

Good Practice Self-Assessment (Key characteristics of good financial management)

Ref		Key characteristic currently in place	Meeting requirements
1.	Key characteristics of good financial planning		
1.1	The council's budget is set in the context of a longer-term financial strategy and a medium-term financial plan covering a three to five-year horizon.	Yes.	
1.2	The council has clearly identified the savings it intends to make over a three to five-year term. The savings plan is underpinned by detailed costings and delivery plans for individual savings (including transformation/change savings).	We recognise that some of the savings in the latter years lack the level of detail required, however the plan is to address this.	
1.3	The council has a good track record of delivering on its savings plans.	Budget challenge events. Profiled savings and monitoring against profiles.	
1.4	Medium-term financial planning and annual budgeting reflect the council's strategic objectives and priorities for the year, and over the longer term.	Yes, but to what level or extent?	
1.5	Assumptions around inflation, income levels, demographics, future demand for services and the costs of delivering services are modelled and based on reasonable predictions.	Yes, but to what level or extent?	
1.6	The council understands its sources of income and the risks arising from these, and has reviewed its approach to fees and charges to ensure it achieves value for money.	Policy is in place, but we need to embed the practice across the Council.	
1.7	Financial and corporate planning processes are integrated, link to risk management arrangements, and incorporate strategic planning for other resources including the capital programme and workforce planning.	Capital programme needs development. Better approach planned for 2017/18.	
1.8	The council uses financial modelling to assess likely impacts on financial plans and required savings for different scenarios, and to help ensure short-term fixes are not achieved at the expense of long-term sustainability.	We do some scenarios – minimal.	
1.9	The council models key expenditure drivers (for example, population changes and demand for services), sources of income (for example, income and government grant forecasts), revenue consequences of capital and resource requirements and balances.	Pupil number changes, Social Services demand, Council Tax, what grants we're going to receive. Resource Plan (what we need to deliver). We do consider reserves.	
1.10	The council operates within a level of reserves and balances (including earmarked reserves and the general fund balance), approved by members, and appropriate to the strategic, operational and financial risks it faces.	Reserves policy in place. Report into Audit Committee for scrutiny.	
1.11	If the council is not at its target level for balances, there is planned action in place to achieve this, taking account of any associated risks to the organisation's financial position and delivery of its priorities.	We have within the budget plan amounts to be paid to replenish reserves (included within Reserves Policy).	
2.	Key characteristics of good financial control		

Ref		Key characteristic currently in place	Meeting requirements
2.1	The council has an appropriate and effective budget management policy that clearly sets out roles, responsibilities and accountability. The scheme of delegation is clear, and processes are set out to manage budget under and overspends.	FR Action Plan point 27. Finance SLA clearly defines roles and responsibilities.	Need to develop better training for budget managers (included in finance review and action plan).
2.2	Financial monitoring and forecasting are fit for purpose and accruals-based, helping to ensure a clear link between the budget, in-year forecasts and year-end position.	The majority of this is in place. Budget monitoring monthly reports. Developed budget manager access to CP, rather than system generated reports, which gives them additional functionality to drill down. Address shortfall in terms of reviewing the budget monitoring.	Looking to improve budget monitoring report. (Included within Finance Review – finance Review Action Plan).
2.3	The council analyses and extrapolates relevant trends, and considers their impact on the projected final out-turn.		Identified in Finance Review and will be built into Action Plan.
2.4	The council takes timely action to address any budget pressures, for example, by taking corrective action to manage unfavourable variances or by revisiting corporate priorities.	Virement process used to deal with minor level budget pressures.	
2.5	The council has a good recent record of operating within its budget with no significant overspends.	Outturn position for the last 2 financial years (14/15 & 15/16) has been an underspend against the approved budget. Variances at a service level have seen overspends, partly due to the non-achievement of all savings within the financial year. In 14/15 savings delivered represented 80% of those planned and 76% in 15/16. To mitigate the risk of non-delivery the Council has set up a budget management reserve, as yet this has not been drawn on. Monthly financial reporting and forecasting across the Council including Cabinet keeps everyone informed of the current position so that any variances can be considered and the necessary action taken. Budget Challenge events will be held regularly with Heads of Service on the delivery of the savings and their service financial performance against budget.	

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2.6	The council has agreed a clear policy on the use of its reserves. There is a clearly justified minimum level for its 'general fund' reserves balance. There is a clear rationale to explain transfer from, or between, reserves. Clear protocols explain how and when each reserve should be used. Decisions about reserves are underpinned by a comprehensive assessment of risk and current performance.	Reserves Policy approved and in place.	Do we need to report more detail to Cabinet?? Reserves report that was presented to Scrutiny to be taken to Cabinet.
2.7	The reserves policy has been agreed by members and is subject to scrutiny.	Yes. Budget Scrutiny Panel recently received a report.	
2.8	The council has a clear policy on income generation/charging. There is a register of charges across its services to help manage charges consistently. The council has corporate guidelines on how concessions should be applied. Charges are regularly reviewed and the policy updated.	Income Policy approved and in place. Register of charges being collated. Budget Challenge Events to ensure Heads of Service are incorporating the requirements of the policy into their financial planning. Need to reinforce the policy.	
2.9	The council monitors its key financial ratios, benchmarks them against similar bodies and takes action as appropriate.	Limited at individual service level. Recognised as a shortfall. Reserves monitored. Funding per head of population.	Finance Review – finance benchmarking to be undertaken to provide information for decision making.
2.10	The annual governance statement gives a true reflection of the council.	The Annual review of the authority's corporate governance arrangements is undertaken through the Annual Governance Statement which is approved by the Audit Committee following extensive consideration by the Joint Chairs and Vice-Chairs Steering Group. The AGS goes beyond the requirements of the CIPFA and Solace guidance.	
3.	Key characteristics of good financial governance		

Ref		Key characteristic currently in place	Meeting requirements
3.1	The leadership team clearly understands the significant and rapidly changing financial management challenges and risks facing the organisation, and is taking appropriate action to secure a stable financial position.	Three year budget planning process and budget challenge events on a quarterly basis. Corporate risk register reported to Cabinet on a quarterly basis. Monthly budget monitoring reports to Cabinet. Budget management reserve set aside specifically to deal with any slippage of savings targets and mitigates the risks associated with slippage.	
3.2	The council has sufficient capacity and capability to promote and deliver good financial management.		Review undertaken of capacity and capability of finance with a set of actions to deliver. Improve the financial service offered Improvement financial management and responsibility across the council.
3.3	The leadership team fosters an environment where there is good understanding and routine challenge of financial assumptions and performance, and a culture of transparency about the financial position.	Cabinet workshops Budget scrutiny committee (FSP) Budget challenge events Budget performance monitoring Audit Committee – financial monitoring	
3.4	The leadership team provides constructive scrutiny and challenge on financial matters to ensure arrangements remain robust and fit for purpose.	As above	
3.5	There is regular and transparent reporting to members. Reports include detail of action planning and variance analysis.	Regular financial monitoring. Limited detail of variances Alignment of priorities with budget activity.	Review budget monitoring reports for content and to improve the information provided within. Establishment of Strategic Overview Board to oversee performance, finance and risk information.

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3.6	Members scrutinise and challenge financial performance effectively, holding officers to account.	<p>Scrutiny committees are provided with information, request information from services and invite officers to discuss specific information.</p> <p>Finance Scrutiny Panel and Audit Committee see overarching financial information.</p> <p>Budget Challenge Events led by the S151 Officer and Portfolio Holder for Finance, to hold officers to account.</p>	
3.7	Internal and external audit recommendations are dealt with effectively and in a timely manner.	Action plans for recommendations are developed at service level.	Re-establish the regulatory recommendation tracker process.
3.8	There is effective engagement with stakeholders on budget issues, including public consultations.	<p>Public consultation carried out as part of the budget setting process. The findings of which are reported in the budget and inform the budget setting process.</p> <p>A number of different methods have been used to increase public participation, including online budget simulator.</p>	