

## 2023/24 Financial Service Achievements

The Chartered Institute of Public Finance & Accountancy (CIPFA) launched a Financial Management Code (FM Code) in 2019, which set out seventeen standards of financial management for local authorities to assess themselves against. CIPFA considers application of the Code to be the collective responsibility of each authority’s organisational leadership team, not just the responsibility of the Director of Finance or the finance team. For the purposes of the Code the ‘Leadership Team’ is defined as the collective group of elected members and senior officers.

The FM Code is intended to provide practical guidance regarding the implementation of the Code. The guidance notes state that

*“it is for the individual authority to determine whether it meets the standards and to make any changes that may be required to ensure compliance. Authorities should be able to provide evidence that they have reviewed their financial management arrangements against the standards and that they have taken such action as may be necessary to comply with them.”*

The Audit Committee has received a full report on the CIPFA FM Code at its March 2024 meeting. The Summary is set out in Table 1 below, Table 2 sets out the RAG status used for the self-assessment and Table 3 summarises the self-assessment against the 17 Standards.

**Table 1 - Financial Management Standards Summary**

RAG Rating	Progress Report	Number of Financial Management Standards
GREEN	Compliance is being demonstrated	10
AMBER	Minor to Moderate improvements are required to demonstrate compliance	5
RED	Moderate to Significant improvements are required to demonstrate compliance	2
TOTAL		17

**Table 2 - RAG Rating Key**

RAG Rating	Progress Report
GREEN	Compliance is being demonstrated
AMBER	Minor to Moderate improvements are required to demonstrate full compliance
RED	Moderate to Significant improvements are required to demonstrate full compliance

**Table 3 - Financial Management Standard Self-Assessment**

Standard Reference	Financial Management Standard	RAG Rating (March 2024)
<b>Section 1: The Responsibilities of the Chief Finance Officer and Leadership Team</b>		
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money.	AMBER
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	GREEN
<b>Section 2: Governance and Financial Management Style</b>		
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	AMBER
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	AMBER
E	The financial management style of the authority supports financial sustainability.	RED
<b>Section 3: Long to Medium-Term Financial Management</b>		
F	The authority has carried out a credible and transparent financial resilience assessment.	GREEN
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	GREEN

H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	GREEN
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	RED
<b>Section 4: The Annual Budget</b>		
J	The authority complies with its statutory obligations in respect of the budget setting process.	GREEN
K	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.	GREEN
<b>Section 5: 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.	GREEN
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	AMBER
<b>Section 6: 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 sustainability.	GREEN
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	AMBER
<b>Section 7: External Financial Reporting</b>		
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.	GREEN
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	GREEN

**Action Plan**

There is an action plan to address all of the Amber and Red areas. The 2 Red areas relate to medium financial suitability. Currently there is a lack of consistent organisational wide benchmarking that can demonstrate value for money, multi-year service planning and a multi-year balanced MTFP. The action plan that is being considered by Audit Committee at their meeting on 28 March sets out how these will be addressed.

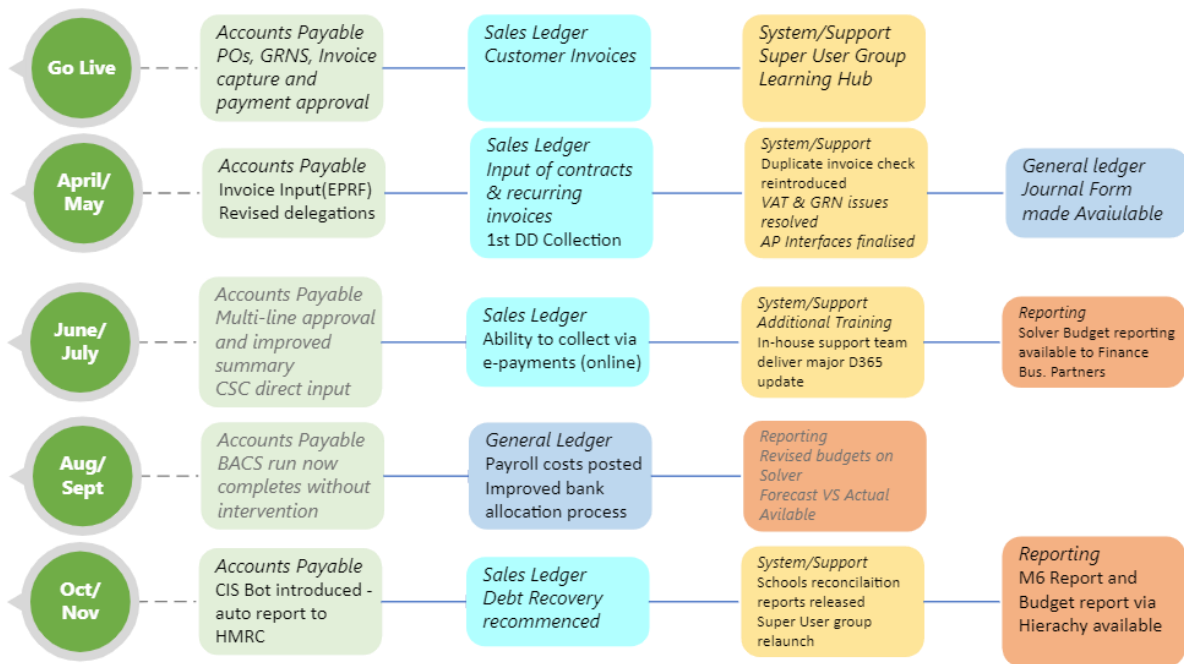
### **Outline of Key Achievements**

There have been a number of significant achievements that have helped improved financial management across the organisation during the first year of the new council. These must be seen against the back drop of having 5 different finance systems, 5 separate finance teams, and not having a permanent staffing structure whilst dealing with the financial 'emergency'.

Below are examples of the key achievements during the year.

#### ➤ **Implementation of a completely new Finance System - Microsoft Dynamics on time and within budget.**

- Extraction of data from 5 legacy Council Finance systems into one database
- Set up an online Learning Hub for our Finance System
- 100 x organisation wide training sessions carried out on our finance system
  - 19 x for 'Pre Go Live' and 81 x Post Go Live
- Recorded over 300 training sessions for our learning hubs assessable for all
- Establishment a change champion network and super user group
- Established a completely new system support team to manage, upgrade, administer and control our financial system
- Phased the go live of the new system from April to November as detailed below:



- **Built and implemented a new Fixed Asset Module within MSD**
  - Working with our implementation partners EY and Microsoft to develop a fixed asset module for their Finance System, as the first Council to have this.
  
- **Purchased and implemented ‘Solver’ – the Council’s budget monitoring tool**
  - Procured and implemented across the finance team, loading the correct hierarchy and budgets into the systems.
  
- **Introduced Monthly and Quarterly Budget Monitoring to the Executive including updating the format to reflect latest best practice**
  - Includes expenditure and income budgets rather than just net budget.
  - Rag status updated.
  - New variance table for each month shown for the whole year – separating out Adults and Childrens from the remainder of the organisation.
  - Spend board data included in the quarterly report.

- **Produced Financial Statement of Accounts for 2022/23, supported the external audit and received an unqualified audit opinion for Somerset County Council, Somerset Pension Fund and Somerset West and Taunton. (Audit Opinion for Sedgemoor District Council and Mendip District Council due in late March 2024, and South Somerset District Council in April 2024)**
- **Supported the audit and received an unqualified audit opinion for 3 sets of legacy accounts outstanding from 2021/22 for Sedgemoor District Council, South Somerset District Council and Mendip District Council and a set of accounts for 2020/21 for Sedgemoor District Council.**
- **Established and implemented processes for the Spend Control Board**
  - Established terms of references.
  - Amended process maps for our finance system to ensure captured by board.
  - Reviewed procurement cards in use, and reduced number of active cards.
- **Supported a number of Challenge Reviews across the Council for 2023/24 predicted outturn plus savings and pressures proposed for 2024/25.**
- **Supported the production of an updated DSG Deficit Management Plan (DMP).**
- **Supported financial modelling for the Gravity project – working with external stakeholders to model options and assess business rates impact.**
- **Supported external challenge sessions for Adults and Childrens directorates.**
- **Presented the Council’s financial situation to the ICB and the Foundation Trust whole Finance Teams away day.**
- **Delivered Members Training on the Housing Revenue Account, General Fund Budget Monitoring and Schools funding.**
- **Monthly members budget briefings from August through to February.**
- **Produced a new Capital Strategy and Treasury Management Strategy, incorporating flexible use of capital receipts and MRP policy.**

- **Supported and led the review of the Council's capital programme, reducing the programme, especially those projects subjecting the Council to external borrowing.**
- **Delivered a number of bitesize training sessions across the whole directorate on specialist topics e.g. VAT, Treasury Management, Risk, Financial Regulations.**