

# Runnymede BC - Assessment of Compliance with the CIPFA Financial Management Code – 2021/22

Financial Management Standard	Current Assessment	RAG	Areas for improvement
<b>Section 1 – The Responsibilities of the Chief Finance Officer and Leadership Team</b>			
<p><b>A The leadership team is able to demonstrate that the services provided by the authority provide value for money</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?</li> <li>• Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?</li> <li>• Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?</li> </ul>	<p>The MTFs delivers a robust financial plan through a rigorous budget setting process. Before any growth items or substantial/capital schemes are agreed they are subject to a full business case appraisal including links to the Corporate Business Plan, objectives, appraisal of alternative options (including “do nothing”) and a financial appraisal.</p> <p>The delivery of our services is guided by our Corporate Business Plan which sets out our objectives and how we will meet them. This plan is based on an assessment of local need and is approved by the leadership team.</p> <p>The Council’s performance framework includes regular monitoring of projects to ensure that the key aims of the council are progressed to budget, timescales, and outcomes. These are reported to the Corporate Management Committee</p> <p>The council has a strong record of identifying and delivering efficiency savings and we periodically undertake a programme of efficiency reviews, designed to assess the extent to which or principal services are operating efficiently and offering VFM and to make recommendations for improvement</p> <p>External auditors provide annual assurance that Value for Money is achieved, through their external VFM opinion.</p> <p>The Council abides by the Transparency Regulations 2015 and provides detailed information on its website in order for external interested parties to undertake their own views as to our efficiency and effectiveness and VFM</p> <p>Periodically, we use benchmarking techniques to assess the economy and efficiency of its services and to identify opportunities for improvement, by comparing key performance measures across services internally or with other authorities</p>	GREEN	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul>

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	The Council systematically pursues opportunities for improved value for money and cost savings through its procurement, commissioning and contract management processes		
<p><b>B</b> <b>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Is the authority’s CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?</li> <li>• Does the CFO lead and champion the promotion and delivery of good financial management across the authority?</li> <li>• Is the CFO suitably qualified and experienced?</li> <li>• Is the finance team suitably resourced and fit for purpose?</li> </ul>	<p>The Chief Finance Officer (the Assistant Chief Executive) is a key member of the Corporate Leadership Team and is actively involved in helping to shape and deliver the Council’s Corporate Business Plan and Medium Term Financial Strategy (MTFS) as well as ensuring there are sufficient resources to deliver the Strategies. All significant investment decisions are subject to scrutiny by the CFO and is challenged where the project is not aligned to the strategic vision of the council.</p> <p>The CFO is ACCA qualified with significant experience of local government finance. The CFO is supported by a highly skilled team which include qualified accountants (CCAB/CIMA) and technician qualified (AAT) accountants. All qualified officers undertake continuing professional development as required by their accounting bodies.</p> <p>All finance staff are encouraged to attend technical training.</p> <p>There are contracts in place for specialist financial advice to assist the finance team in meeting their statutory requirements (technical accounting, treasury management, financial management &amp; planning and taxation).</p>	GREEN	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Section 2 – Governance and Financial Management Style</b>			
<p><b>C</b> <b>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control</b></p> <p><b>Key questions:</b></p>	<p>The Council has in place a constitution that sets out how it operates, how decisions are made and how the Council ensures that its activities are appropriate, transparent and accountable to local people.</p> <p>The Council has in place a formal governance structure that is appropriate to the way in which it operates. This includes relevant</p>	GREEN	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p>

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<ul style="list-style-type: none"> <li>• Does the leadership team espouse the Nolan principles?</li> <li>• Does the authority have in place a clear framework for governance and internal control?</li> <li>• Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?</li> <li>• Does the leadership team espouse high standards of governance and internal control?</li> <li>• Does the leadership team nurture a culture of effective governance and robust internal control across the authority?</li> </ul>	<p>committees and reporting lines, terms of references and conduct, including provision for scrutiny of decisions taken. The Council has in place a formal scheme of delegation, which sets out which individuals or committees are entitled to make which decisions.</p> <p>Our committees, member working groups and other elements of our governance structure have formal, agreed terms of reference, setting out the scope of their responsibilities.</p> <p>The Council has formal codes of conduct for officers and members. The Council maintains an up-to-date register of interests for all senior officers and members.</p> <p>There are effective arrangements for assurance, internal audit and internal accountability. Any areas of concern raised through those arrangements are managed robustly and transparently. Both the internal and external auditor attend and provide regular reports and updates to the Standards and Audit Committee. All recommendations are acted upon promptly.</p> <p>Internal Audit works to an agreed plan, which is based on a robust analysis of the Council's governance, risk management and internal control arrangements, the environment within which the Council operates and the risks and challenges that it faces</p> <p>The Financial Procedure Rules create the role of a Budget Manager. Job descriptions and the Council's Performance Management Framework recognise management of resources as a key responsibility.</p> <p>The Council adopts a robust approach to the identification, assessment and management of risks to the achievement of its objectives and to the delivery of services. Responsibility for the management of individual risks is allocated clearly.</p>		<ul style="list-style-type: none"> <li>• Integrate the Nolan principles into a future version of the Staff Code of Conducts</li> <li>• Quarterly have SLT assess an up to date position on internal and external audit recommendations</li> </ul>

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<p><b>D The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Has the authority sought to apply the principles, behaviour and actions set out in the framework to its own governance arrangements?</li> <li>• Does the authority have in place a suitable local code of governance?</li> <li>• Does the authority have a robust assurance process to support its AGS?</li> </ul>	<p>We have formally adopted a code of corporate governance as recommended in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016 edition. Our Annual Governance Statement (AGS), reported each year to the Standards and Audit and Corporate Management Committees, sets out how we meet the core principles, which underpin the notion of good governance across the authority and its partnerships.</p> <p>The AGS is agreed by Members, subject to external audit, and is published as part of the annual Statement of Accounts.</p> <p>There is a strong internal audit function which produces reporting and recommendations across all functions. This is provided under a contract with an external provider to ensure independence and impartiality of reporting.</p>	GREEN	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul>
<p><b>E The financial management style of the authority supports financial sustainability</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Does the authority have in place an effective framework of financial accountability?</li> <li>• Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?</li> <li>• Does the authority's finance team have appropriate input into the development of strategic and operational plans?</li> </ul>	<p>Financial sustainability is a key fundamental of the MTFS, which is refreshed each year (and monitored monthly internally). The MTFS includes the four year revenue and 10 year capital programmes. This includes realistic estimates of funding available and budget growth required over the medium term and appropriate levels of contingencies and reserves required based on an assessment of risks it faces</p> <p>The Council recognises that effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudent approach to capital expenditure, investment and debt. Therefore, all investment decisions (treasury and non-treasury) are taken in light of the Council's Corporate Business Plan, Medium Term Financial Strategy, Capital Strategy and Treasury Management Strategy all of which are prepared jointly with the Council's senior officers.</p> <p>We have an effective framework of financial accountability set out in our Financial Procedures that is understood clearly and applied</p>	GREEN	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul>

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<ul style="list-style-type: none"> <li>• Do managers across the authority possess sufficient financial literacy to deliver services cost-effectively and to be held accountable for doing so?</li> <li>• Has the authority sought an external view on its financial style, for example through a process of peer review?</li> <li>• Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?</li> </ul>	<p>throughout the organisation, from the leadership team through to front line service managers</p> <p>Our financial management approach supports our change and transformational programme and a culture of customer focus, innovation, improvement and development as witnessed in the 2019 senior management restructure along with the introduction of a new Performance Management Framework and Development Programme</p> <p>We manage our finance function through a series of devolved budget managers to ensure our scarce resources are used efficiently and effectively. These managers understand they are responsible for delivering services cost effectively and are held accountable for doing so. Finance staff provide support to these managers by interpreting and explaining performance as well as advising and supporting on key business decisions</p> <p>The Council employs several financial consultants to help it ensure it meets all its statutory obligations and to help assess future funding options</p> <p>The external auditor reviews the financial statements and gives an opinion on the financial sustainability of the Council. A Peer Review was undertaken in October 2019 and more recently 2021 a financial review was Commissioned by The Ministry of Housing Communities and Local Government, prepared by a Finance Improvement and Sustainability Advisor who commented: "RBC has traditionally been a low tax local authority with its services commended by external reviewers. Its historical budget management has been effective and external audit scrutiny has been positive" and "There is significant strength in RBC's underlying financial position, and they have a strategy as to how they aim to return sustainability (out of Covid)".</p>		
<b>Section 3 – Medium to Long Term Financial Management</b>			

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<p><b>F</b></p> <p><b>The authority has carried out a credible and transparent financial resilience assessment</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Has the authority undertaken a financial resilience assessment?</li> <li>• Has the assessment tested the resilience of the authority’s financial plans to a broad range of alternative scenarios?</li> <li>• Has the authority taken appropriate action to address any risks identified as part of the assessment?</li> </ul>	<p>A well-established MTFS process allows for the early identification of issues including the long term sustainability of funding. The MTFS includes prudent modelling of estimates of income and funding sources, local government funding, service drivers and growth, risks and contingencies. The MTFS is contributed to and agreed by SLT before approval by the Council. The MTFS is a three year forward looking plan covering the revenue and capital programmes and includes a number of strategies mentioned earlier in this assessment, as recommended by the FM Code</p> <p>CIPFA Financial Resilience Index 2021 puts Runnymede at the lower end of the risk matrix for Financial Stress. This is despite some of the Indicators of Financial Stress (for gross debt and growth) being on the higher risk side in comparison to our nearest neighbours (as determined by CIPFA)</p> <p>The external auditor reviews the financial statements and gives an opinion on the financial sustainability of the Council. A Peer Review was undertaken in October 2019 and more recently in 2021 a financial review was Commissioned by The Ministry of Housing Communities which stated “There is significant strength in RBC’s underlying financial position, and they have a strategy as to how they aim to return sustainability (out of Covid)”.</p>	<p><b>GREEN</b></p>	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• Update the Asset Management Strategy (Planned for 2022/23)</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• Update the key financial risks facing the authority with ‘best’ and ‘worst’ case scenarios</li> <li>• Consider commissioning an independent financial resilience assessment by a neighbouring authority</li> </ul>
<p><b>G</b></p> <p><b>The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?</li> </ul>	<p>The Council produces a 4-year MTFS and a 30-year Housing Business Plan incorporating revenue and capital models using a range of assumptions for economic factors and service related factors.</p> <p>The Council retains appropriate reserve balances, general fund and earmarked funds (e.g. insurance reserves) to manage risks over the medium term. Reserve balances are agreed as part of the MTFS and are integral to ensuring we have the resources we need. However, the current high levels of uncertainty around future funding for local government, and the legacy impacts of</p>	<p><b>GREEN</b></p>	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul>

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<ul style="list-style-type: none"> <li>Does the authority have a strategic plan and long-term financial strategy that adequately address these risks?</li> <li>Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (e.g. using a technique such as scenario planning)?</li> <li>Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short and medium-term decision making?</li> </ul>	<p>COVID-19, make producing a meaningful long term plan very challenging. This risk to financial planning is clearly set out in the MTFS and has been communicated to the Leadership Team and Members.</p> <p>The Council has a Corporate Business Plan that sets out its aim and vision for the future. The three year MTFS which is updated annually supports the Business Plan and sets out the medium term financial position of the authority, including various strategies and policies that explain how risks are managed over the medium/ longer term</p>		
<p><b>H The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>Has the authority prepared a suitable capital strategy?</li> <li>Has the authority set prudential indicators in line with the Prudential Code?</li> <li>Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set?</li> </ul>	<p>The Council recognises that effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudent approach to capital expenditure, investment and debt. All investment decisions are therefore taken in light of the Council's Corporate Business Plan, Medium Term Financial Strategy, Capital Strategy and Treasury Management Strategy</p> <p>The Capital Strategy sets out the long-term context in which our capital expenditure and investment decisions are made and that gives due consideration to both risk and reward against the achievement of the authority's priority outcomes. The Capital Programme which is integral to this, extends to 10 years.</p> <p>The Council abides by the Prudential regime and it's prudential indicators are set in conjunction with the drafting of both the Capital and Treasury Management Strategies. These are</p>	GREEN	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>None</li> </ul>

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	<p>reported to the Corporate Management Committee, then reviewed by the Overview and Scrutiny Committee before being reported to full Council thus providing oversight, scrutiny and ownership by members</p> <p>Performance is regularly reported and shows that the Council has operated within the latest approved Capital and Treasury Prudential Indicators and in compliance with the Council's Treasury Management Practices.</p> <p>The Council also has a 30-year Housing Business Plan which includes a 30-year capital investment programme. This plan is usually reviewed on a 3-5 year basis which was last done in 2021 however, significant changes are now forecast, and a refresh will be undertaken in March 2022.</p> <p>Previous commercial investments were undertaken in line with the Council's Commercial Property Investment Strategy which ended in March 2020 and funded through prudential borrowing. In line with updated requirements the Council has no plans for further debt for yield schemes.</p>		
<p><b>I The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>Does the authority have in place an agreed medium-term financial plan?</li> <li>Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?</li> </ul>	<p>The Council's Medium Term Financial Strategy (MTFS) is drafted in light of the Council's Corporate Business Plan, individual service business plans, the Capital Strategy and Treasury Management Strategy to ensure all areas are accounted for and are financially sustainable. Usually, the MTFS is updated and reported annually to Full Council and updated regularly throughout the year for management reporting purposes. During the Covid19 pandemic, more frequent reporting was undertaken</p> <p>The Senior Leadership Team is responsible for identifying initiatives and opportunities for savings in order to bridge the financial gap in the MTFS. Where additional budget is required (Growth) the MTFS and business planning process ensures that these amounts are reviewed and challenged to determine</p>	GREEN	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>Update the Asset Management Strategy (Planned for 2022/23)</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>Introduce a PESTLE analysis for cost drivers such as demographic changes etc</li> </ul>



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<ul style="list-style-type: none"> <li>• Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?</li> <li>• Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?</li> <li>• Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?</li> </ul>	<p>whether they are realistic and sufficient and ensure that key requirements of services are met</p> <p>Although the plan is set on a rolling 4-year basis, plans are monitored throughout the and where the latest data indicates that there have been material changes to assumptions, as demonstrated in recent years they are updated and reported in the financial monitoring reports to Members.</p>		
<b>Section 4 – The Annual Budget</b>			
<p><b>J The authority complies with its statutory obligations in respect of the budget setting process</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Is the authority aware of its statutory obligations in respect of the budget-setting process?</li> <li>• Has the authority set a balanced budget for the current year?</li> <li>• Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so?</li> </ul>	<p>The Council understands its obligation in respect of the budget-setting process and has set a balanced budget for the current year, and the three following years. The Council's MTFS process is designed to deliver a balanced budget for each year in its make-up.</p> <p>The Local Government Act 2000 requires the full council to approve the annual budget, on the recommendation of the executive or equivalent, together with the associated council tax demand (before 11 March each year). The Local Government Act 2003, Section 25 requires the authority's CFO to report to the council on the robustness of the estimates made in the annual budget and on the adequacy of the proposed financial reserves assumed in the budget calculations. The Council meets this requirement by reporting these items to the January Corporate Management Committee prior to submission to a full council meeting in February each year.</p>		<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>•</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>•</li> </ul>

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	<p>The authority is aware of the circumstances under which it should issue a section 114 notice and how it would go about doing so.</p>			
<p><b>K</b></p>	<p><b>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</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Does the authority’s most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves?</li> <li>• Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?</li> <li>• Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?</li> <li>• Does the report set out the current level of the authority’s reserves, whether these are sufficient to ensure the authority’s ongoing financial sustainability and the</li> </ul>	<p>The Section 25 Report is compiled annually by the section 151 officer and is reported along with, or as part of, the annual budget, MTFS and Capital and Treasury strategies to the corporate Management Committee each January. It deals with the robustness of the estimates included in the budget and the adequacy of reserves and covers the following in line with CIPFA Guidance</p> <p>The Council has set up earmarked reserves to mitigate the risks of the main (known) financial risks crystallising. Substantial earmarked reserves for Business Rate income, Property Repairs and Renewals and Investment Property income are in place to offset any major fluctuations in these areas; More generally the Council also sets a Prudent General Fund Working Balance of £3m for any other issues resulting in a financial consequence</p> <p>The Council took a hit to its reserves during the Covid pandemic however there is sufficient reserves available in order to buy time to make savings to balance the budget in the longer term.</p> <p>The MTFS includes a statement in relation to the robustness of estimates made and on the adequacy of the proposed financial reserves</p>	<p><b>GREEN</b></p>	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• More frequent reporting on the achievement of savings plans and targets</li> </ul>

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action that the authority is to take to address any shortfall?			
<b>Section 5 – Stakeholder Engagement and Business Cases</b>			
<p><b>L The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?</li> <li>• How effective has this engagement been?</li> <li>• What action does the authority plan to take to improve its engagement with key stakeholders?</li> </ul>	<p>The Council has identified the following groups as key stakeholders in developing its long-term strategies: local residents, local businesses, local educational establishments (schools, a college and a university), local visitors, other local authorities in the county, Surrey and Sussex Police, Surrey Fire Service, a wide range of health partners, the Environment Agency, the EM3 Local Enterprise Partnership, and national Government. A more detailed list of local partners we consult for planning purposes can be found in the Statement of Community Involvement</p> <p>Engagement with key stakeholders is undertaken by a combination of different modes of engagement, such as:</p> <ul style="list-style-type: none"> <li>○ one-to-one conversations</li> <li>○ social media</li> <li>○ informal group discussions</li> <li>○ structured focus groups</li> <li>○ surveys</li> <li>○ town hall meetings or drop-in sessions</li> </ul> <p>The Corporate Business Plan engagement is considered to have been very effective, both in terms of the numbers which engaged, and the positive feedback received about the focus group sessions. The council would like to increase its consultation activities, but this is dependent on additional resources being made available in the future</p> <p>Whilst budget briefings are provided to some established groups, widespread engagement with the public on council spending is hard for residents to engage with in a meaningful way and is not effective in influencing the budget plans. Engagement is therefore</p>	<b>GREEN</b>	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul>

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	<p>focussed on development of the Council’s Business Plans and feeding in growth bids to the business planning and MTFS cycles to meet emerging needs.</p> <p>Engagement with residents/service users is conducted in line with individual service changes proposed within the budget, as part of the development and delivery of those proposals, rather than detailed engagement on the whole budget. This allows the engagement to be more targeted to affected groups and ensures that the engagement is meaningful.</p>		
<p><b>M</b> <b>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication <i>Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal</i>?</li> <li>• Does the authority offer guidance to officers as to when an option appraisal should be undertaken?</li> <li>• Does the authority’s approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?</li> <li>• Does the authority’s approach to option appraisal include suitable</li> </ul>	<p>Option appraisals form an essential part of the development of the Council’s capital programme and all capital and revenue growth schemes have to undertake a business case options appraisal.</p> <p>The Council has set up a Project Management Office (PMO) who have responsibility for embedding a project management approach across the organisation to support, monitor and report on the progress of projects within the Council’s Project Portfolio. Support and advice are offered to project managers in all aspects of project management according to the Council’s Project Management Methodology</p> <p>Part of the Project Management Toolkit includes a Business Case Template and Business Case Training</p> <p>All business cases are reported to the relevant committee as part of a wider report on the project and/or business growth initiative with the financial implications and risks clearly spelt out. An overview of the progress of projects is provided monthly to the Chief Executive and quarterly to the Corporate Management Committee.</p>	GREEN	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul>

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<p>mechanisms to address risk and uncertainty?</p> <ul style="list-style-type: none"> <li>Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)?</li> </ul>			
<b>Section 6 – Monitoring Performance</b>			
<p><b>N The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>Does the authority provide the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability?</li> <li>Do the reports cover both forward and backward-looking information in respect of financial and operational performance?</li> <li>Are there mechanisms in place to report the performance of the authority's significant delivery</li> </ul>	<p>All budget managers and senior managers have access to the Council's Financial Management System (FMS) where they can look up reports and enquiries showing real time information. This is supplemented by a hard/soft copy of management reports being sent on a monthly basis to all budget managers with a request to review the information and report back with any likely variations against budget – reports can be tailor made to suit each managers requirements. This information is then fed into a global Financial Monitoring Statement which is sent to SLT on a monthly basis showing the current position against budget and the likely outturn for the year</p> <p>Each quarter the Council produces financial monitoring reports for Committee showing progress against its budgets and covers both forward and backward looking information</p> <p>Where it becomes apparent that the authority's activities or the environment within which it operates may have changed to such an extent that its financial plans are no longer realistic, emergency committee reports are presented. This was seen most starkly during the coronavirus pandemic of 2020 where regular update reports were submitted to Members both inside and outside of the Committee based environment, including the arrangement of a</p>	GREEN	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>Reinstate reporting the Risk Register to the Standards and Audit Committee annually</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>None</li> </ul>

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Financial Management Standard	Current Assessment	RAG	Areas for improvement
<p>partnerships such a contract monitoring data?</p> <ul style="list-style-type: none"> <li>• Are the reports provided to the leadership team in a timely manner and in a suitable format?</li> <li>• Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?</li> </ul>	<p>special Full Council meeting in September 2020 to address the major financial impact of the virus.</p> <p>The leadership team are happy with the reports it receives and with its ability to use these reports to take appropriate action.</p>		
<p><b>O The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?</li> <li>• Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet?</li> <li>• Is the authority taking action to mitigate any risks identified?</li> <li>• Does the authority report unplanned use of its reserves to the leadership team in a timely manner?</li> <li>• Is the monitoring of balance sheet risks integrated into the authority's</li> </ul>	<p>All major issues are identified in the Council's Risk Register and monitored as a whole by SLT on a quarterly basis. All financial issues are monitored through the monthly budget monitoring regime (reserves, key income drivers etc) and regular MTFS updates</p> <p>The Council has set up earmarked reserves to mitigate the risks of the main (known) financial risks crystallising. Substantial earmarked reserves for Business Rate income, Property Repairs and Renewals and Investment Property income are in place to offset any major fluctuations in these areas; More generally the Council also sets a Prudent General Fund Working Balance of £3m for any other issues resulting in a financial consequence</p> <p>Debt management is managed through monthly reporting and meetings with service users. Regular cashflow monitoring/forecasting is undertaken to ensure that the Council has enough resources to meet its requirements</p> <p>Borrowing and investments are reported to the Corporate management and Overview and Scrutiny Committees throughout the year.</p>	GREEN	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• More regular reporting of all the Prudential Indicators not just Treasury related</li> <li>• Undertake a formal balance sheet review to identify immediate and longer-lasting opportunities to improve the financial health of the Council</li> </ul>

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Financial Management Standard	Current Assessment	RAG	Areas for improvement
management accounts reporting processes?			
<b>Section 7 – External Financial Reporting</b>			
<p><b>P</b> <b>The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom</b></p> <p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Is the authority’s CFO aware of their responsibilities in terms of the preparation of the annual financial statements?</li> <li>• Are these responsibilities included in the CFO’s role description, personal objectives and other relevant performance management mechanisms?</li> <li>• Have the authority’s financial statements hitherto been prepared on time and in accordance with the requirements of the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i>?</li> </ul>	<p>The Statement of Accounts is prepared on an annual basis in accordance with the Accounts and Audit Regulations 2015, and the Code of Practice on Local Authority Accounting in the United Kingdom (the local authority accounting Code). The CFO personally certifies the annual Statement of Accounts indicating their personal and statutory responsibility.</p> <p>The authority’s leadership team and the CFO are aware of the CFO’s responsibilities in terms of the preparation of the annual financial statements and the finance team produce an annual Closing timetable, circulated to all staff, to ensure that the Council meets its obligations in regard to the production of its financial statements.</p> <p>The Council has consistently received an unqualified audit opinion from the external auditors.</p>	GREEN	<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• Include CFO’s specific responsibilities for ensuring that the statutory accounts comply with the Code of Practice on Local Authority Accounting in the United Kingdom in the CFO’s role description, personal objectives and other relevant performance management mechanisms</li> </ul>
<p><b>Q</b> <b>The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions</b></p>	<p>The final outturn position (the Narrative Report) is presented to the Corporate Management annually. The Narrative Report presents the significant variances to the approved budget with explanations of any significant departures and where necessary actions being</p>		<p><b>COMPLIANT</b></p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul>

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Financial Management Standard	Current Assessment	RAG	Areas for improvement
<p><b>Key questions:</b></p> <ul style="list-style-type: none"> <li>• Is the authority’s leadership team provided with a suitable suite of reports on the authority’s financial outturn and on significant variations from budget?</li> <li>• Is the information in these reports presented effectively?</li> <li>• Are these reports focused on information that is of interest and relevance to the leadership team?</li> <li>• Does the leadership team feel that the reports support it in making strategic financial decisions?</li> </ul>	<p>taken. Any key issues arising from the outturn figures are reflected in the budget and MTFS process going forward.</p> <p>As part of the closing programme, SLT leads are provided with the equivalent Budget Book pages for their services showing the budget, probable and actual outturns for them to comment on and provide explanations for consolidating into the Narrative Report.</p> <p>The Statement of Accounts includes a reconciliation to the Comprehensive Income and Expenditure Statement that shows the link between the statutory accounts and the Council’s management account reporting formats</p>		<p>Areas for enhancement:</p> <ul style="list-style-type: none"> <li>• None</li> </ul>