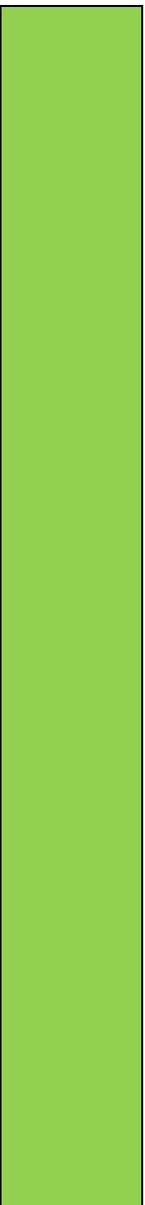


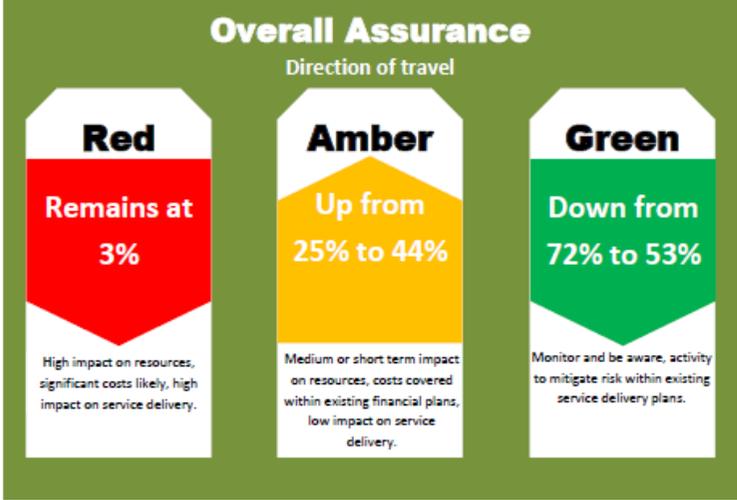
## CIPFA FM Code Assessment

Ref	Description	Pages of Code	Detail	CFO assessment and actions required	RAG RATING
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 West Lindsey District Council has received unqualified audit opinions on Value For Money for at least 7 years to 2019/20</p> <p>The Value for Money (VFM) Strategy is due to be refreshed in 2021.</p> <ul style="list-style-type: none"> <li>• VFM is a key part of any business case submitted built around a 5 case model and based on whole life costing, ensuring VFM is a prime consideration</li> <li>• Our Capital Investment Strategy and scheme evaluation promotes value for money investments.</li> <li>• The Strategic Asset Management Plan provides for a Capital and Asset Review ensuring VFM from our assets</li> <li>• Performance is regularly reported to Management Team and the Corporate Policy and Resources Committee</li> <li>• The Annual Governance Statement focuses on all aspects of governance, but critically on processes around VFM in service provision</li> <li>• There is a robust corporate project management framework which contains key templates for financial implications, risk, change and stakeholder management</li> <li>• Project and Programme Risks are monitored at officer led Programme Boards and are escalated to the Portfolio Board as appropriate</li> <li>• Substantial Assurance for Project and Programme Management from our internal auditors.</li> </ul>	

				<ul style="list-style-type: none"> <li>• The Medium Term Financial Strategy (MTFS) delivers a robust financial plan through a rigorous budget setting process which has received a high assurance rating from internal auditors.</li> <li>• Our Contract Procedure Rules and contract specifications lead to effective procurement and we have achieved and have realised savings through contract procurements.</li> <li>• Council Reserves have remained at a consistent level and provide resources for investment and mitigation of financial risks.</li> </ul> <p>The Together24 Project, implementation of a new Customer Relationship Management System and a new Enterprise Resource Planning (ERP) Finance and Performance system will enable services to be redesigned with the focus on the customer whilst realising efficiencies in processes.</p> <p><b>ACTION:</b></p> <ul style="list-style-type: none"> <li>• Value for Money Strategy and Handbook to be reviewed 2021</li> <li>• A number of training courses under the banner of Value for Money to be delivered through the Corporate Training Programme.</li> </ul>	
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 Chief Finance Officer (CFO):</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	<p>The Chief Finance Officer is a fully qualified CIPFA member and reports to the Chief Executive.</p> <p>The responsibilities of the role of Chief Finance Officer (S151) is detailed within the Constitution.</p> <p>The CFO is on the Management Team and has influence on all material businesses decisions, ensuring financial implications are provided on all reports (including Committee Reports)</p>	

			<ul style="list-style-type: none"> <li>• Must be actively involved in, and able to bring influence to bear on, all material business decisions</li> <li>• 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.</li> <li>• Must lead and direct a finance function that is resourced to be fit for purpose.</li> <li>• Must be professionally qualified and suitably experienced.</li> </ul>	<p>Has oversight of all financial risks in the development of Medium and Longer Term Financial Planning.</p> <p>Ensures that all statutory requirements affecting the Council's finances are complied with.</p> <p>Through the Finance Team, provides financial and treasury performance monitoring reports throughout the year to the Corporate Policy and Resources Committee.</p> <p>The CFO leads the corporate fraud function.</p> <p>The annual Statement of Accounts receives unqualified external audit opinions.</p> <p>The Finance Team has an establishment of 11.57 full-time equivalent (FTE) of which 4 are professionally qualified accountants (CIPFA/CIMA), 2 are currently undertaking their professional qualification (CIPFA/CIMA) and 2 hold the Association of Accounting Technician (AAT) and 1 is studying for this qualification. 2 officers also hold the CIPFA Finance Business Partner accreditation. The team are supported through technical training and provided with opportunities to enhance their skills and knowledge ensuring there is some level of resilience within the team.</p> <p>All aspects of the finance function receive substantial or high assurance ratings.</p> <p>The CFO has 37 years local government finance experience.</p>	
<b>Governance and Financial Management Style</b>					
C	The leadership Team demonstrates in its	21	The leadership team espouses the Nolan principles.	The Internal Audit Annual Combined Assurance Report as required by the Accounts and Audit regulations and the	

<p>actions and behaviours responsibility for governance and internal control.</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>Public Sector Internal Audit Standards, gives the Chief Auditor's opinion on the overall adequacy and effectiveness of the organisation's governance arrangements, risk management and internal control environment, drawing attention to any issues particularly relevant to the preparation of the Annual Governance Statement. It also sets out key themes arising from the work of the Audit Team during the financial year, and compared the audit work undertaken with that planned, summarising the performance of the Internal Audit function against its performance measures and targets.</p> <p>The report 2019/20 presented a positive picture of the levels of assurance in place throughout the organisation and illustrated our assurance framework was working well, but reflected increased risk due to the Covid-19 pandemic with services adversely affected as result of additional pressures and/or resources being diverted elsewhere.</p>	
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				Internal audits relating to our governance arrangements have resulted in either substantial/high assurance over the past 3 years.	
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	22	<p>The authority are 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>The authority has in place a suitable code of governance.</p>	<p>The Governance and Audit Committee are responsible for monitoring the operation of the Constitution, agreeing and updating the Local Governance Code, reviewing the adequacy of governance arrangements (including such matters as internal control and risk management, and approving the Annual Governance Statement.</p> <p>The Committee receive a draft Annual Governance Statement (AGS) for scrutiny and consideration prior to approving the final AGS and action plan, which is subsequently monitored and reported on.</p> <p>The Governance and Audit Committee have undertaken a self-assessment in relation to their effectiveness and work undertaken during the year. This is reported to full Council.</p> <p>The Local Governance Code is contained within the West Lindsey District Council (WLDC) Constitution.</p> <p>Governance frameworks can be identified throughout our policies and procedures.</p> <p>The Good Governance audit (2019/20) received 'High Assurance'</p>	
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"> <li>1. delivering accountability,</li> <li>2. supporting performance</li> <li>3. enabling transformation.</li> </ol>	<p>WLDC has a Constitution which details Committee functions, member and officer delegations.</p> <p>The Constitution also includes the Financial and Contract Procedure Rules which set out responsibilities of Senior Officers, Budget Managers and employees.</p>	

			<p>Need to perform well at each level before moving to the next. This is broadly linked to economy, efficiency and effectiveness.</p>	<p>There is an effective performance management framework in place including, performance measures, volumetric measures, customer satisfaction, monitoring of key strategic projects, quarterly performance reporting to both Policy Committees.</p> <p>The Finance team provide a Finance Business Partnering Role in support of services providing financial oversight</p> <p>A finance representative is present on project teams.</p> <p>The Team are currently engaged in the T24 programme and the transformation of its own service area with the implementation of a new ICT system, which will enable integrated reporting and analytics in addition to realising efficiencies in both finance processes, user processes and performance management. As an Enterprise Resource Planning (ERP) it is expected that other systems such as Income Management, Human Resources, Payroll and Property Management will be integrated in the future, providing further benefits.</p>	
<b>Long to Medium Term Financial Management</b>					
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 CIPFA Financial Resilience Index provides some context to our comparable financial position.</p> <p>WLDC set its own resilience indicators against the Medium Term Financial Plan and the actual year end position both of which are reported to the Corporate Policy and Resources Committee</p> <p>A full risk assessment is undertaken for our Medium Term Financial Plan and a Strategic Risk is recorded relating to financial resilience due to future uncertainties. All risks have identified mitigations and are monitored regularly.</p>	

G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	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>Financial sustainability remains a Strategic Risk</p> <p>The approved Corporate Plan details the themes and objectives. The Executive Business Plan is management's deliverable actions in supporting Corporate Plan objectives. Programmes and projects of work, in addition to business as usual activity is reflected in the 5 year Medium Term Financial Plan and Medium Term Financial Analysis (forecast budgets) annually, this is extended to 10 years within our modelling and is reported to the Corporate Policy and Resources Committee and full Council. Chairs and Vice Chairs of policy committees are engaged in developing the financial plan.</p> <p>There is an ongoing level of uncertainty both from the impact of Covid-19 on the organisation in relation to additional costs, and reduced service income, in addition to its investments. In addition the review of Local Government Finance has now been delayed for 2 years. Reserves have been created to mitigate some of the impacts over the medium term and as reported within the Medium Term Financial Plan.</p> <p>A 5 year Capital Investment Programme is included within the Medium Term Financial Plan (MTFP) and which is reviewed annually. Long term, replacement programmes are held for existing assets and financing of these assets is taken into account within the MTFP. New schemes are brought into the Programme pre-business case having been identified in Service Improvement Plans.</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>WLDC complies with the requirements of the Prudential code.</p> <p>The Full Council has approved Capital Investment Strategy which includes the requirement to assess schemes ensuring the best outcomes are achieved from our investments.</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>Performance of Treasury Management is monitored by the Corporate Policy and Resources Committee on a quarterly basis and a Mid-Year and Annual Treasury Report is recommended by the Committee to the full Council.</p> <p>The Treasury Management function has received a 'High Assurance' Rating from Internal Auditors</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 Medium Term Financial Plan (5 year) is refreshed at the mid-year and reported to the Corporate Policy and Resources Committee.</p> <p>A full annual review is undertaken as part of the budget setting process.</p> <p>The Budget setting process including the MTFP has received a High Assurance Rating from Internal Auditors</p> <p>The Budget provides for a £200k Commercial Contingency Budget to manage any in year variances to demand leading in a reduction of income.</p> <p>An approved minimum General Fund Working Balance is set at £2.5m to mitigate any in year financial risks</p>	
<b>The Annual Budget</b>					
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>As legislation requires the Full Council sets a balanced budget on an annual basis. It has not had to utilise the General Fund Balance to balance the budget 2021/22 (nor for a number of years).</p> <p>WLDC will be able to set a balanced budget for the forthcoming year as it has Earmarked £1m to mitigate any funding gap caused by reductions in government funding as a consequence</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>of the expected Fairer Funding Review, Business Rates Retention Review, Business Rates Reset and Settlement Funding implications.</p> <p>WLDC is aware of the circumstances and the process in issuing a Section 114 notice, but does not envisage this to be an issue over the medium term.</p>	
K	<p>The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.</p>	29/30	<p>The authority's most recent budget report includes a statement by the CFO on the robustness of the estimates and a statement of 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 Medium Term Financial Plan contains and reports on the most significant estimates, and expected levels of reserves over the medium term.</p> <p>The CFO's overarching statement on the robustness of estimates and adequacy of reserves is highlighted to both the Corporate Policy and Resources Committee and Full Council.</p> <p>A number of reserves are held to mitigate future financial risks i.e., Finance Reserve, Business Rates Volatility Reserve and the Valuation Volatility Reserve.</p> <p>The MTFP includes projections of usable reserves as at the year-end over a 5 year period, taking into account investment plans.</p>	
<b>Stakeholder Engagement and Business Plans</b>					

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 authority has assessed the effectiveness of this engagement.</p> <p>The authority has a plan to improve its engagement with key stakeholders.</p>	<p>Key stakeholders are identified at a corporate, service and project level and communication and engagement plans devised as appropriate.</p> <p>An annual budget consultation process open to all on our website. Consultation events are usually held at the 3 main Towns within the District, however these were cancelled due to Covid-19 restrictions in 2020.</p> <p>A report is presented to the Corporate Policy and Resources Committee detailing the results and feedback from the consultation and which are taken into consideration when setting the budget</p> <p><b>ACTION;</b></p> <p>Member workshop to be held to consider 2022/23 budget consultation and focus and will incorporate improvements to its stakeholder engagement plan</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</p>	<p>The organisation has standard project documentation based on a 5 case model.</p> <p>The project methodology is captured in A Code of Practice which is available on the WLDC intranet.</p> <p>Investment appraisals are undertaken for development and construction schemes and for acquisitions of Commercial Property.</p> <p>Options appraisals are undertaken within relevant business cases which also include identified risks.</p>	

			<p>techniques for the 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>The Change Management Team supports officers who are developing projects and work with them throughout and providing support and advice.</p> <p>Projects are monitored through officer led Programme Boards.</p> <p><b>ACTION:</b> Review of options/project appraisal methodology and documentation.</p>	
<b>Monitoring Financial Performance</b>					
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial	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 quarterly reports to the Management Team provide detail of variances and estimates of forecasts. Management Team have been engaged in the development of these reports and meet their requirements</p> <p>An annual mid-year review of the MTFP provides an updated view of the MTFP and emerging risks and updates the funding gap for known variances, giving the Management Team and Members the opportunity to consider future financial planning prior to the development of the following year budget and MTFP.</p> <p><b>ACTION:</b> Review of reports and the introduction of analytics will be an enhancement to reports provided to Management. This will be achieved through the implementation of new technology.</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>		
O	<p>The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.</p>	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 investment in commercial properties and the performance of the portfolio is the subject of an annual report with a review of the performance of both the assets and leases in addition to re-evaluation of leaseholders and their sector risks. Regular monitoring is provided to the Corporate Policy and Resources Committee. A valuation volatility reserve is held as a minimum of 5% of the purchase price of the portfolio.</p> <p>The Pension Fund is reviewed on a tri-annual basis and the contribution rates considered. The Closedown Matters report to the Governance and Audit Committee provides details of assumptions to be incorporated in estimating the Pension Fund deficit as at 31 March annually.</p> <p>The organisation has mitigated financial risk through the earmarking of reserves and also incorporates a Commercial Contingency budget within the annual budget for any in year commercial risk.</p> <p>The use of Earmarked Reserves can only be utilised upon the approval of the Corporate Policy and Resources Committee, or under delegation to the Head of Paid Service.</p>	
<b>External Financial Reporting</b>					

P	<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</p>	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 Management Team receive quarterly budget and performance monitoring.</p> <p>The CFO is fully aware of the requirements of the financial statements, which are fully compliant and have been unqualified for a number of years, without the need for anything other than presentational issues amendments.</p> <p>The CFO undertakes an annual development appraisal with the Chief Executive and performance objectives are monitored at monthly one-to-one meetings</p> <p>The Statements of Accounts have met the statutory deadlines, and in advance of the earlier closedown deadline in 2018/19.</p>	
Q	<p>The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions</p>		<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> <p>These reports are focused on information that is of interest and relevance to the leadership team.</p>	<p>The Management Team and Corporate Policy and Resources Committee are provided with an out-turn report detailing significant variations to budget.</p> <p>The reports includes the request for carry forwards, which the Management Team are required to approve, taking into account any newly identified budget risks for the future year and where projects and resourcing requirements span financial years.</p> <p>The Management Team on the advice of the CFO consider the treatment of any surpluses before discussion with Members and</p>	

			<p>The leadership team feels that the reports support it in making strategic financial decisions.</p>	<p>formal approval by the Corporate Policy and Resources Committee.</p> <p>On an annual basis the Management Team hold a meeting specifically focussed on the development of the MTFP enabling the strategic overview ensuring that the Executive Business Plan deliverables of the Corporate Plan objectives are adequately resourced and are set within the overall financial position.</p>	
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