

Appendix 1
Assessment of compliance with the CIPFA Financial Management Code - 2023

- Full compliance - 16
- Some improvement required - 0
- Major improvement required - 0

Ref	Standard	Assessment	Actions from Prior Year FM Code Review	2023/24 Update	Required Actions 2024/25	RAG Prior Year	RAG Latest Review
Section 1: The Responsibility of the CFO and Leadership team							
A	The leadership team is able to demonstrate that the services provided by the Authority provide value for money.	<p>The Authority is committed to making the best use of resources, which is a key priority of the Fire and Rescue Plan. This is taken into consideration in the key decision making mechanisms within the Authority.</p> <p>The budget is agreed annually, and the performance is scrutinised in the PFCC Performance and Resources Board. The MTFs is agreed annually, but quarterly updates are reported through the PFCC Strategic Board.</p> <p>The Authority continues to work on Collaborative projects, which are reported through the Strategic Collaboration Board.</p> <p>The Procurement department has completed a restructure where the Authority will adopt a Category Approach with procurement centralised. Once implemented, this will provide further assurance that value for money arises through the procurement process.</p> <p>Value for Money has been assessed as part of the annual external audit process. The latest VFM report form the external auditor is positive.</p> <p>The Authority has recorded a good level of achieving cashable savings, which has mainly been driven by finance through the budget process. The Productivity and Efficiency boards tracks the realisation of the efficiencies. Further in year savings plans are also formulated through this board. The Service also publishes an annual Productivity and Efficiency plan, which gives transparency to the public over its plans.</p>	<p>To complete the benchmarking activity being carried out. The output of the benchmarking group is expected by Q2 of 2023/24.</p> <p>To develop the maturity of the Savings and Efficiency Tracker, to ensure that it includes: Cashable and Non Cashable Efficiencies / Cost Avoidance. This will be achieved by the end of 2023/24.</p>	<p>In the year cashable savings have been tracked regularly through the Productivity & Efficiency Board. A further in year plan was developed by the directors, in light of the additional unplanned financial challenges. A closure plan is being presented at the June 24 SLT Meeting.</p> <p>Savings are also now captured routinely by the upskilled procurement function. These are reported in the procurement reporting pack on a quarterly basis to SLT & PFCC. Within the quarterly reporting pack, details of all procurement collaboration activity is also summarised, which is now much more prominent in the procurement teams work.</p> <p>During the year the Service has started to undertake some higher-level benchmarking activities, which focussed on the family group. Work is being undertaken at a national level to provide benchmarking and Essex will continue to be involved in this workstream.</p>	<p>Regular reporting on the efficiency plan will be presented to SLT / P&R throughout the year.</p> <p>Feedback on the national benchmarking workstream will be presented back into the Service when available.</p>		
B	<p>The authorities complied with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.</p> <p>The CFO must:</p> <ul style="list-style-type: none"> - Be a key member of the leadership team - Be able to influence all key business decisions - Lead the promotion and delivery of good financial management - Lead and direct a finance function that is fit for purpose - Be professionally qualified. 	<p>The Chief Finance Officer (Section 151) is a key member of the Service Leadership team and is a qualified accountant. With increased pressure on future funding and spend for the Authority, the Section 151 Officer now reports directly to the Chief Fire Officer to ensure independence of the role. The Chief Financial Officer also sits on the NFCC Finance Committee as lead for PFCC's.</p> <p>The Deputy Director of Finance is also an experienced qualified accountant and deputises for the Chief Financial Officer as appropriate.</p> <p>The Finance Team has a defined structure and has suitable qualified staff throughout the department. Work has been completed on resilience and succession planning within the Finance Team. The skillset of Finance Team is reviewed annually through the appraisal process and investment is made in the team development of technical and interpersonal skills.</p> <p>All budget holders have regular contact with the Finance Team, who promote efficient use of resources.</p> <p>The Authority engages professional advisors where appropriate, in areas such as taxation and treasury management.</p>	No actions required.	No actions required.	No actions required.		
Section 2: Governance and Financial Management Style							
C	The leadership team demonstrates in its actions and behaviours the responsibility for governance and internal control.	<p>The Authorities Constitution provides a strong governance model. This outlines the includes scheme of delegations.</p> <p>Internal Audit services are provided by RSM UK and are reported to the Audit committee.</p> <p>The Internal Audit Service has provided assurances over the effectiveness of the Governance arrangements, internal controls and risk management. Internal audit updates are tracked through the Continuous Improvement Board. An Annual Governance Statement is also produced and published.</p> <p>Corporate Risks are reviewed regularly and reported through SLT and Audit Committee.</p>	None required.	Not applicable.	None required.		
D	The Authority applies the CIPFA/Solace Delivering Good Governance in Local Government Framework (2016).	<p>The Audit Committee performs a review of effectiveness annually. Internal and external audit recommendations are monitored and reported to the Committee.</p> <p>No issues have been raised regarding financial sustainability. The internal audit function is provided by RSM Assurance LLP, a PSIAS compliant audit firm.</p> <p>An Annual Governance Statement is also produced and published. This demonstrates how the Authority is complying with the Chartered Institute of Public Finance and Accountancy's (CIPFA's) and the Society of Local Authority Chief Executives (SOLACE's) joint Delivering Good Governance in Local Government Framework as well as the Authority's Constitution.</p>	None required.	Not applicable.	None required.		
E	The financial management style of the Authority supports financial sustainability.	<p>Financial Regulations within the Constitution provide a clear and understandable framework for accountability.</p> <p>There is a finance representative at all major decision making boards.</p> <p>The Medium Term Financial Strategy is reviewed annually. Quarterly reporting is provided the PFCC Strategic Board with updated cost pressures, changes to income and additional savings. The Authority has a number of other key financial strategies which are prepared on an annual basis, including three key Balance Sheet strategies: Reserves, Capital and Treasury Management. The Financial pack which includes the performance, balance sheet, cashflow and capital spend is scrutinised at the Performance and Resources Board monthly.</p> <p>Meetings are held regularly with budget holders to review the financial results against budget; to ensure implications of decisions are understood and that managers are responsible for those decisions.</p> <p>The Authority has received a Good Rating from HMICFRS relating to future affordability. The work around the MTFs / Cashable Efficiencies, Reserves and Capital Strategies have been important drivers in achieving this</p>	We will continue to work closely with budget holders to continue to develop financial sustainability across the Service.	<p>During 2023/24, there have been more financial updates across the origination, most notably through the Manager's briefing session. This has ensured transparency around the financial position and challenges of the Authority. Manager's have also been engaged to provide efficiency ideas, to assist with Directors efficiency plans for 2024/25.</p> <p>During the year there has been some staffing changes in the Monitoring Team. This has impacted the regularity of some budget holder engagements, particularly in the latter part of the financial year.</p>	A new Finance Manager for monitoring has been appointed and will start in Q2. There experience will be very beneficial to the team. All other monitoring roles are fully staffed by the end of 2023/24. It is important that all budget holder meetings become regimented in there timings.		
Section 3: Medium to Long-term Financial Management							

F	The Authority has carried out a credible and transparent financial resilience assessment.	The Budget and MTFs reports assess financial resilience over the medium term. This is supported by the key financial strategies which include Reserves, Capital and Treasury Management. These reports are published on the Authority's website to ensure full transparency.	None required.	The MTFs was updated in 2023/24 and includes a sensitivity analysis to enable the Authority to understand the impact of changes in costs and funding in the short term. The MTFs is updated on a quarterly basis and reported through the Strategic Board. The Authority also received a Good Reating in the year from HMICFRS relating to future affordability. The work around the MTFs / Cashable Efficiencies, Reserves and Capital Strategies have been important drivers in achieving this.	There is no further actions but work on these areas will continue to be of upmost importance in 2024/25.		
G	The Authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	Long-term financial sustainability is understood by the Authority, based on the information available. The Authority has a prudent level of reserves to manage any risks of the medium term.	A 10 year capital programme will developed by the end of 2023/24.	The Authority continues to prepare the key financial strategies, which also includes a Capital Strategy. The Treasury Management Strategy now considers the impact of the capital programme over a 7 year period.	A 10 year capital programme will developed in 2024/25.		
H	The Authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	The annual Treasury Management Strategy ensures compliance with the Prudential Code.	None required.	None required.	None required.		
I	The Authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	The Medium Term Financial Strategy is agreed annually (aligned to the budget process). There are quarterly updates on the MTFs which are reported through the PFCC Strategic Board, which will report on any changes that may arise in the MTFs due funding / change in assumptions etc.	None required.	The MTFs was updated in 2023/24 and includes a sensitivity analysis to enable the Authority to understand the impact of changes in costs and funding in the short term.	None required.		
Section 4: The Annual Budget							
J	The Authority complies with its statutory obligations in respect of the budget setting process.	The Authority complies with its statutory obligations in respect of the budget setting process as set out in the Local Government Finance Act (1992).	None required.	None required.	None required.		
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.	Assumptions are reviewed in detail in the budget setting paper and the budget includes a review of the level of reserves.	None required.	None required.	None required.		
Section 5: Stakeholder Engagement and Business plans							
L	The Authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual	There is engagement across a range of stakeholders, including the PFCC, the Police, Fire and Crime Panel, key Management and budget holders.	None required.	None required.	None required.		
M	The Authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions	There is a documented options appraisal process for decision making. Template business case are utilised which encourages the use of financial analysis, but does not have a standard appraisal process. Value for money is not adequately demonstrated.	None required.	We have a formal governance structure that monitors all areas of transformation within the Service, the Portfolio Management Board. Our decision sheet process shows a standard process for PFCC decisions in line with the Constitution.	None required.		
Section 6: Monitoring Financial Performance							
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	Monthly finance packs provide timely information to the leadership team to take action against emerging risks. Operational dashboards provide non financial indicators to risks which may impact on the financial performance of the Authority. The Authority has a robust and comprehensive risk strategy and risk register.	None required.	None required.	None required.		
O	The Authority monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	The balance sheet with supporting commentary is included in the monthly finance pack which presented to the Performance & Resources Board. The Authority has adopted a regular review and signoff of balance sheet accounts. During the year, the balance sheet does not include certain annual adjustments made for statutory purposes; these are captured as part of the year end accounting process.	None required.	None required.	None required.		
Section 7: External Financial Reporting							
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.	Set out in the "Statement of Responsibilities" within the annual Statement of Accounts. This statement clearly sets out that the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. Technical support is provided from Financial Accountant and Compliance Officer to ensure compliance with all the latest legislation. Any upcoming financial reporting changes are identified in advance of transition. The Authority engages with CIPFA and the external auditors where appropriate.	None required.	None required.	None required.		
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	Monthly finance packs provide timely information to the leadership team to take action against emerging risks. Regular reforecasting of the outturn, with commentary, is included within the monthly financial pack which is presented to the monthly Performance & Resources Board. This is also captured through the MTFs updates presented to the quarterly Strategic Board.	None required.	None required.	None required.		