

Portfolio Holder for Finance



County Hall
Llandrindod Wells
Powys
LD1 5LG
26 March 2018

For further information please contact

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NOTICE OF INTENDED PORTFOLIO HOLDER DELEGATED DECISION

The Portfolio Holder has received the following report for a decision to be taken under delegated authority. The decision will be taken on **3 April 2018** (i.e. 3 clear days after the date of this note). The decision will be published on the Council's website but will not be implemented until 5 clear days after the date of publication of the decision) to comply with the call-in process set out in Rule 7.37 of the Constitution.

1.	SUPPORT FOR THE USE OF THE CIPFA FINANCIAL MANAGEMENT MODEL
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CYNGOR SIR POWYS COUNTY COUNCIL.
PORTFOLIO HOLDER DELEGATED DECISION
By
COUNTY COUNCILLOR ALED DAVIES
(PORTFOLIO HOLDER FOR FINANCE)
March 2018

REPORT AUTHOR: Head of Financial Services

SUBJECT: Support for the use of the CIPFA Financial Management Model

REPORT FOR: Decision

1 Summary

1.1 This report recommends that the Council proceed, as part of a WLGA pilot scheme, with using the CIPFA financial model to independently assess the current financial robustness of the organisation, and to benchmark the organisation's financial performance against best practice. This process will highlight strengths and weaknesses in the Council's financial management systems and will form the basis for future improvement and action.

2 Proposal

2.1 The financial pressures placed upon the Council are set to intensify. It is predicted that efficiency savings of £17m will need to be delivered to produce a balanced budget in financial year 2019/20. Further savings will be required in subsequent years.

2.1 The acute nature of the on-going financial challenge is recognised in the recent Wales Audit Office Annual letter. Finance has a critical role, specifically strong financial management practices, to play in ensuring these challenges are met by the organisation. It is vital that Finance ensures that the service is adding value and is strategically placed within the organisation.

2.2 It is crucial that organisations understand their current position and have a coherent strategy to improve and develop their financial management arrangements. The FM Model will provide an independent view and roadmap for the Authority for financial management improvement.

2.3 Concurrently, the council has committed to updating the Medium Term Financial Strategy (MTFS) by the end of May 2018. The output from the

CIPFA model and review will complement this work-stream and its application will enhance the robustness of the updated proposal.

- 2.4 The CIPFA financial model is an internationally recognised tool used to assess an organisation's financial robustness and to benchmark an organisation's financial performance against best practice. The framework is fully up to date and reflects the latest developments in financial management in the public sector.
- 2.5 The model uses a combination of document reviews, interviews and on-line surveys, facilitated by CIPFA, to give an independent assessment of the current state of financial management practices within the Council. The model will produce an organisation-wide assessment of financial management capability and will isolate areas for development.
- 2.6 The CIPFA report will provide, "recommendations to suggest key actions for the council, especially in relation to medium term opportunities and any short term areas of focus." And will, "provide a commentary on findings, risk and suggestions around direction of travel."
- 2.7 Further details regarding the framework can be found in the CIPFA discussion document in Appendix A at the end of this report.

3 Options Considered / Available

3.1 NA

4 Preferred Choice and Reasons

4.1 NA

5 Impact Assessment

5.1 Is an impact assessment required? **No**

6 Corporate Improvement Plan

6.1 As stated in the 'Making it happen' section of the Corporate Improvement Plan, one of the key building blocks required to deliver the Vision 2025 is to improve the efficiency and effectiveness of our Corporate support services. The independent assessment of financial management practices, provided by the CIPFA model, and resulting action plan, is fully aligned with this objective.

7 Local Member(s)

7.1 NA

8 Other Front Line Services

In assessing the financial health of the organisation all service areas will be considered as part of this review.

9 Communications

Have Communications seen a copy of this report? **Yes**

Communications comment: "No proactive communication action required."

10 Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)

10.1 Legal – The recommendation can be supported from a legal point of view

10.2 Finance – Funding will be provided by the WLGA on a grant basis. The Authority will contract with CIPFA for the support and make payment. Following this the full cost can be recovered from the WLGA with the submission of a claim. The project cost will be £30,000.

11 Scrutiny

Has this report been scrutinised? **No**

11.1 The finance scrutiny panel and Audit Committee will receive information about the work being undertaken and will also receive a copy of the final report for their scrutiny.

12 Statutory Officers

12.1 The Solicitor to the Council (Monitoring Officer) has commented as follows: "I note the legal comment and have nothing to add to the report".

12.2 The Head of Financial Services (Acting Section 151 Officer) has commented as follows: "The opportunity to participate in this project is extremely timely, the assessment will support and strengthen the Priority Improvement Area D – Strategic & Financial Planning included in the Corporate Leadership and Governance Plan and assist in the development of the revised Medium Term Financial Strategy. It is more important than ever that the Council has a robust awareness of the organisations financial management arrangements, procedures and capability and where improvements can be made. This is the key to developing and ensuring continual financial resilience."

13 Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If the Portfolio Holder has an interest he/she

should declare it, complete the relevant notification form and refer the matter to the cabinet for decision.

14 Future Status of the Report

NA

Recommendation:	Reason for Recommendation:
To proceed with the WLGA pilot scheme to independently assess the financial management practices of the organisation using the CIPFA Financial Management Framework.	To assess the current robustness and performance of the organisation's financial management system and to develop a plan for future development.

Relevant Policy (ies):			
Within Policy:	Y / N	Within Budget:	Y / N

Relevant Local Member(s):	
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Person(s) To Implement Decision:	
Date By When Decision To Be Implemented:	

Contact Officer: Tel: Email:

Background Papers used to prepare Report:

Appendix A:

CIPFA Discussion document: Local Government financial resilience in Wales (July 2017) prepared by Chris Tidswell (Head of CIPFA Wales):



FM FRR Discussion Document.pdf