

## CIPFA Financial Management Code

### Consultation Questions and Response Sheet

The Financial Management (FM) Code is an important new initiative for local government and those with an interest in its success. The consultation version has been developed with the oversight of a stakeholder group including local government, the audit community and others with an interest in the project. It has also been the subject of practical 'road testing' by a sample containing different types of authorities.

Notwithstanding this rigorous development process, CIPFA are still keen to receive feedback, most especially on those aspect of the Code where good practice has proved difficult to codify.

#### Consultation Process

Please use this FM Code Word format response sheet since this will ensure that your responses can be incorporated consistently into our analysis.

The responses may be shared with members of the stakeholder groups and other CIPFA boards responsible for the governance of the code. If you wish your response to be anonymised for this process then please give reasons why this needs to be the case in submitting your response

Organisation/Respondent	Tonbridge and Malling Borough Council / Director of Finance and Transformation
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Any other relevant information on the respondent	
Section 151 Officer	

**Return by email to [FMcode@cipfa.org](mailto:FMcode@cipfa.org) by 30 April 2019**

**The Responsibility of the Chief Finance Officer and Leadership Team**

The FM Code has sought to establish the correct balance between the personal responsibilities of the CFO and the collective responsibilities of the leadership team for financial management.

*Q1 How can the collective responsibility of the leadership team for Financial Management be made more explicit in the Code.*

Suggest that the context in which the responsibility of the leadership team for Financial Management is referred to in the Code is adequate and for each local authority to determine how to discharge and communicate that responsibility within its own organisational structure.

**The Applicability of the Financial Management Code**

The FM Code will apply to all local authorities, including police, fire, combined and other authorities which:

- in England and Wales are defined in legislation for the purposes of Part 1 of the Local Government Act 2003
- in Scotland are defined in legislation for the purposes of Part 7 of the Local Government in Scotland Act 2003, or to the larger bodies (such as Integration Joint Boards) to which Section 10 of this Act applies, and
- in Northern Ireland are defined in legislation for the purposes of Part 1 of the Local Government Finance Act (Northern Ireland) 2011.

*Q2: Does the applicability of the FM Code satisfactorily reflect the increasing complexity and variety of local bodies.*

Yes, believe so.

**Compliance with the FM Code**

Stakeholders have suggested that inclusion of the Code within the Annual Governance Statement would be an appropriate way for local authorities to report compliance. This may require the *CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)* to be amended. CIPFA would welcome comments on the merits and practicality of this suggestion

*Q3 Would the inclusion within the Annual Governance Statement of a statement of how the authority had complied with the Code be an effective means of reporting compliance?*

In principle supported on the assumption what is suggested is a concise statement along the lines that the FM Code had been complied with in all material respects but not the detailed evidence supporting that assertion within the Annual Governance Statement.

Alternative, the Robustness of Estimates and Adequacy of Reserves Statement as part of the budget setting process?

**Long Term Financial Strategy and Medium Term Financial Management**

An important objective of the FM Code is to establish longer term financial planning in local authorities. CIPFA wants to encourage local authorities to be more ambitious in their choice of timescale for financial planning.

*Q4 Given that the FM Code makes Medium and Long Term financial planning obligatory, how can CIPFA encourage local authorities be more ambitious in the timescales chosen?*

Suggest that the Code sufficiently requires, promotes and encourages medium and long term financial planning and for each local authority to determine how in recognising its importance its approach to meet that objective.

**Financial Resilience Assessment**

To comply with the FM Code an authority will have aligned its spending plans to a robust assessment of its future resources. Where this has not yet happened the leadership will need to take the decisions necessary to restore financial sustainability.

*Q5 How can the FM Code give additional support to leadership teams in taking the decisions necessary to restore financial sustainability.*

Suggest this is more for the Section 151 Officer and the Corporate Management Team in liaison with the Executive of a local authority to determine what and how it is to address a funding gap between expenditure and income recognising there is in all likelihood no one solution and that solution(s) adopted will vary from authority to authority in scale and size to reflect their particular circumstances.