

Financial Management Standard Reference	CIPFA Financial Management Standards	London Borough of Barnet Position 2021/22
<b>Section 1:</b>	<b>The responsibilities of the chief finance officer and leadership team</b>	
1	The leadership team is able to demonstrate that the services provided by the authority provide value for money.	<p>A Use of Resources review is conducted via the Adults Social Care Annual Finance Return (ASCFR) and benchmarking is also undertaken via other the statutory returns, e.g. S251 for Family Services, RO and RA.</p> <p>Specific benchmarking is also undertaken by the Street Scene service who carry out a bench-marking exercise for Garden Waste; the data is collected from 368 local authorities in the UK which offer regular kerbside collections of domestic garden waste, where the price comparison is made with 33 London Boroughs.</p> <p>Unit costs are calculations are completed for Households Waste collections: KG per Households; Recycling rates – tonnage; and staffing, vehicle and overhead costs for the collection of waste per round and households.</p> <p>The council is able to demonstrate appropriate quality at the right cost as evidenced by the balanced outturn position at year end.</p> <p>In relation to Procurement, procurement checks, contract letting, and budget allocation are done in a way that promotes VFM.</p>
2	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	The CFO is a key member of the council’s leadership team (the Corporate Management Team (CMT)) which helps to develop and implement strategy and to resource and deliver The Barnet Plan.

Section 2:	Governance and financial management style	
3	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	<p>The Council has in place a robust governance framework which is supported by the Constitution. A clear scheme of delegation in the Constitution sets out which decisions should be made by Council, committees or officers under delegated powers. Comprehensive chief officer schemes of delegation are in place to support decisions taken outside of formal meetings. Council, committee and delegated powers reports set why the report/decision is needed, reasons for recommendations, alternative options considered and not recommended, post-decision implementation, links to corporate priorities, resource implications, legal and constitutional references, risk management, equalities and other factors to ensure that all relevant considerations have been taken into account by decision-makers and debate can take place on recommended options.</p> <p>An Assurance Group exists which contains several services which are charged with governance including Internal Audit, Corporate Anti-Fraud, Governance Service, Legal Services, Corporate and Local Government Ombudsman complaints, Records and Information Management and the Monitoring Officer. These areas report regularly to Members via the Committee System of governance and via Council Management Team. The Head of Internal Audit provides an annual Internal Audit Opinion for the preceding year and reports to the Audit Committee which provides an overall opinion on the adequacy and effectiveness of governance, risk management and control based on the internal audit work completed throughout the year. This report is discussed at CMT and members of the leadership team are responsible for owning and delivering recommendations for the services that contained with the Internal Audit report.</p>
4	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	<p>The Council has a separate Code of Corporate Governance which is reviewed annually and reported to the Audit Committee alongside the AGS and published as part of the Constitution. The Code is consistent with the principles of the of Good Governance as set out in the CIPFA Delivering Good Governance in Local Government Framework 2016. How the Council complies with the principles will be reported annually alongside the Annual Governance Statement.</p> <p>A Members Code of Conduct is adopted by Council as part of the Constitution. The Code includes a Procedure for Dealing with Complaints. Complaints made via this procedure are investigated by the Monitoring Officer and Independent Persons</p>

		<p>are used to review findings and recommended actions. Complaints made via this process have Member oversight as they are regularly reported to the Constitution &amp; General Purposes Committee.</p> <p>A Protocol for Member / Officer Relations is also adopted as part of the Constitution.</p> <p>Human Resources maintain an Officer Code of Conduct which details provisions relating to: expected standards of service; management of Council information; political neutrality; relationships; recruitment, employment and promotion of relatives; additional employment; intellectual property; conflicts of interest; workers as residents; equal opportunities; separation of roles during tendering; use of financial resources; corruption; gifts, hospitality and sponsorship and recording thereof; sponsorship; use of IT systems; substance misuse; application of Code; guidance on staff entering premises where an adult is not present; fraud; and restraint of trade. The Code includes a hospitality, gifts and sponsorship declaration form. Details of any declarations are retained by the Governance Service.</p> <p>The statutory Monitoring Officer is responsible for ensuring compliance with legislative and regulatory requirements and upholding the highest standards to conduct for Members and officers. The Council has a whistleblowing policy and procedure, and relevant officers recently undertook training in this area.</p>
5	The financial management style of the authority supports financial sustainability.	Throughout the year financial performance is regularly reported to the Financial Performance and Contracts Committee (FPCC) and performance against the key performance indicators in the Corporate Plan are reported to the relevant theme committees. In 2022/23 these arrangements will be reviewed following the abolition of FPCC.
<b>Section 3:</b>	<b>Long to medium-term financial management</b>	
6	The authority has carried out a credible and transparent financial resilience assessment.	<p>The delivery of savings contained in the MTFs are tracked to ensure that savings plans are still deliverable and, where they are at risk of not being delivered, options are considered to address any resulting service pressures.</p> <p>Cashflow statements are also prepared for the short and medium term to ensure financial resilience.</p>

		A Quarterly Financial resilience assessment for LBB is reported to CFO/CMT Assurance.
7	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	<p>In setting the MTFS, the organisational objectives include:</p> <p>Planning over a medium term of at least 3 years</p> <ul style="list-style-type: none"> <li>• Maintaining a level of sustainable reserves which is defined by the Section 151 officer during the budget setting process; for 2022, this was £15m for general fund reserves and £40m for earmarked non-ringfenced revenue reserves;</li> <li>• Building resilience to economic shocks and insulating from the requirement for sudden cuts to vital services;</li> <li>• Use reserves to invest in one-off investment or transformation requirements but not to the point of the organisation being in distress;</li> <li>• Ensure we have sufficient funding for on-going transformation and long term changes;</li> <li>• Provide a realistic amount of funding to support increasing demand, quickly addressing ongoing financial pressures with a permanent solution, reducing the instances where one off solutions are used;</li> <li>• Aim to achieve the best possible outcomes within the funding available;</li> <li>• Ensure that budgets are aligned to the Barnet Plan and that we will actively disinvest where this is not the case;</li> <li>• future cost of current borrowing decisions and the maturity profile of borrowing are included in the MTFS.</li> <li>• The future cost of borrowing is also included in the TMSS and is reported to P&amp;R Committee.</li> </ul>

8	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	<p>Yes, details are contained in both the Capital Strategy and the Treasury Management Strategy which both approved by Full Council and form part of the MTFS.</p> <p><a href="#">Capital Strategy</a></p> <p><a href="#">Treasury Management Strategy</a></p>
9	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	<p>A comprehensive budget setting process takes place annually. In June, the Policy &amp; Resources Committee receives a report which outlines the Business Planning process for the forthcoming Medium Term Financial Strategy (MTFS) period. This includes details of the previous year's outturn, reports the updated MTFS, sets out a timetable for the forthcoming year's budget setting process and agrees in-year changes to the budget. A further report is taken to the September meeting of the Committee which sets out the Council's financial position, proposed allocation of savings targets to theme committees (e.g. Adults, Children's, Environment, etc.) and seeks approval for in year budget changes (e.g. virements, debt write-offs, changes to capital programme).</p> <p>All proposed savings are tied back to the council's corporate priorities to ensure consistency with and support of The Barnet Plan.</p>
<p><b>Section 4: The annual budget</b></p>		
10	The authority complies with its statutory obligations in respect of the budget setting process.	<p>The council's Chief Finance Officer sets out the assumptions underlying the council budget calculations in order to achieve a balanced budget for the forthcoming year. The budget and MTFS for future years is presented to Full Council in March for review and approval.</p> <p>Once the budget has been agreed by Full Council any virements and in-year changes can only be made in accordance with the council's financial regulations.</p>

11	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.	Yes, a S25 declaration is included within in the budget report.
<b>Section 5: Stakeholder engagement and business plans</b>		
12	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	Theme committees consider budget proposals at their October and November meetings and report back to the Policy & Resources Committee in December prior to a period of public consultation. The final post-consultation budget proposals are reported to Policy & Resources Committee in February and Full Council in March.
13	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	<p>All new Capital Projects and changes to existing programmes are discussed at monthly Capital Strategy Board (CSB) to ensure that they demonstrate value for money, align with existing plans and support The Barnet Plan. Any amendments to the Capital Programme are then submitted to Policy and Resources Committee for approval.</p> <p>The council uses Green Book methodology to assess major projects where appropriate. This is in line with the terms of reference for CSB.</p>

Section 6:	Monitoring financial performance	
14	<p>The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.</p>	<p>The council also has an established approach to risk management, which is set out in the Risk Management Framework. Strategic and service level risks, including any joint risks with strategic contractors (Capita, The Barnet Group and Barnet Education &amp; Learning Service), are reviewed by the risk owners quarterly (as a minimum) and discussed at Directorate Senior Management Teams before being submitted to the Performance &amp; Risk Team for a “check &amp; challenge”. Any risks scoring 12 plus are escalated for review by the Council Management Team, along with the strategic risks. The high-level risks (scoring 15 plus) are then reported to Policy and Resources Committee.</p> <p>In July 2021, we commenced a comprehensive review of strategic and service level risks across the organisation to:</p> <ul style="list-style-type: none"> <li>• Ensure risks reflect the challenges of the last 18 months;</li> <li>• Focus risks on the delivery of our objectives (e.g. new Barnet Plan and other strategies); and</li> <li>• Identify any emerging risks in future years, so we can plan ahead.</li> </ul> <p>This comprehensive review will result in refreshed risk registers for 2021/22 (see 2nd attachment below as an example).</p> <p>This approach to risk management ensures we have effective oversight of risks across the organisation and is a key part of our internal control framework. We have an internal audit of the Risk Management Framework each year to check on its effectiveness, with the latest report (July 2020) showing we have a “strong risk management culture in place at Barnet”.</p>
15	<p>The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.</p>	<p>Reports are presented to the Council Management Team and Financial Performance &amp; Contracts Committee, which include information on levels of outstanding debt including statutory debt (Council Tax and Business Rates).</p> <p>For the council’s housing stock, the Housing Revenue Account position is reported to and monitored by Housing and Growth Committee.</p>

		The council also includes reporting on treasury activity, including liquidity, to Policy and Resources Committee on a bi-annual basis and in 2021/22 began reporting activity to Financial Performance & Contracts Committee in preparation for the soft launch of the revised CIPFA Treasury Management Code of Practice.
<b>Section 7:</b>	<b>External financial reporting</b>	
16	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.	<p>The council's annual statement of accounts are prepared in accordance with the proper practices as set out in the Chartered Institute of Public Finance and Accountancy Code of Practice on Local Authority Accounting in the United Kingdom (The Code).</p> <p>The CFO is the designated Section 151 officer for the council and holds the statutory responsibility and personal responsibility for ensuring the council's statement of accounts are prepared in compliance with these requirements.</p>
17	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	The final outturn figures are reviewed and agreed by the council's Corporate Management Team and presented to both Financial performance and Contract Committee and Policy and Resources Committee including the final capital outturn and the position on reserves.