other authorities. The Code recognises that some organisations have different structures and legislative frameworks. Where compliance with this code is not possible adherence to the principles is appropriate.
- 4.4 The Council's external auditors will from 2021/22 have regard to the FM Code and will be looking to ensure that the Council is meeting the Code. Furthermore, CIPFA guidance issued in February 2021 stated that the Council's Annual Governance Statement for 2020/21 should include the overall conclusion of the assessment of the organisation's compliance with the principles of the FM Code. Where there are outstanding matters or areas for improvement, these should be included in the action plan.

- 4.5 Each local authority must demonstrate that the requirements of the FM Code are being satisfied. However, the FM Code is not expected to be considered in isolation and accompanying tools will form part of the collective suite of evidence to demonstrate sound decision making and a holistic view is taken.
- 4.6 Demonstrating this compliance with the FM Code is a collective responsibility of Elected Members, the Chief Finance Officer and the Corporate Leadership Team. It is for all the senior management team to work with elected members in ensuring compliance with the FM Code and so demonstrate the standard of financial management to be expected of a local authority. In doing this the statutory role of the Section 151 Officer will not just be recognised but also supported to achieve the combination of leadership roles essential for good financial management.
- 4.7 As a first step towards ensuring that the Council meets the Code in 2021/22 the Chief Finance Officer has produced a draft Self-Assessment against the Code, as attached at Appendix A. The Self-Assessment will be continually reviewed and refined.
- 4.8 The completion of this Self-Assessment has identified a range of further actions required, the majority of which were already planned areas of work for 2021/22, as follows:

Standard	Action Required	Responsible Officer	Timescale
B	To continue to support professional development	CFO	Ongoing
C	Review of Financial Procedure Rules	CFO	Mar-22
C	Review of Contract Procedure Rules	Procurement Manager	Mar-22
D	Undertake a review of the Code of Corporate Governance	Policy Unit/CFO /CS/IAM	Jul-21
D	Undertake an external quality assessment of Internal Audit	CFO/IAM	Mar-22
E	Implementation of Finance Business Partnering approach	FSM	Mar-22
F	Development of MTFS to include specific reference to scenario testing	CFO	Jan-22
H	Assess implications of changes to The Prudential Code	FSM	TBD
L	Consider use of Citizens Panel for budget consultation	CFO/ Policy Unit	Dec-21
N	Annual reporting of key partnerships to Audit Committee.	IAM	Sept-21
O	Consider if other major balance sheet items can be made more visible in quarterly reporting.	FSM	Mar-22

As set out above these areas for improvement will be included in the Annual Governance Statement and progress monitored through the Audit Committee.

5. Strategic Priorities

- 5.1 Compliance with the FM Code will contribute to sound decision making. This will support the Medium Term Financial Strategy, enabling Members to monitor progress against Vision 2025 in a timely manner to ensure resources are allocated in line with the strategic priorities of the Council.

6. Organisational Impacts

6.1 Finance

The Chief Financial Officer (Section 151 Officer) has the Statutory Responsibility (supported by the Corporate Leadership Team and Elected Members) for ensuring compliance with the FM Code.

6.2 Legal Implications including Procurement Rules

CIPFA's intention is that the FM Code will have the same scope as the Prudential Code for Capital Finance in Local Authorities, so although the FM Code does not have legislative backing, it applies to all local authorities. In addition to its alignment with the Prudential Code the FM Code also has links to the Treasury Management in the Public Sector Code of Practice and Cross Sectoral Guidance Note and the annual Code of Practice on Local Authority Accounting in the United Kingdom. In this way the FM Code support authorities by re-iterating in one place the key elements of these statutory requirements.

6.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

7. Risk Implications

7.1 (i) Options Explored

There are no alternative options available.

7.2 (ii) Key risks associated with the preferred approach

If compliance with the CIPFA Financial Management Code is not demonstrated, the Council's financial sustainability could be brought into question which in turn could result in a negative impact on its reputation with stakeholders.

8. Recommendation

- 8.1 The Executive note the publication of the FM Code and that the first year, 2020/21, is a shadow year where local authorities are able to demonstrate that they are working towards full implementation which, for the first full year of compliance, will be 2021/22.
- 8.2 The Executive reviews the initial assessment that has been carried out, as attached at Appendix A, of the Council's assessed level of compliance compared to the Standards contained in the FM Code and the resulting actions required.
- 8.3 The Executive note that progress against the actions identified will be monitored by the Committee through Annual Governance Statement monitoring process.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? One

List of Background Papers: None

Lead Officer: Jaclyn Gibson
Telephone (01522) 873258

Ref	Description	Pages of Code	Detail	CFO assessment and actions required
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	17/18	<p>The authority has a clear and consistent understanding of what value for money means to it and its leadership team.</p> <p>There are suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services.</p> <p>The authority is able to demonstrate the action that it has taken to promote value for money and what it has achieved.</p>	<p>The Council has clear accountability and arrangements to deliver value for money. The Council has a Value for Money Statement that was refreshed in February 2021. This sets out why VFM is important and what the Council's approach to ensure delivery of VFM is, this includes:</p> <ul style="list-style-type: none"> • VFM is a key part of any business case submitted and all decision-making groups take decisions with a focus on VFM. • Performance Scrutiny Committee reviews service and financial performance (against cost, performance, and satisfaction) on a quarterly basis and uses its remit to periodically review key (off target) services. • Policy Scrutiny ensures that any changes to policy with financial aspects delivers VFM as part of the proposal – e.g. restructures, retention of discretionary services etc. • The Annual Governance Statement focuses on all aspects of governance, but critically on processes around VFM in service provision • Lincoln Project Management Model – this compulsory method of managing projects within the council contains key templates for financial assessments and risk management • The MTFS delivers a robust financial plan through a rigorous budget setting process. One of the key objectives of the MTFS is to provide cost effective services which demonstrate value for money.

				<ul style="list-style-type: none"> • The performance framework includes, regular monitoring of Vision 2025 projects to ensure that the key aims of the council are progressed to budget, timescales, and outcomes. • The performance framework includes regular service monitoring of detailed performance trends covering: <ul style="list-style-type: none"> ○ Performance measures – e.g. throughput, time taken and outstanding work ○ Volumetric measures to add contextual background data ○ Customer satisfaction - feedback through satisfaction monitoring and complaints and compliments monitoring ○ Quarterly Dashboard summarising all aspects of performance within the VFM chain • Communication of VFM to customers and staff through a variety of channels. • Delivering excellent customer service which is a key component of VFM. <p>External Audit provide a VFM assessment in which they have determined that “in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”.</p> <p>Our last Peer Challenge review conducted by LGA, including a review of financial processes. The initial review led to a glowing report, with minimal suggested improvements. We are however monitoring all aspects to ensure we maintain standards with a follow up review to be arranged within the next two years.</p>
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				<p>The council has a strong record of identifying and delivering efficiency savings with clarity about any impacts on services. Annual savings of c£9m have been delivered over the past decade.</p> <p>ACTION REQUIRED - NONE</p>
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	18/19	<p>In summary this Statement requires that the CFO:</p> <ul style="list-style-type: none"> • Is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest. • Must be actively involved in, and able to bring influence to bear on, all material business decisions • Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. • Must lead and direct a finance function that is resourced to be fit for purpose. • Must be professionally qualified and suitably experienced. 	<p>The Chief Finance Officer post is a key member of the Corporate Leadership Team, reporting to the Chief Executive.</p> <p>She is actively involved in, and does influence, all material business decisions.</p> <p>The CFO personally leads on the MTFS and ensures that all risks are considered and detailed as part of the MTFS, in conjunction with the other members of the senior leadership team (Executive Members and Corporate Leadership Team).</p> <p>She is ACCA qualified with significant experience of local government finance. Continuing professional development is undertaken as required by her accounting body.</p> <p>There are contracts in place for specialist financial advice (technical accounting, treasury management, financial management & planning and taxation)</p> <p>The CFO through the Finance team provides the financial reporting and monitoring to the Corporate Management Team and Members, with the Treasury Management reporting going through Audit Committee and Council as prescribed in the CIPFA Prudential Code and the CIPFA Treasury Management Code.</p>

				<p>The Finance Team is suitably resourced with appropriately qualified staff, and is fit for purpose. This team includes 3 qualified accountants, 1 part qualified accountant and 4 qualified accounting technicians and 3 part qualified accounting technicians. All officers undertake continuing professional development as required by their accounting bodies.</p> <p>ACTION REQUIRED – TO CONTINUE TO SUPPORT PROFESSIONAL DEVELOPMENT - ONGOING</p>
Governance and Financial Management Style				
C	The leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control.	21	<p>The leadership team espouses the Nolan principles.</p> <p>The authority has a clear framework for governance and internal control.</p> <p>The leadership team has established effective arrangements for assurance, internal audit and internal accountability.</p> <p>The leadership team espouses high standards of governance and internal control.</p> <p>The leadership team nurtures a culture of effective governance and robust internal control across the authority.</p>	<p>The leadership exhibit the Nolan principles of public life.</p> <p>There are Financial Procedure Rules which are subject to a full review on a 3-yearly basis, the last review was in 2018, these go to Audit Committee and then Full Council for approval. There are also separate Contract Procedure Rules, also subject to Audit Committee and Full Council approval. Both documents are clear about the respective authorisation limits for authorisation of contracts and the subsequent commitment/incurrence of expenditure. The Contract Procedure Rules are due to be refreshed in light of the Procurement Green Paper.</p> <p>The Council's Audit Committee has an independent member as well as Councillor representation. The committee considers all aspects of audit activity and the regulatory framework including corporate governance, as part of it's Terms of Reference.</p> <p>All Committees have separate Terms of Reference.</p>

				<p>There is a Code of Conduct for Members which is overseen by the Ethics and Engagement Committee and was last updated in January 2021. In addition there is a Code of Conduct for Officers.</p> <p>The authority has in place a clear framework for governance and internal controls through it's Code of Corporate Governance.</p> <p>There are effective arrangements for assurance, internal audit and internal accountability. Any areas of concern raised through those arrangements are managed robustly and transparently.</p> <p>The leadership team espouses high standards of governance and internal control and communicates these clearly to all staff.</p> <p>There is a culture of effective governance and robust internal control. Internal audit is used to bring focus to any areas of concern and to ensure that standards remain high.</p> <p>ACTION REQUIRED: REVIEW OF FINANCIAL PROCEDURE RULES AND CONTRACT PROCEDURE RULES – MARCH 2022</p>
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	22	<p>The authority of aware of the provisions of the CIPFA Delivering Good Governance Framework.</p> <p>The authority has sought to apply the principles, behaviour and actions set out in the Framework to its own governance arrangements.</p>	<p>There is a strong internal audit function which produces reporting and recommendations across all functions. This is subject to external review every 5 years and the last review (2016) concluded that there were no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity, nor any significant areas of partial non-compliance". The next external review is due in 2021/22.</p>

			<p>The authority has in place a suitable code of governance.</p>	<p>The Council's Code of Corporate Governance, comprehensively reviewed in 2017, is refreshed annually. The last update took place in April 2019, with the 2020 review has been delayed due to the COVID-19 pandemic. A more comprehensive review will be undertaken in 2021 to take account of any potential longer-term changes arising from the impact of COVID-19.</p> <p>The Framework recommends that a local code of governance is developed and reported against annually. The Council's Annual Governance Statement details how the Council has complied with its own Code of Corporate Governance over the preceding year and meets the statutory requirements with areas of concern reported and monitored.</p> <p>Internal Audit have assessed their compliance against the Public Sector Internal Audit Standards and reported this Audit Committee in December 2018. The 2020 review has been delayed due to the COVID-19 pandemic and will now be reported in June 2021.</p> <p>The Head of Internal Audit (Internal Audit Manager) has also assessed themselves against the latest CIPFA document The Role of the Head of Internal Audit 2019, and is in line with the requirements.</p> <p>ACTION REQUIRED:</p> <ol style="list-style-type: none"> 1. UNDERTAKE A COMPREHENSIVE REVIEW OF THE CODE OF CORPORATE GOVERNANCE - JULY 2021 2. UNDERTAKE EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT – MARCH 2022
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E	The financial management style of the authority supports financial sustainability	22/23	<p>Strong financial management is assessed against a hierarchy of</p> <ol style="list-style-type: none"> 1. delivering accountability, 2. supporting performance 3. enabling transformation. <p>Need to perform well at each level before moving to the next. This is broadly linked to economy, efficiency and effectiveness.</p>	<p>Achieving stage 1 of the hierarchy. The Council has an effective framework of financial accountability through:</p> <ul style="list-style-type: none"> • Member delegations which include financial responsibilities; • Officer delegations which include financial responsibilities; • Financial Procedure Rules which set out financial responsibilities for Directors, Assistant Directors Budget Managers and all employees of the Council and all Members. <p>Achieving stage 2 of the hierarchy. The Council has an effective performance management framework in place including, performance measures, volumetric measures, customer satisfaction, monitoring of key strategic projects, quarterly performance reporting, quarterly dashboard across all aspects of performance within the VFM chain.</p> <p>The Finance Team have implemented a Finance Business Partnering approach, although full role out has been delayed due to the COVID-19 pandemic.</p> <p>Working towards stage 3 of the hierarchy. There are many examples of financial management supporting Transformation specifically in relation to key strategic projects, but further work required towards acting as an enabler.</p> <p>ACTION REQUIRED: IMPLEMENTATION OF FINANCE BUSINESS PARTNERING ACTION PLAN – MARCH 2022</p>
Long to Medium Term Financial Management				

F	The authority has carried out a credible and transparent financial resilience assessment	26	<p>The authority has undertaken a financial resilience assessment.</p> <p>That assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios.</p> <p>The authority has taken appropriate action to address any risks identified as part of the assessment</p>	<p>The Council has reviewed the CIPFA Financial Resilience index and reviewed whether it is comfortable with the areas that the index flags as more concerning, given the specific natures of Lincoln as an authority. Reference is made to this in the MTFS.</p> <p>Areas highlighted as potential concerns in the latest published version of the CIPFA resilience index (this was based on data published in 2020, and has not yet been updated for the latest index published in February 2021 – it should though be noted this presented an improved position, albeit pre COVID-19) were reviewed deemed to not be a cause of concern. The Council had, as stated in the MTFS clear reasons for it's use of reserves during the period covered by the index.</p> <p>There has not been an independent assessment of the local authority's financial resilience other than the CIPFA index and the annual external audit.</p> <p>In the MTFS there are some illustrative figures about how changes in key assumptions about inflation, interest rates etc would impact on the budget, but these do not cover all key variables or the longer-term impact. The pre-cursor report to the main MTFS sets out more detail on the key variables and the impact of changes in the underlying budget assumptions. The MTFS also includes a financial risk register which is used as a guide to the maintenance of a prudent level of general balances.</p> <p>ACTION REQUIRED – DEVELOPMENT OF MTFS 2022-2027 TO INCLUDE SPECIFIC REFERENCE TO SCENARIO TESTING – JANUARY 2022</p>
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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>	26	<p>The authority has a sufficiently robust understanding of the risks to its financial sustainability.</p> <p>The authority has a strategic plan and long-term financial strategy that addresses adequately those risks.</p> <p>The authority reports effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making.</p>	<p>The Council produces a 5-year MTFS and a 30-year Housing Business Plan incorporating revenue and capital models using a range of assumptions for economic factors and service related factors.</p> <p>The current high levels of uncertainty around future funding for local government, and the legacy impacts of COVID-19, make producing a meaningful long term plan very challenging. This risk to financial planning is clearly set out in the MTFS and has been communicated to the Leadership Team and Members.</p> <p>The MTFS also includes a risk assessment of the key financial risks the Council faces over the 5-year period. The risks modelled include the level of inflation, the council tax base, the business rates base, pay inflation, interest rates as well as service income, housing rents/voids, and a range of capital implications e.g. cost overruns.</p> <p>The pre-cursor report to the main MTFS sets out in more detail changes in key variables since the development of the previous Strategy and the impact of these on the budget and likely budget gap. Further, more, detailed reports are provided to the Corporate Management Team as part of the budget development.</p> <p>The Council has a robust approach to risk management with Strategic and Directorate Risk Registers, with clear lines of escalation, supported by specific project and programme risk registers.</p> <p>The Council's Vision 2025 contains a range of projects and programmes, not all of which are financially resourced. The MTFS is very clear on this and specifically in relation to the larger scale capital</p>
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				<p>investments emphasises the need to seek external partner contributions or grant support. In addition, the MTFS includes a specific earmarked reserve to support the roll out of some of the projects.</p> <p>ACTION REQUIRED - NONE</p>
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	26/27	<p>The authority is aware of its obligations under the Prudential Code.</p> <p>The authority has prepared a suitable capital strategy.</p> <p>The authority has a set of prudential indicators in line with the Prudential Code.</p> <p>The authority has suitable mechanisms for monitoring its performance against the prudential indicators that it has set.</p>	<p>The Council is aware of its obligations under the Prudential Code and has assessed itself as compliant with those obligations. Like the Financial Management Code, there are many areas of compliance where the guidance allows for the Council to decide what an appropriate fit is; and there is not a single way to be compliant.</p> <p>The Council has a 5- year Capital Strategy (The Code suggests up to 20 but the authority has judged that 5 years is a reasonable period over which to have meaningful plans) and within that prudential indicators are set in line with the Code. The Capital Strategy sets out the high level plans, with individual decisions made about investments or capital schemes through separate reports to members.</p> <p>The Council also has a 30-year Housing Business Plan which includes a 30-year capital investment programme. This plan is usually reviewed on a 3-5 year basis and is next due for a refresh in 2021.</p> <p>Individual financial modelling of capital schemes covers a longer term frame, typically over the asset life and is factored into investment decisions.</p> <p>There are effective mechanisms in place to monitor performance against the code, with 6-monthly reporting to the Performance Scrutiny Committee and the Executive on the performance against the</p>

				<p>prudential indicators which the Council has set for itself through the strategy.</p> <p>Previous commercial investments were undertaken in line with the Council's Commercial Property Investment Strategy and funded through prudential borrowing. In line with updated requirements the Council has no plans for further debt for yield schemes.</p> <p>ACTION REQUIRED – ASSESS IMPLICATIONS OF ARISING FROM CHANGES IN THE PRUDENTIAL CODE (ONCE CONSULTATION COMPLETED) – DEPENDENT ON FINAL PUBLICATION</p>
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	27	<p>The authority has in place an agreed medium term financial plan.</p> <p>The medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy.</p> <p>The medium-term financial plan has been prepared on the basis of a robust assessment of the relevant drivers of cost and demand.</p> <p>The medium-term financial plan has been tested for resilience against realistic potential variations in key drivers of cost and demand.</p>	<p>The Council has in place an agreed 5-year MTFS. This plan is consistent with the capital strategy and refreshed annually to reflect relevant strategic priorities, commitments, underlying assumptions and emergent issues and to agree future savings targets. This ensures that the Council always has a 5-year balanced budget, allowing for sufficient time to time to plan and deliver any required savings.</p> <p>The development of service budgets is Directorate led. Cost drivers and demand are considered within each directorate and used to form the basis of pressures identified and mitigations/savings put forward. The detail of the analysis of cost drivers is not contained specifically in the MTFS but forms part of the internal budget setting process, though reference is made to particularly large changes in the narrative and in the financial planning report seen as the pre-cursor to the main MTFS.</p> <p>The MTFS is the best assessment of each Directorate of what their demand pressures will be.</p>

				<p>Although the plan is set on a rolling 5-year basis, there is the opportunity annually to revisit plans where the latest data indicates that there have been material changes to assumptions, as demonstrated in recent years.</p> <p>The Council undertakes an annual service plan process at an Assistant Director level (although the process for 2020/21 was not fully completed due to COVID-19). These service plans are driven by to both the Council's Vision (Annual Delivery Plans) and the MTFS in terms of the delivery of key projects but also into the MTFS in relation to specific savings programme required to be delivered.</p> <p>ACTION REQUIRED - NONE</p>
The Annual Budget				
J	The authority complies with its statutory obligations in respect of the budget setting process	29	<p>The authority is aware of its statutory obligations in respect of the budget-setting process.</p> <p>The authority has set a balanced budget for the current year.</p> <p>The authority is likely to be able to set a balanced budget for the forthcoming year.</p> <p>The authority is aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so.</p>	<p>The Council understands its obligation in respect of the budget-setting process and has set a balanced budget for the current year, and the four following years. The Council's MTFS process is designed to deliver a full five- year balanced budget each year.</p> <p>The authority is aware of the circumstances under which it should issue a section 114 notice and how it would go about doing so. This includes latest guidance issued by CIPFA in light of COVID-19.</p> <p>ACTION REQUIRED - NONE</p>
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on	29/30	The authority's most recent budget report includes a statement by the CFO on the robustness of the estimates and a statement of	The most recent budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.

	the adequacy of the proposed financial reserves.		<p>the adequacy of the proposed financial reserves.</p> <p>The report accurately identifies and considers the most significant estimates used to prepare the budget, the potential for these estimates to be incorrect and the impact should this be the case.</p> <p>The authority has sufficient reserves to ensure its financial sustainability for the foreseeable future.</p> <p>The report sets out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is taking to address any shortfall.</p>	<p>The budget report sets out the detail of estimates in terms of key estimates e.g. business rates, council tax grants, housing rents, specific grants, fees and charges etc. It does not set out specific service assumption details and the impact of variations in those.</p> <p>The Council currently has sufficient reserves, which ensures its sustainability for the foreseeable future. This position has though been impacted by COVID-19 with the required use of reserves (earmarked and general balances in 2022/23 and 2023/24) whilst a savings programme is delivered. These reserves include general balances as well as a Vision 2025 reserve, Invest to Save reserve and Business Rates Volatility reserve. Reserve and the Business Rates Windfall Reserve. The authority has a prudent approach to what is needed to manage risks.</p> <p>The report sets out the current level of the authority's reserves, the sufficiency of them and the plans for the use of reserves in the future and a requirement to ensure reserves are replenished over the period of the MTFS through achievement of the savings programme.</p> <p>ACTION REQUIRED - NONE</p>
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.	31	<p>The authority knows who its key stakeholders are.</p> <p>The authority has sought to engage with key stakeholders in developing its long-term financial strategy, its medium term financial plan and its annual budget.</p>	<p>The Council is aware of who its key stakeholders are.</p> <p>The Council does limited formal engagement with residents on its medium term financial strategy and annual budget, other than online, with limited public response. There is engagement with representatives of local businesses on an annual basis (although limited at present due to COVID-19).</p>

			<p>The authority has assessed the effectiveness of this engagement.</p> <p>The authority has a plan to improvement its engagement with key stakeholders.</p>	<p>The Council's view is that widespread engagement with the public on council spending is hard for residents to engage with in a meaningful way, and is not effective in influencing the budget plans. Engagement is therefore focussed on development of the Council's Vision document through consultation with residents, businesses and other organisations with a stake in the city.</p> <p>Engagement with residents/service users is conducted in line with individual service changes proposed within the budget, as part of the development and delivery of those proposals, rather than detailed engagement on the whole budget. This allows the engagement to be more targeted to affected groups and ensures that the engagement is meaningful.</p> <p>ACTION REQUIRED – CONSIDER POTENTIAL TO USE CITIZENS PANEL OR WIDER E-PANEL FOR CONSULTATION ON BUDGET PROPOSALS – DECEMBER 2021</p>
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	31/32	<p>The authority has a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'.</p> <p>The authority offers guidance to officers as to when an option appraisal should be undertaken.</p> <p>The authority's approach to option appraisal includes appropriate techniques for the</p>	<p>The Council does not currently have a consistent process for undertaking and documenting option appraisals. These are undertaken on a case-by-case basis, influenced by the scale of investment and also the requirements of external funders, e.g. green book requirements. For all projects these covers as a minimum the 5-year MTFS period and for larger scale investment these are usually based on a whole life cycle basis.</p> <p>In considering a number of development projects the Council also undertakes a development appraisal from a commercial developer perspective to assess overall</p>

			<p>qualitative and quantitative assessment of options.</p> <p>The authority's approach to option appraisal includes suitable mechanisms to address risk and uncertainty.</p> <p>The authority reports the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s).</p>	<p>scheme viability, as well as financial modelling from a LA perspective.</p> <p>Senior members of the Finance Team are involved in the preparation of all financial modelling with key input from the service area leading on delivery. Property Services and the Major Developments Team also play a key role in the development of scheme viability assessments and external support is also commissioned as required.</p> <p>The Council's project management framework is clear that that there are no major investments or service changes without developing a business case including an options appraisal and project initiation documents. These are reviewed and managed through DMTs and project/ programme/ visions boards, and ultimately inform decision making reports to members.</p> <p>These contain both quantitative evaluation of costs and benefits and qualitative evaluation of fit to service objectives and outcomes for residents/service users.</p> <p>The project documentation includes an evaluation of risk and uncertainty and the extent that this can be mitigated for given options.</p> <p>Reports for decision set out the outcomes of these business case/option appraisals with clear recommendations and risk. Risks from agreed options are then managed through the corporate risk management approach.</p> <p>ACTION REQUIRED – NONE</p>
Monitoring Financial Performance				

N	<p>The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial</p>	33	<p>The authority provides the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability.</p> <p>The reports cover both forward- and backward looking information in respect of financial and operational performance.</p> <p>There are mechanisms in place to report the performance of the authority's significant delivery partnerships.</p> <p>The reports are provided to the leadership team in a timely manner and in a suitable format.</p> <p>The leadership team is happy with the reports that it receives and with its ability to use these reports to take appropriate action</p>	<p>Quarterly financial monitoring reports are provided to Directorate Management Teams, Corporate Management Team, Performance Scrutiny and the Executive, which identify significant variances and corrective actions being taken. The reports cover the position to date and the forecast for the remainder of the financial year. It also includes progress against savings targets and planned use of/contributions to earmarked reserves.</p> <p>Quarterly reporting is also provided in respect of the Council's basket of key operational performance indicators.</p> <p>Reporting to officers is periodically 1-month after the quarter end with reporting to Members in the following two weeks, which creates a time lag. Financial information, forecasts are available on a more regular basis and accessible by budget managers, this would highlight significant variances earlier. Services will compile performance information on a more regular basis and where relevant highlight the impacts of these.</p> <p>There are mechanisms established to report the performance of the authority's significant delivery Partnerships. However, these are not yet operating sufficiently. The register and assurance process will be reviewed again in early 2021/22.</p> <p>The leadership team are happy with the reports it receives and with its ability to use these reports to take appropriate action.</p> <p>ACTION REQUIRED – THE PARTNERSHIP REGISTER AND ASSURANCE PROCESS TO BE REVIEWD AND SIGNIFICANT PARTNERSHIPS TO</p>
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				BE REPORTED TO MEMBERS AS PER COMMITTEE TOR – SEPTEMBER 2021
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	33	<p>The authority has identified the elements of its balance sheet that are most critical to its financial sustainability.</p> <p>The authority has put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet.</p> <p>The authority is taking action to mitigate the risk identified.</p> <p>The authority reports unplanned use of its reserves to the leadership team in a timely manner.</p> <p>The monitoring of balance sheet risks is integrated into the authority's management accounts reporting processes.</p>	<p>The Council has historically considered its reserves position, investments and borrowing, and debt levels as most critical and therefore reporting is currently only made on these elements of the balance sheet.</p> <p>Forecast use/contribution of/to reserves is reported on a quarterly basis to the Corporate Management Team, Performance Scrutiny and the Executive. This highlights any changes to planned use/contribution to balances as well as movements in budgeted contributions to/from earmarked reserves. This then feeds into any MTFS refresh, along with intelligence about key risks.</p> <p>Borrowing and investments are reported to Performance Scrutiny Committee and the Executive on a 6-monthly basis as part of the Treasury Management reporting. Prudential Code requirements are adhered too to provide the risk management of treasury activity.</p> <p>The level of arrears for Council Tax, Business Rates, Housing Benefit Overpayments and Former Tenant Arrears are reported to the Performance Scrutiny Committee on an annual basis. In addition, key service areas are provided with arrears information as part of account management meetings.</p> <p>Housing Rent arrears are reported to Performance Scrutiny and the Executive on a quarterly basis.</p> <p>Other assets and liabilities are not routinely reported on.</p>

				<p>Officers are currently reviewing if other major balance sheet items can be made more visible in quarterly financial reporting.</p> <p>ACTION REQUIRED - CONSIDER IF OTHER MAJOR BALANCE SHEET ITEMS CAN BE MADE MORE VISIBLE IN QUARTERLY FINANCIAL REPORTING – MARCH 2022</p>
External Financial Reporting				
P	The chief finance officer 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 Local Authority Accounting in the United Kingdom	35	<p>The authority's leadership team is aware of the CFO's responsibilities in terms of the preparation of the annual financial statements.</p> <p>The authority's CFO is aware of their responsibilities in terms of the preparation of the annual financial statements.</p> <p>These responsibilities are included in the CFO's role description, personal objectives and other relevant performance management mechanisms.</p> <p>The authority's financial statements have hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.</p>	<p>The authority's leadership team and the CFO are aware of the CFO's responsibilities in terms of the preparation of the annual financial statements.</p> <p>These responsibilities form part of the CFO's role description and personal objectives.</p> <p>The authority's financial statements have been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom, and have been consistently given an unqualified opinion by external auditors.</p> <p>ACTION REQUIRED - NONE</p>
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions		<p>The authority's leadership team is provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget.</p> <p>The information in these reports is presented effectively.</p>	The presentation of the final outturn position to the Corporate Management Team and Executive compares the outturn to the revised budget and explains the reasons for any key variances from budget. The report sets out the impact of these variances on general balances and earmarked reserves and makes proposals for further contributions to/or from these.

APPENDIX A

			<p>These reports are focused on information that is of interest and relevance to the leadership team.</p> <p>The leadership team feels that the reports support it in making strategic financial decisions.</p>	<p>The report also sets out the impact of key variances on the MTFS/future years budgets and any mitigating action being taken.</p> <p>These reports focus on material issues, which require action or awareness from the leadership team and therefore are appropriately focused.</p> <p>The leadership team agreed that the reports support it in making strategic financial decisions.</p> <p>ACTION REQUIRED – NONE</p>
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