

## Level of Compliance with the CIPFA FM Code

	Description of the Standard		Assessment of Current Position	Actions
<b>Responsibilities of the Leadership Team and Chief Financial officer</b>				
A	The Leadership Team is able to demonstrate that the services provided by the Authority provide value for money (VFM).	Strong	<p>Value for Money is assessed as part of the external audit process, which has not identified any areas of concern based on the more detailed VFM assessment criteria.</p> <p>Business cases for large capital projects, such as SHQ relocation, are reviewed by Executive Leadership Team and Members as appropriate. The MTFS and Budget is agreed in February, and performance against budget and savings target is regularly reported to Principal Officers / ELT / SLT and Members</p> <p>Blue light collaboration is monitored and reported to members, including site sharing at all of our properties / sites. Third party collaboration is also important to the Authority as it has a number of arrangements which also generate income with valued partners. Appropriate use of national and regional procurement contracts can be evidenced</p>	None
B	CIPFA Statement on the Role of the Chief Finance Officer in Local Government	Strong	<p>The Finance Director is the Section 151 Officer and Chief Financial Officer. The post is a key member of the Executive Leadership Team and meets with the other Principal Officers and Executive Leaders of the Authority and with relevant Members on a regular basis to discuss all matters pertaining to the financial management of the Authority. The FD reports to the Chief Fire Officer and directly to members as required in accordance with Role of the Chief Financial Officer</p> <p>All Fire Authority reports are sighted and agreed by the Chief Finance Officer prior to submission.</p> <p>The Finance Team consists of 4 FTE officers, comprising 2 fully qualified accountants, 1 fully qualified AAT, and 1 staff member who is studying AAT. All officers are offered continued professional development</p> <p>The Authority also subscribes to CIPFA to access additional professional expertise and advice in relation to mainly technical accounting, Treasury Management, Financial Management and taxation matters.</p> <p>The Authority has in addition an SLA with Sunderland City Council to provide specialist Treasury Management, access to their SAP financial system, legal advice and an Internal audit service where it is more economical and effective to do so, which is kept under continual review.</p>	None

Governance and Financial Management Style				
C	The Leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	Strong	<p>The Authority has an approved Scheme of delegation, Financial Regulations and Contract Standing Orders, as well as Constitutional Standing orders.</p> <p>Job descriptions and the job evaluation system recognise management of resources as a key responsibility. This is assigned at a level so that service delivery and budget can be aligned.</p> <p>The roles of the Head of Paid Service and Monitoring Officer are clearly defined in the Authority's Constitution.</p> <p>The Terms of Reference for the Governance Committee cover the areas referenced.</p> <p>The Internal Audit Service has provided assurance over the effectiveness of the Authority's Governance arrangements and the system of Internal Control, through the provision of an annual assessment to assist in the production of the Annual Governance Statement.</p> <p>Regular review of corporate risks is undertaken by the ELT/ SLT and the Corporate Risk Register is regularly reviewed by ELT monthly and by Governance Committee.</p> <p>Meetings are regularly held between Officers and Members as appropriate.</p> <p>All External and Internal Audit and other third party inspections inform the Authority's Annual Governance Review.</p> <p>Independent external legal advice is provided by SCC under a SLA to ensure Authority service activities and actions stay within the law.</p> <p>The Authority operates within the latest Code of Conduct available for both members and officers.</p>	May need to strengthen member role where appropriate.

D	The Authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	Strong	<p>The Authority prepares an Annual Governance Statement (AGS) in line with the framework within CIPFA's Local Code of Corporate Governance.</p> <p>The AGS is reviewed by the ELT and independently by our Internal and External auditors.</p> <p>Governance Committee provide important member scrutiny of the detailed work and arrangements in place in providing both the AGS and the evidence upon the effectiveness of the Authority's governance arrangements.</p> <p>The Authority also operates a Governance Board to ensure full compliance with the requirements of the Framework.</p>	None
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E	The financial management style of the Authority supports financial sustainability	Strong	<p>The Authority's Integrated Risk Management Plan/Annual Service Plans and MTFS set the strategic framework for the work and financial plans of the Authority and recognise the agreed corporate priorities and objectives.</p> <p>Budgets are prudent and sustainable to ensure that a balanced budget is maintained, and that in-year expenditure is matched by income from Council Tax, Business Rates, and grants from government.</p> <p>Council Tax increases are kept within the referendum limits, and preliminary assumptions regarding future year increases are set out within the MTFS.</p> <p>The uncertainties around future government funding (e.g. Future finance settlements, the Fair Funding Review and the future of Business Rates Retention) are recognised and reflected in the MTFS.</p> <p>Funding from reserves is used to support one-off investments or initiatives.</p> <p>Significant risks are identified, monitored, reported and mitigating actions identified to manage these.</p> <p>The Capital Programme is formally reported over a 4-year period but is planned longer term (in excess of 10 years).</p> <p>Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Authority.</p> <p>Regular meetings take place with Budget Holders / the executive Leadership Team to discuss current and future performance against budget.</p> <p>A Transformation and Reform reserve is held to support service transformation in all of its forms, particularly, all hazards approach, inclusion and digital and data transformation.</p>	None
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<b>Long to Medium Term Financial Management</b>				
F	The Authority has carried out a credible and transparent financial resilience assessment	Strong	<p>As part of the budget setting process the level of reserves are reviewed to ensure they are robust, in light of the assessment of financial risks that the Authority is exposed to.</p> <p>The budget papers outline the key assumptions regarding the revenue and capital budget. In line with the requirement of the Code of Practice these assumptions are prudent. Where budget risk is identified, reserves and other resources have been set aside to enable the Authority to set a robust and sustainable MTFS.</p> <p>The budget includes scenario planning to outline the impact of changes in key assumptions.</p>	None
G	The Authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	Strong	<p>The MTFS covers 5 years and is included in the Annual Budget process, approved by the full Authority in February.</p> <p>The briefings and reports to Members are clear about medium-term budget risks and sustainability, including the effects of the budget plans on the level of reserves held.</p> <p>The Authority retains prudent levels of reserves to manage risks over the medium term as outlined in the budget papers.</p> <p>The capital plan covers 4 years and assists in delivering the Authority's key service delivery and corporate objectives, ensuring that capital investment is in line with priorities identified in asset management plans, meets statutory requirements and consider the future impact on revenue budgets</p>	Review in light of future Finance Settlement outcomes

H	The Authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	Strong	<p>Management of the Authority's debt is governed by the Treasury Management Strategy and Prudential Indicators which aim to ensure the Authority's capital expenditure plans are prudent, affordable and sustainable.</p> <p>Regular Treasury Management Reports are presented to the Governance Committee. The Authority's Treasury Management Strategy and Prudential Indicators comply with the requirements of the Prudential Code. Management meet with SCC Treasury Management representatives to discuss best options for investment of cash balances.</p>	None
I	The Authority has a rolling, multi-year medium-term financial plan consistent with sustainable service plans.	Strong	<p>The Authority has a 4-year indicative budget which underpins annual service planning, this is updated each financial year, and presented to members as part of the annual budget setting process.</p> <p>Updates on the latest information and assumptions in respect of funding, costs and risks are provided as appropriate.</p>	None

<b>Annual Budget</b>				
J	The Authority complies with its statutory obligations in respect of the budget setting process.	Strong	The Authority sets a balanced budget each year and complies with the requirement in relation to the S151 Officer statement (s25) on the robustness and sustainability of the budget. It follows a budget setting process that complies with best practice and all legal requirements.	None
K	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.	Strong	The Authority complies with the requirement in relation to the S151 Officer statement (s25) on the robustness of the budget and the adequacy of reserves each year. The Authority has a Reserves Policy which it updates annually in line with its legal requirements and is reviewed regularly to ensure they are current and adequate for the financial risks identified. This is published on the Authority's website.	None
<b>Stakeholder Engagement and Business Plans</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.	Strong	Engagement with stakeholders takes place via the Authority's IRMP process, as well as appropriate consultation on key changes within the service such as its Response model or Service delivery reviews or Specialist provisions.  The outcome of such reviews feed the budget setting process. Key stakeholders/partners are consulted as part of the annual budget setting process.	None
M	The Authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	Strong	Major investment decisions are based on the evaluation and successful outcome of business cases. These are reviewed and approved by Senior Management, the Asset Management Group chaired by the S151 Officer and approved by full Fire Authority.	None
<b>Monitoring Financial Performance</b>				
N	The Leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	Strong	Financial monitoring reports are presented at each Fire Authority meeting, these reports cover revenue and capital budget as well as performance against savings targets where appropriate.  Where required they identify actions in order to bring the budget back into balance.	None

O	The Leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	Strong	<p>Annual and Quarterly monitoring treasury management reports update on investments and debt to members of Governance committee and to Full Authority as required.</p> <p>Regular reviews of reserves are undertaken by the S151 Officer and reflected in the Authority's Reserves Policy published annually.</p> <p>All Balance Sheet items are reviewed annually by Finance / S151 Officer.</p> <p>All Contingent Liabilities are also updated and reviewed accordingly by the S151 Officer on behalf of the Authority.</p>	None
<b>External Financial Reporting</b>				
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.	Strong	<p>The Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.</p> <p>This is specifically stated in the accounts that are signed by the S151 Officer annually.</p>	None
Q	The presentation of the final outturn figures and variations from budget allows the Leadership team to make strategic financial decisions	Strong	<p>The outturn report identifies key variances from budgets with appropriate explanations, and recommends action, in line with the in-year budget monitoring process.</p> <p>Members receive reports on budget variations and actions throughout the year and make recommendations as necessary</p> <p>A reconciliation to the Comprehensive Income and Expenditure Statement is provided in the statement of accounts to link the statutory accounts to the information provided to the Fire Authority and Governance Committee (which separately approves the Statement of Accounts on behalf of the Authority).</p>	None