

Audit and Governance Committee



Date of meeting: 20 March 2023
Title of Report: **I4 Point Action Plan**
Lead Member: Councillor Mark Shayer (Deputy Leader)
Lead Strategic Director: David Northey (Interim Service Director for Finance)
Author: David Northey
Paul Looby
Contact Email: David.northey@plymouth.gov.uk
Your Reference: DJNI/audit
Key Decision: No
Confidentiality: Part I - Official

Purpose of Report

To update the Audit and Governance Committee with a formal response to the 14 recommendations from Grant Thornton, as set out in their November Audit Report.

In respect of Recommendation 10 which is the council carries out a self-assessment against the CIPFA Financial Standards, produces a robust action plan with SMART targets to achieve full compliance by the deadline and reports this to the Audit & Governance Committee, this report sets out in Appendix 1 the first draft desktop review, undertaken by the S151 and Deputy S151 officers. It is included to give the Committee assurance that a review is underway. A further update will be made available to the Committee which will include SMART targets to achieve full compliance where required.

Recommendations and Reasons

1. That the Committee note the responses to the 14 recommendations from the S151 Officer, as set out in the report.
2. That the Committee note the 1st Draft Desktop review of the CIPFA Financial Management Code

It is an opportunity to give the Committee assurance around the good governance of the Council's finances

Alternative options considered and rejected

No alternative considered as not addressing the improvement recommendations would not have given the necessary assurances to either the Committee or the external auditors.

Relevance to the Corporate Plan and/or the Plymouth Plan

Nothing as a result of this report.

Implications for the Medium Term Financial Plan and Resource Implications:

None as a direct result of this report, but where there are actions to be taken these will strengthen the production of the MTFP.

Financial Risks

None as a result of this report

Carbon Footprint (Environmental) Implications:

None as a result of this report

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

None as a result of this report

Appendices

*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12 of the Local Government Act 1972 by ticking the relevant box</i>						
		1	2	3	4	5	6	7
I.	The CIPFA Financial Management Code							

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7
Auditor's 20/21 and 21/22 Annual Report on Plymouth City Council							

Sign off:

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Originating Senior Leadership Team member: David Northey											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 08/03/2023											
Cabinet Member approval verbal at 1:1 Date approved: 10/03/2023											

	Recommendation	Management Comment Nov 22	Updated Management Comment March 23
1	Members should follow the advice of the Council's 151 Officer and if recommended allow for the increase of council tax within referendum limits for 23/24 financial year so that the Council may both reduce its funding gap and build up a sustainable level of reserves over time.	Agreed	The Service Director Finance presented a budget report to Cabinet on 17 January 2023. This set out the latest financial position for 2023/24 and proposed the maximum Council Tax increase of 2.99% and ASC precept of 2%. At the Full Council meeting on 27 February 2023 the Council Tax increase – the maximum before a local referendum – was agreed. Within the Revenue and Capital Budget 2023/24 report, the S151 Officer's Budget Robustness Statement stated: The statement also included advice on the consequences of not maximising the increase. There is a clear commitment to increase the council's general fund balance as part of the MTFP refresh. It will need a longer term strategy to move from the current £8.4m to hold a 5% balance against the 2023/24 resources of £218m being £10.9m
2	The MTFP needs to be updated as a priority, for the mid-year 2022 Cabinet and Council meetings so it reflects the latest inflationary and energy price increases. The MTFP needs to be robustly triangulated with savings, capital, treasury, workforce and operational business planning for 23/24	The 2023/24 position was presented to Council in November 2022 which is the earliest available opportunity to match savings to the funding gap. The funding gap has discussed since early July 2022 with Cabinet Members and public have been notified of the scale of the deficit. It is difficult to maintain a meaningful	A further update was presented to Cabinet on 17 January and this will be presented to Scrutiny for discussion and debate in January. A recommendation from Scrutiny is: a) that a three year Medium Term Financial Plan is prepared and considered at Full Council in September. This reflects similar recommendations made through the LGA corporate peer challenge and external auditors report. In response, the Section 151 Officer agreed to undertake a review of the MTFP and will submit for consideration to Council in September 2023. The budget for 2023/24 has taken account of the latest inflationary and energy price increases, and includes additional budget allocations for key areas such as social care (both adults and children) and the Place Directorate.

		MTFP when central government have been giving in-year settlements.	The Budget Report includes Section I – Helping Plymouth Build Back Better which sets out the four key priorities. There is also a Directorate Summary section setting out the costs and services for the delivery of over 300 vital services. The S151 Officer is proposing the development of a 5 year MTFP.
3	The Council needs to employ an interim senior officer to start immediately, to support the newly promoted S151 officer, so the Finance department has adequate capacity and knowledge required to help manage the significant financial challenges and associated workload	An interim has been appointed, starting 16 November.	The interim was appointed and has been supporting the council's in year and future years budget planning and will be here through closedown as a minimum.
4	The Council needs to identify new recurrent savings each year to sustainably close its significant funding gap rather than rely on annual vacancy rates. Difficult service decisions will need to be made to identify sufficient significant potential savings for members to choose from.	The savings proposals listed in the 2023/23 budget show this with sustainable savings and difficult decisions. Here will always be some element of one off savings: we are working to minimise these	The full list of savings proposals were published in the budget report for Cabinet on 17 January 2023 and approved by Full Council in February 2023. The size of the shortfall between anticipated resources and financial commitments for the coming year has been considerable, and a disciplined approach to achieving a balanced budget whilst maintaining delivery against the Council's agreed priorities has been necessary. Setting the budget does not mean the work is over as financial pressures will continue to provide a challenge and we will need to deliver our savings plans that are being put in place. The Council will need to continue to transform how it operates to reduce costs. As part of the budget setting, it has been a major consideration to implement sustainable and recurring savings, reducing the reliance on one-off opportunities. There will always been a requirement to find one-off savings however the ratio of such savings as part of the £23m is at an acceptable level. A plan to further reduce reliance will form a key strand of the new MTFP.
5	The council's annual financial budget needs to be clearly aligned to activity plans to	We do ensure the budgets are	The approach to balance the budget has been informed by a clear focus

	ensure there is consistency and triangulation between all elements of the organisation. Service budgets and financial forecasts should be aligned with council outcomes.	aligned to our outcomes	on agreed priorities, the delivery of measures to increase efficiency, maximising income opportunities where appropriate and changing our systems, processes and structures to improve the way we deliver services.
6	The Council's Strategic Risk Register needs to record significant financial risks at a more granular level, over the short and medium term. The mitigating actions to manage these risks need to be recorded in the Action Plan / Future Mitigation column of the Risk Register which currently replicates the controls in place, so that officers and Members are clear how the council may put itself in a sustainable financial footing, reduce its financial pressures and achieve its strategic outcomes	We have requested further detail.	An updated risk register was submitted to the Audit and Governance Committee on 16 January 23. Risk Number one in table one relates to the Council's expenditure exceeds the resources available to meet that expenditure within the medium-term financial plan period, and Risk number two relates to possible failure to meet statutory duties due to growing volume and complexity of demand for children's social care services. The mitigations are set out in detail.
7	The council's levels of reserves, at some £8m, is insufficient to maintain financial sustainability as the council continues to face increasing financial pressures due to ever increasing inflation, expected pay increases and escalating fuel and energy costs. The council needs to revisit its Reserves Strategy and build up its reserves at a rate of greater than £350,000 a year from 23/24	We had planned to increase by £350,000 p.a. but this is difficult in the current financial climate. We have asked for clarification on what level would be sufficient	The S151 Officer has had a follow up discussion on this issue with the external auditors. The updated MTFP will be made available to Full Council in September 2023 and will include a clear strategy and ongoing commitment to increasing the Working Balance.
8	We recommend that the Strategic Risk Register informs the annual overview and scrutiny work programmes so that risk management is properly embedded in members decision making	We are undertaking a review of our scrutiny arrangements	The recommendation is noted. As previously stated, we are undertaking a review of our scrutiny arrangements and this will form part of the discussion.
9	Given the financial challenges faced by the council we recommend that a more granular level of information by cost centre is included in the monthly finance monitoring reports so senior officers and members may see the level of variances at an activity level which will better inform their decision making around services.	We are always open to suggestions to better inform and report. However we have to be mindful of too much detail. Best Practice is sought.	The external auditors have not provided examples of best practice. The S151 Officer has been reviewing the financial monitoring reports of other unitary authorities. It is considered that the current level of transparency within the monthly finance monitoring report meets the requirements of Cabinet and Scrutiny, with the quarterly reports being noted at Full Council. The Management Scrutiny Board have requested changes to the report format, particularly given the unprecedented pressures of the

			financial year 2022/23. The S151 Officer is open to discussions with the Administration when known in May on any further improvements or additional information. It should be noted that the reporting process is more than just the public facing reports which are published.
10	We recommend the council carries out a self-assessment against the CIPFA Financial Standards, produces a robust action plan with SMART targets to achieve full compliance by the deadline and reports this to the Audit & Governance Committee.	We have asked for clarification	The S151 Officer has reviewed the Code and will ensure a self-assessment is undertaken this month (March 2023) and update the Committee at a future meeting. A 1 st draft is attached as Appendix I for information.
11	The council should develop a data quality strategy setting out the councils approach to improving the quality of data required to support good decision making including an independent assessment and assurance around data quality	Management will consider this recommendation	As part of the Finance restructure which went live 1 st December 2022, a new post was created for a Service Accountant within the Corporate Accountancy team. This role will provide the link between finance and the systems team to ensure data accuracy and provide resource for system updates and changes. There is a CMT lead on data quality – following this recommendation the S151 Officer will ensure dialogue at CMT. For example the idea of strengthening the use of data and evidence in decision making is a part of the health determinant research collaboration, where PCC has been awarded grant funding to progress. We do have a strong governance in place around, for example, the level of detail within financial information provided to Cabinet, and therefore published to the public, as well as full transparency for all scrutiny committees and Full Council.
12	The council should consider how it can use the independent formal benchmarking in its reporting to the Cabinet to (1) explore any high unit costs and potential savings within its services and (2) provide assurance that it is delivering cost effective services in other areas.	Management will consider this recommendation	As part of the annual budget setting process, senior officers work with finance to establish the cost base of the major areas of expenditure – adult and children’s social care; waste collection as examples. Work undertaken includes cost and volume analysis. Independent benchmarking will be considered as an input to the MTFP under revision.

13.	The council should define its significant partnerships and develop a register that identifies the contribution that the partnerships makes to the City's corporate objectives. Define its significant partnerships and better understanding their contribution to the council's objectives will enable the council to evaluate and access their level of contribution.	Management will consider this recommendation	The Corporate Management Team recently undertook a desktop review of the "Family of Companies" looking at ownership; responsibilities and contribution to PCC. The Strategic Director for Customer & Corporate Services has an action to further review and report as required.
14	The council should produce a procurement strategy as part of a review of its procurement arrangements to ensure the councils policies procedures and practices up to date in terms of better analysis of spend budget and risk.	Management will consider this recommendation	PCC do not have a procurement strategy, however Procurement will be refreshing the Council's Contract Standing Orders as part of the wider constitutional review being undertaken by the Monitoring Officer. This refresh will look to make improvements across all aspects of Procurement including rules, policies and procedures. Work is currently underway.

Appendix 1

The CIPFA Financial Management Code

Plymouth City Council CFO “Desk Top”

Review

The CIPFA Financial Management Code was released by CIPFA in October 2019.

Extracts from the consultation document have been replicated in this document

Objectives

The CIPFA Financial Management Code (CIPFA FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The CIPFA FM Code therefore for the first time sets the standards of financial management for local authorities.

The Code is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to:

- *financially manage the short, medium and long term finances of a local authority*
- *manage financial resilience to meet foreseen demands on services; and*
- *financially manage unexpected shocks in their financial circumstances*

The Code is based on principles rather than prescription. Plymouth City Council must demonstrate that the requirements of the Code are being satisfied, **this is a collective responsibility of elected members, the Chief Finance Officer and the Corporate Management Team.**

The FM Code should not be considered in isolation and accompanying tools, including the use of objective quantitative measures of financial resilience, should form part of the suite of evidence to demonstrate sound decision-making.

CIPFA’s judgement is that although the FM Code does not have legislative backing it applies to all local authorities.

The first full year of compliance will be 2021/22. This reflects the recognition that organisations will need time to work towards compliance.

The CIPFA Statement of Principles of Good Financial Management

The Code requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. Good financial management is proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services. The FM Code identifies these risks to financial sustainability and introduces an overarching framework of assurance which builds on existing best practice but for the first time sets explicit standards of financial management.

The underlying principles of the Code:-

- 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 which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making
- Adherence to professional **Standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management and includes political scrutiny and the results of both external audit, internal audit and inspection.
- The long term** of local services is at the heart of all financial management process and is evidenced by prudent use of public resources.

CIPFA Financial Management Standards Summary Draft 1

FM Ref	CIPFA Financial Management Standards	Related Principal	Red 1-3	Amber 4-7	Green 8-10	Comments
Section 1 The Responsibilities of the Chief Finance Officer and Corporate Management Team (Leadership Team)						
A	<p><i>The leadership team demonstrates that the services provided by the authority provide value for money.</i></p> <p>Key questions</p> <p>Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?</p> <p>Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?</p> <p>Is the authority able to demonstrate the action that it has taken to promote value for money (VFM) and what it has achieved?</p>	Leadership		7		<p>All published reports to Committee have mandatory sections where the financial implications for all decisions must be set out. This includes a section on implications for the MTFP and a section on Financial risks.</p> <p>Reports will be signed off by at least one CMT member and reports will be presented to CMT where considered appropriate to ensure VFM is achieved.</p> <p>CMT is the Leadership Team at PCC.</p> <p>The Procurement Team work with all teams across the authority to promote the importance of VFM on all contracts. There is always room for improvement and a full procurement review is under way. More emphasis could be placed on post-decision reviews to assess performance and outcomes</p>

The CIPFA Financial Management Code

B	<p><i>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</i></p> <p>Key questions</p> <p>Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?</p> <p>Does the CFO lead and champion the promotion and delivery of good financial management across the authority?</p> <p>Is the CFO suitably qualified and experienced?</p> <p>Is the finance team suitably resourced and fit for purpose?</p>	Leadership			8	<p>The CFO is an attendee of CMT and although the reporting line is to the Strategic Director of Customer and Corporate Services, there is a direct reporting line to the Chief Executive for matters of strategic finance – the budget; MTFP; monthly reports to Cabinet and Scrutiny.</p> <p>All reports must be signed off by the CFO and these require a Finance Sign of Code which can only be issued by the CFO or Deputy S151 Officer. No report can be published without this sign off.</p> <p>The CFO is a qualified accountant and suitably qualified by experience of operating at the highest level.</p> <p>The finance function has undertaken a restructure to ensure it can meet the requirements of CMT and service needs and to support the CFO. Challenges remain as the structure recruits to all posts and it is recognised there is a shortage of qualified finance officers particularly in corporate and technical accountancy. Resources and capacity are under constant review particularly due to the ever increasing external audit requirements.</p>
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The CIPFA Financial Management Code

Section 2 Governance and Financial Management Style						
C	<p><i>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</i></p> <p>Key questions</p> <p>Does the leadership team espouse the Nolan principles?</p> <p>Does the authority have in place a clear framework for governance and internal control?</p> <p>Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?</p> <p>Does the leadership team espouse high standards of governance and internal control?</p> <p>Does the leadership team nurture a culture of effective governance and robust internal control across the authority?</p>	Assurance			8	<p>The Constitution sets out the key documents which provide a framework for governance and internal control. This includes the officer scheme of delegation, financial regulations, and contract regulations.</p> <p>There is in place a robust Audit and Governance Committee which includes independent members.</p> <p>The independence of the internal audit function is further enhanced by Devon Audit Partnership (DAP) providing internal audit services and a Counter Fraud Team.</p>
D	<p><i>The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)</i></p> <p>Key questions</p> <p>Has the authority sought to apply the principles, behaviour and actions set out in the framework to its own governance arrangements?</p>	Accountability			8	<p>The Council is currently undertaking a review of its Constitution and will seek to adopt the Code of Corporate Governance within it. The Annual Governance Statement is presented and reviewed by the Audit and Governance Committee each year.</p>

The CIPFA Financial Management Code

	<p>Does the authority have in place a suitable local code of governance?</p> <p>Does the authority have a robust assurance process to support its Annual Governance Statement (AGS)?</p>					<p>The Constitution provides the main driver and framework for the Council's governance arrangements. Elements of the Constitution are under review and further reports will be considered by the Audit and Governance Committee with respect to required changes.</p> <p>Senior Leadership (political and officer) maintain oversight and accountability for ensuring good governance through a number of mechanisms, including monthly cross party Council Leadership Group meetings with Group Leaders from the two main parties, Chief Executive and Monitoring Officer. More recently, given the 2022/23 in-year financial pressures and the £37.6m funding gap in the 2023/24 Budget, the S151 Officer has also been in attendance.</p>
<p>E</p>	<p><i>The Financial Management Style of the authority supports financial sustainability</i></p> <p>Key questions</p> <p>Does the authority have in place an effective framework of financial accountability?</p>	<p>Sustainability</p>			<p>8</p>	<p>Finance officers are key to supporting services and financial decisions. Lead Accountancy Managers (LAMs) are represented on departmental management teams for all key financial decisions and issues. LAMs or senior finance officers are members and play a part on key project boards.</p>

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							The Council has had a recent LGA Peer Review follow up meeting, which undertook a review of finance. Their report to CMT is currently awaited.
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	<p>Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?</p> <p>Does the authority's finance team have appropriate input into the development of strategic and operational plans?</p> <p>Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so?</p> <p>Has the authority sought an external view on its financial style, for example through a process of peer review?</p> <p>Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?</p>				<p>All formal decisions must be reviewed by finance officers and a formal sign off before decisions can be actioned and implemented.</p> <p>Service departments look to utilize limited resources and maximise outputs with finance officer support.</p> <p>All senior officers are expected to demonstrate good financial acumen and seek financial advice as required.</p> <p>The S151 Officer has recently presented finance training sessions with members, particularly ahead of the recent scrutiny and budget discussions at Full Council. There are regular monthly updates to the Union Representatives to ensure full awareness of both issues and mitigations. 2022/23 has seen a wider understanding of financial matters through updates and budget sessions with the Senior Leadership Team comprising Strategic and Service Directors.</p> <p>Consideration must be given to ongoing training around financial literacy of SLT and key staff.</p>
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The CIPFA Financial Management Code

Section 3 Long to Medium Term Financial Management						
F	<p><i>The authority has carried out a credible and transparent Financial Resilience Assessment</i></p> <p>Key questions</p> <p>Has the authority undertaken a financial resilience assessment?</p> <p>Has the assessment tested the resilience of the Authority's financial plans to a broad range of alternative scenarios?</p> <p>Has the Authority taken appropriate action to address any risks identified as part of the assessment?</p>	Assurance		7		<p>The limitations of government funding announcements has constrained medium term financial planning. Annual local government finance settlements has hindered the council's financial planning and the council continues to ask for a minimum three year funding allocation.</p> <p>The risks of financial resilience is included as a key risk win the Strategic Risk Register and is continually monitored.</p> <p>The annual budget report sets out a statement by the CFO on the robustness of the estimates and reserves. Reserves are monitored and a strategy of increasing the Working Balance will be presented to Council in September 2023.</p> <p>Council is aware of its financial resilience risks, and consideration of these could be documented more in a formal review and presented to Council in September 2023.</p>

The CIPFA Financial Management Code

G	<p><i>The authority has a Long-Term Financial Strategy for financial sustainability.</i></p> <p>Key questions</p> <p>Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?</p> <p>Does the authority have a strategic plan and long-term financial strategy that adequately address these risks?</p> <p>Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (eg using a technique such as scenario planning)?</p> <p>Has the authority reported 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>	Sustainability		7	<p>The Council has a rolling five year MTFP and five year capital plan. Due to the absence of a medium term funding allocation from Government the MTFP has been developed as a working document as opposed to a published plan. An updated MTFP will be presented to Council in September 2023. The sensitivity of future risks are known and understood with particular emphasis on the long term impact of the final accounting treatment of the pension transaction in 2019/20 and the impact on any necessary restatement of the accounts for 2019/20 on the accounts for 2020/21 to 2022/23.</p> <p>The preparation of the 2023/24 Budget has emphasized the over-reliance on one-off savings and the need for sustainable savings; difficult decisions have been made to set out savings of £23m in one year.</p>
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The CIPFA Financial Management Code

H	<p><i>The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities</i></p> <p>Key questions</p> <p>Has the authority prepared a suitable capital strategy?</p> <p>Has the authority set Prudential Indicators in line with the Prudential Code?</p> <p>Does the authority have in place suitable mechanisms for monitoring its performance against the Prudential Indicators that it has set?</p>	Standards			9	<p>The council is compliant with the Code and presents its Capital Strategy, Prudential Indicators, and Treasury Management Strategy to Audit & Governance Committee and Council. These are all presented to Council as part of the budget.</p>
I	<p><i>The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans</i></p> <p>Key questions</p> <p>Does the authority have in place an agreed medium-term financial plan?</p> <p>Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?</p> <p>Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?</p> <p>Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?</p>	Sustainability		6		<p>The Council has a rolling five year MTFP and five year capital plan. Due to the absence of a medium term funding allocation from Government the MTFP has been developed as a working document as opposed to a published plan. An updated MTFP will be presented to Council in September 2023.</p> <p>Cost drivers and know future demands are reflected within the MTFP</p> <p>There is an annual service planning process and Business Plans are produced in line with the budget.</p>

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	<p>Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?</p>					<p>An Asset Management Plan was published in January 2019. The Strategic Asset Management Framework details the principles by which all of the Council's assets should be managed. It sets out the environment in which the Council is currently operating and provides details of how all of the Council's assets will be managed. This plan will provide the details for how assets within Land and Property will be managed. It is a 5 year plan.</p> <p>Extensive work has been undertaken in 2022/23 to identify all estate properties, their condition and sets out a plan for future use or disposal.</p>
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The CIPFA Financial Management Code

Section 4 The Annual Budget					
<p>The authority complies with its statutory obligations in respect of the budget setting process.</p> <p>Key questions</p> <p>Is the authority aware of its statutory obligations in respect of the budget-setting process?</p> <p>Has the authority set a balanced budget for the current year?</p> <p>Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so?</p>	Standards			10	<p>The council is compliant in relation to the statutory requirements.</p> <p>A balanced budget was approved by Full Council at the meeting 27 February 2023 for the financial year 2023/24.</p> <p>All officers and elected members have been made aware of both the circumstances under which a S114 Notice would be issued and the consequences of issuing the notice.</p>

The CIPFA Financial Management Code

K	<p><i>The 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.</i></p> <p>Key questions</p> <p>Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves?</p> <p>Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect, and the impact should this be the case?</p>	Standards			9	<p>The budget report to Council sets out a statement by the CFO on the robustness of estimates and a statement of the adequacy of reserves. The Budget Amendment tabled by the Labour Group for 2023/24 also includes a S151 officer statement on the impact on the robustness of the budget and the impact on reserves. It states:</p> <p><i>This (budget) process takes account of previous and current spending patterns in terms of base spending plans and the reasonableness and achievability of additional spending to meet increasing or new service pressures. This is a thorough process involving both financial and non-financial senior managers throughout the Council. The Cabinet have also been actively involved in reviewing all options for income generation and cost savings.</i></p> <p>Under the Financial Risks section the report states:</p> <p>The Council is a complex service organisation with a gross revenue expenditure</p>
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The CIPFA Financial Management Code

	<p>Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?</p> <p>Does the report set 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 to take to address any shortfall</p>					<p>budget exceeding £500m. It is essential that careful consideration is given to all factors that could impact upon the budget to ensure they are – when approved - robust and deliverable within the overall budget allocations that are available</p> <p>The Authority has acknowledged that a Working Balance of £8,4m or 3.8% of the net budget needs to be supplemented with a clear plan to achieve a safer threshold of 5%, which will require an additional £2.5m. The Select Committee to scrutinize the 2023/24 budget recommended the Section 151 Officer should undertake a review of the level of the working balance and with a robust and transparent plan to cover the future contributions to the working balances.</p>
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Section 5 Stakeholder Engagement and Business Plans					
L	<p><i>The authority has engaged with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.</i></p> <p>Key questions</p> <p>How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?</p> <p>How effective has this engagement been?</p> <p>What action does the authority plan to take to improve its engagement with key stakeholders?</p>	Transparency		7	<p>The annual budget was subject to subject extensive consultation with residents and staff. Residents were able to express their opinions via the council website and there were a number of Q&A sessions for all council staff.</p> <p>The budget proposals were subject to detail scrutiny by the Scrutiny Committees.</p> <p>A public engagement to support the 2023/24 budget setting process took place with a questionnaire which asked respondents to give their views on a range of budget savings / income proposals being put forward by the Administration. Questionnaire was available online through Plymouth City Council's consultation portal and available in other formats upon request. A communications plan was developed including social media, Plymouth Newsroom, resident e-newsletter and direct messaging to stakeholders. A budget engagement event on the 07 December 2022 with Plymouth's Youth Parliament explored the current situation and the savings and income options</p>

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						<p>proposed. A meeting was held on 21 December 2022 with several of the City's key business group representatives. Groups and organisations represented included Devon and Plymouth Chamber; Destination Plymouth and Plymouth Federation of Small Businesses (FSB). The budget issues were outlined and, with recognition of these, representatives shared their thinking on the way forward regarding economic development in the city. This was well received, and the Chair of the FSB wrote to Plymouth City Council in response.</p>
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M	<p><i>The authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions</i></p> <p>Key questions</p> <p>Does the authority have 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>Does the authority offer guidance to officers as to when an option appraisal should be undertaken?</p> <p>Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?</p> <p>Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty?</p> <p>Does the authority report 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>	Transparency		6		<p>All major decisions are supported by a business case and a financial appraisal.</p> <p>There is a business case template that has to be completed for capital projects which have a number of mandatory sections. These business cases must be signed off by the CFO.</p> <p>The authority is undertaking a further review of the Capital Programme, particularly the governance arrangements.</p>
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Section 6 Monitoring Financial Performance						
N	<p><i>The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability</i></p> <p>Key questions</p> <p>Does the authority provide 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>Do the reports cover both forward and backward-looking information in respect of financial and operational performance?</p> <p>Are the reports provided to the leadership team in a timely manner and in a suitable format?</p> <p>Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?</p> <p>Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such as contract monitoring data?</p>	Assurance			8	<p>CMT sign off a monthly revenue monitoring report. Monthly revenue monitoring reports are presented to Cabinet. Scrutiny Committees review the latest monitoring report based on their calendar of meetings.</p> <p>Quarterly revenue and capital monitoring reports are presented to Cabinet and Council. These reports set out the main variations, emerging pressures and key risks.</p> <p>The monthly and quarterly reports are presented to CMT and Members in a timely fashion.</p> <p>For 2022/23 Cabinet and senior officers have worked together to overcome a £15m+ financial pressure, demonstrating a clear understanding of the risks and implications of emerging issues. These have been carried forward into the preparation of the 2023/24 budget.</p> <p>Contract monitoring of performance is an area that requires further strengthening.</p>

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O	<p><i>The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.</i></p> <p>Key questions</p> <p>Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?</p> <p>Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet?</p> <p>Is the authority taking action to mitigate any risks identified?</p> <p>Does the authority report unplanned use of its reserves to the leadership team in a timely manner?</p> <p>Is the monitoring of balance sheet risks integrated into the authority's management accounts reporting processes?</p>	Leadership		7	<p>Key parts of the balance sheet that impact on the Council's operations are reviewed regularly such as Treasury Management – which is included within the reports to CMT and Members.</p> <p>Treasury Management reports twice per year (6 monthly) to the Audit & Governance Committee and there is a separate outturn report for Treasury which includes the Prudential Indicators.</p> <p>Reserves are reviewed on an annual basis and link to the budget and MTFP. The drawdown of un-allocated reserves during 2022/23 has been well documented in the monitoring reporting.</p> <p>Consideration needs to be given to a wider update on all aspects of balance sheet. Greater challenge of the highest and best use of the council non-current assets. A further review will be required once the pension issue has been resolved.</p>
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Section 7 External Financial Reporting					
P	<p><i>The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom.</i></p> <p>Key questions</p> <p>Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms?</p> <p>Have the authority's financial statements 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>Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements?</p>	Accountability		9	<p>The council complies with the Code of Practice.</p> <p>Prior to the 2019/20 Statement of Accounts, the draft and audited Accounts have always met the statutory deadline for publication.</p> <p>Whilst the publication of the draft accounts continues to meet the deadlines, the target date for signing the final audited accounts has not been achieved due to the ongoing issues with respect to the Pension transaction in 2019/20 which has delayed the sign off by the external auditors of subsequent accounts.</p> <p>The Chief Finance Officer is fully aware of their responsibilities in terms of the preparation of the annual financial statements.</p>

<p>Q</p>	<p><i>The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.</i></p> <p>Key questions</p> <p>Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget?</p> <p>Is the information in these reports presented effectively?</p> <p>Are these reports focused on information that is of interest and relevance to the leadership team?</p> <p>Does the leadership team feel that the reports support it in making strategic financial decisions?</p>	<p>Accountability</p>			<p>8</p>	<p>The outturn position for the councils account is presented to CMT in a timely fashion.</p> <p>Any adjustments to future budgets are considered at this time and the impact of the outturn is reflected within the MTFP.</p> <p>Consideration to be given to a documented challenge of a service's outturn position both in relation to is net cost but also the outcomes achieved.</p>
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