

Appendix 1

Assessment of compliance with the CIPFA Financial Management Code - 2024

Full compliance - 16
Some improvement required - 1
Major improvement required - 0

Ref	Standard	Assessment	Actions from Prior Year PM Code Review	2024/25 Update	Required Actions 2024/25	RAG Prior Year	RAG Latest Review
Section 1: The Responsibility of the CFO and Leadership team							
A	The leadership team is able to demonstrate that the services provided by the Authority provide value for money.	<p>The Authority is committed to making the best use of resources, which is a key priority of the Fire and Rescue Plan. This is taken into consideration in the key decision making mechanisms within the Authority.</p> <p>The budget is agreed annually, and the performance is scrutinised in the PFCC Performance and Resources Board. The MTFS is agreed annually, but quarterly updates are reported through the PFCC Strategic Board.</p> <p>The Authority continues to work on Collaborative projects, which are reported through the Strategic Collaboration Board.</p> <p>Value for Money has been assessed as part of the annual external audit process. The latest VFM report form the external auditor is positive.</p> <p>The Authority has recorded a good level of achieving cashable savings, which has mainly been driven by finance through the budget process. The Productivity and Efficiency boards track the realisation of the efficiencies. Further in year savings plans are also formulated through this board. The Service also publishes an annual Productivity and Efficiency plan, which gives transparency to the public over its plans.</p>	<p>Regular reporting on the efficiency plan will be presented to SLT / P&R throughout the year.</p> <p>Feedback on the national benchmarking workshop will be presented back into the Service when available.</p>	<p>In the year cashable savings have continued to be tracked regularly through the Productivity & Efficiency Board, which has been further reported to the SLT and through the PFCC Performance and Resources Board. This reporting has started to develop further to capture in year savings plans and also resource reorganisation (i.e. where budgeted roles are re-prioritised to support resourcing requirements elsewhere in the organisation).</p> <p>In the year, the Authority engaged the Chartered Institute of Public Finance and Accountancy (CIPFA) to review its MRP policy and application. CIPFA concluded that, based on the evidence available and the explanations provided, the approach taken appeared to be reasonable, albeit more prudent than necessary. Following this review, for new debt financed capital expenditure, the Authority will commence charging MRP in the financial year following the one in which the asset becomes operational. Aligning the timings of the MRP charge to common practice. This is a good example of a piece of work undertaken to ensure continued good value for money.</p> <p>Despite the financial pressures that have arisen in the year (e.g. Unbudgeted Pay Pressures), the service has continued to produce a Balanced budget. Reserves are used to make specific investments within the service and are not used to fund core day to day requirements.</p>			
B	The authorities complied with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.	<p>The Section 151 is a key member of the Service Leadership team and is a fellow member of the ICAEW. With increased pressure on future funding and spend for the Authority, the Section 151 Officer now reports directly to the Chief Fire Officer to ensure independence of the role. The Chief Financial Officer also sits on the NFCC Finance Committee as lead for PFCC's.</p> <p>The Deputy Director of Finance is also an experienced qualified accountant and deputises for the Chief Financial Officer as appropriate.</p> <p>The Finance Team has a defined structure and has suitable qualified staff throughout the department. Work has been completed on resilience and succession planning within the Finance Team. The skillset of Finance Team is reviewed annually through the appraisal process and investment is made in the team development of technical and interpersonal skills.</p> <p>All budget holders have regular contact with the Finance Team, who promote efficient use of resources.</p> <p>The Authority engages professional advisors where appropriate, in areas such as taxation and treasury management.</p>	No actions required.	The S151 has also now become a qualified CIPFA member.	No actions required.		
Section 2: Governance and Financial Management Style							
C	The leadership team demonstrates in its actions and behaviour the responsibility for governance and internal control.	<p>The Authorities Constitution provides a strong governance model. This outlines the includes scheme of delegations.</p> <p>Internal Audit services are provided by RSM UK and are reported to the Audit committee.</p> <p>The Internal Audit Service has provided assurances over the effectiveness of the Governance arrangements, internal controls and risk management. Internal audit updates are tracked through the Continuous Improvement Board. An Annual Governance Statement is also produced and published.</p> <p>Corporate Risks are reviewed regularly and reported through SLT and Audit Committee.</p>	None required.	Not applicable.	None required.		
D	The Authority applies the CIPFA/SCIE Delivering Good Governance in Local Government Framework (2016).	<p>The Audit Committee performs a review of effectiveness annually. Internal and external audit recommendations are monitored and reported to the Committee.</p> <p>No issues have been raised regarding financial sustainability. The internal audit function is provided by RSM Assurance LLP, a PSIAS compliant audit firm.</p> <p>An Annual Governance Statement is also produced and published. This demonstrates how the Authority is complying with the Chartered Institute of Public Finance and Accountancy's (CIPFA's) and the Society of Local Authority Chief Executives (SOLACE's) joint Delivering Good Governance in Local Government Framework as well as the Authority's Constitution.</p>	None required.	Not applicable.	None required.		
E	The financial management style of the Authority supports financial sustainability.	<p>Financial Regulations within the Constitution provide a clear and understandable framework for accountability.</p> <p>There is a finance representative at all major decision making boards.</p> <p>The Medium Term Financial Strategy is reviewed annually. Quarterly reporting is provided to the PFCC Strategic Board with updated cost pressures, changes to income and additional savings. The Authority has a number of other key financial strategies which are prepared on an annual basis, including three key Balance Sheet strategies: Reserves, Capital and Treasury Management. The financial pack which includes the performance, balance sheet, cashflow and capital spend is scrutinised at the Performance and Resources Board monthly.</p> <p>Meetings are held regularly with budget holders to review the financial results against budget; to ensure implications of decisions are understood and that managers are responsible for those decisions.</p> <p>The Authority has received a Good Rating from HMICFRS relating to future affordability. The work around the MTFS / Cashable Efficiencies, Reserves and Capital Strategies have been important drivers in achieving this.</p>	<p>A new Finance Manager for monitoring has been appointed and will start in Q2. Their experience will be very beneficial to the team. All other monitoring roles are fully staffed by the end of 2023/24. It is important that all budget holder meetings become regimented in their timings.</p>	<p>The monitoring team has been strengthened in the year with the appointment of a new experienced Finance Manager. There have been some positive improvements in the year, which include the financial reporting on the Portfolio of Charge. This new Power BI dashboard reporting captures costs to date and projected within projects and compares these to the approved funding sources on each project.</p> <p>The Service continues to monitor its financial performance very closely. This includes monthly preparation of its financial results which includes an update of the financial forecast. The MTFS is reviewed regularly and reported on at a quarterly basis. The Authority is using its Reserves to make future investment within the service.</p> <p>The implementation of Unit 4 ERP has been prolonged, and this has had a knock on the efficient roll out of reporting to Budget Holders. Regular monitoring has continued on a regular basis throughout the year, but this needs to be undertaken in a more efficient manner.</p>	<p>The financial reporting of our portfolio of charge has significantly been improved within the year, with the creation of a new dashboard. However, this also needs to be updated to reflect the benefits associated with projects. This will provide improved visibility of any cashable / non cashable benefits of projects within the portfolio, which may aid future decision making in regard to budget setting.</p> <p>Despite the regularity of budget holder meetings, the Monitoring team need to produce to budget holders a Dashboard which will enable budget holders to review spend more efficiently. This was expected to be rolled out within 2024/25, but delays in the implementation of Unit4 have pushed this into 2025/26.</p>		
Section 3: Medium to Long term Financial Management							
F	The Authority has carried out a credible and transparent financial resilience assessment.	<p>The Budget and MTFS reports assess financial resilience over the medium term. This is supported by the key financial strategies which include Reserves, Capital and Treasury Management.</p> <p>These reports are published on the Authority's website to ensure full transparency.</p>	There are no further actions but work on these areas will continue to be of utmost importance in 2024/25.	<p>The MTFS was updated in 2023/24 and includes a sensitivity analysis. The latest published MTFS also includes a scenario in regards to the investments that it will need to review given the financial constraints of the latest financial settlement. The MTFS will continue to get reviewed on a quarterly basis and will take on board any new information that comes to light (e.g. Outcomes of the Spending Review / Funding Formula).</p> <p>The Authority also received a Good Rating in the year from HMICFRS relating to future affordability. The work around the MTFS / Cashable Efficiencies, Reserves and Capital Strategies have been important drivers in achieving this.</p>	There are no further actions but work on these areas will continue to be of utmost importance in 2024/25.		
G	The Authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	<p>Long-term financial sustainability is understood by the Authority, based on the information available.</p> <p>The Authority has a prudent level of reserves to manage any risks of the medium term.</p>	A 10 year capital programme will be developed in 2024/25.	<p>A longer term capital plan was developed in 2024/25. As part of the new CRMP, activities on an annual basis are better planned through the Service Delivery Plan. The longer term capital plan has been very important to aiding this future planning. The plan will continue to be reviewed.</p>	None required.		
H	The Authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	The annual Treasury Management Strategy ensures compliance with the Prudential Code.	None required.	None required.	None required.		
I	The Authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	The Medium Term Financial Strategy is agreed annually (aligned to the budget process). There are quarterly updates on the MTFS which are reported through the PFCC Strategic Board, which will report on any changes that may arise in the MTFS due funding / change in assumptions etc.	None required.	The MTFS was updated in 2024/25 and includes a sensitivity analysis (and scenario) to enable the Authority to understand the impact of changes in costs and funding. The assumptions within the MTFS are clearly set out.	None required.		
Section 4: The Annual Budget							

J	The Authority complies with its statutory obligations in respect of the budget setting process.	The Authority complies with its statutory obligations in respect of the budget setting process as set out in the Local Government Finance Act (1993).	None required.	None required.	None required.		
K	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.	Assumptions are reviewed in detail in the budget setting paper and the budget includes a review of the level of reserves.	None required.	None required.	None required.		
Section 5: Stakeholder Engagement and Business plans							
L	The Authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	There is engagement across a range of stakeholders, including the PFCC, the Police, Fire and Crime Panel, key Management and budget holders.	None required.	None required.	None required.		
M	The Authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions	There is a documented options appraisal process for decision making. Template business case are utilised which encourages the use of financial analysis, but does not have a standard appraisal process. Value for money is not adequately demonstrated.	None required.	We have a formal governance structure that monitors all areas of transformation within the Service, the Portfolio Management Board. Our decision sheet process shows a standard process for PFCC decisions in line with the Constitution. The Authority has annual target of between 1.5% - 3% productivity and efficiency gains set by the PFCC and included within the Fire and Rescue Plan. The Service continues to demonstrate robust and sustained improvements in productivity and efficiency, which is tracked through the Productivity and Efficiency Board. The external auditors also issue a VFM report to accompany the annual audit.	None required.		
Section 6: Monitoring Financial Performance							
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	Monthly finance packs provide timely information to the leadership team to take action against emerging risks. Operational dashboards provide non financial indicators to risks which may impact on the financial performance of the Authority. The Authority has a robust and comprehensive risk strategy and risk register.	None required.	None required.	None required.		
O	The Authority monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	The balance sheet with supporting commentary is included in the monthly finance pack which is presented to the Performance & Resources Board. The Authority has adopted a regular review and sign-off of balance sheet accounts. During the year, the balance sheet does not include certain annual adjustments made for statutory purposes; these are captured as part of the year end accounting process.	None required.	None required.	None required.		
Section 7: 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.	Set out in the "Statement of Responsibilities" within the annual Statement of Accounts. This statement clearly sets out that the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. Technical support is provided from Financial Accountant and Compliance Officer to ensure compliance with all the latest legislation. Any upcoming financial reporting changes are identified in advance of transition. The Authority engages with CIPFA and the external auditors where appropriate.	None required.	None required.	None required.		
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	Monthly finance packs provide timely information to the leadership team to take action against emerging risks. Regular reforecasting of the outturn, with commentary, is included within the monthly financial pack which is presented to the monthly Performance & Resources Board. This is also captured through the MTFS updates presented to the quarterly Strategic Board.	None required.	None required.	None required.		