

AGENDA ITEM No. 4-----

To: POLICY & RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE	Subject: CIPFA FINANCIAL MANAGEMENT MODEL 2014/15
From: HEAD OF FINANCIAL SERVICES	
Date: 30 January 2015	Ref: EK/VR/DM

1. Introduction

- 1.1 Finance & Customer Services is committed to North Lanarkshire Council's assurance and improvement agenda and have employed an appraisal model in support of this.
- 1.2 As members are aware, Financial Services utilise the CIPFA Financial Management Model to assess the effectiveness of financial management across the Council in 2009, 2011 and again in 2013. The results of these reviews were reported to Committee in May 2009, March 2011 and March 2013 respectively. The reports outlined an action plan for improvement, with the most recent review taking place during 2013 and reported to Committee as an update report in February 2014. The update concluded that in order to ensure continuous improvement in financial management, a full review of the model would take place in March 2015.
- 1.3 The continued use of the CIPFA Financial Management Model illustrates the Council's commitment towards sound financial governance and the development of realistic financial plans in this challenging financial outlook.

2. Background

- 2.1 As previously reported to Committee the CIPFA Financial Management Model is a self assessment tool that enables the Council to assess both strengths and areas requiring improvement in financial management across the organisation. Developed by CIPFA, in conjunction with the Audit Commission, HM Treasury and the National Audit Office the Model establishes what constitutes good financial management and builds on previous work in the Council relating to the Public Sector Improvement Framework (PSIF).
- 2.2 The Model assesses financial management through numerous good practice statements in a matrix across three progressive styles and four management dimensions:

Progressive Styles

- Securing Stewardship - Emphasising control, integrity, accountability and meeting regulatory requirements
- Supporting Performance - Ensuring responsiveness to customers, efficient and effective service delivery and displaying a commitment to improving performance
- Enabling Transformation - Developing a culture that is strategic and customer focused, future orientated and receptive to new ideas and proactive in managing change and risk

Management Dimensions

- Leadership - Focusing on the strategic direction and vision of the Council
- People - Developing and harnessing the competencies and commitment of staff
- Processes - Designing, managing, controlling and improving financial processes
- Stakeholders - Valuing the relationships between the Council and those interested in its financial health, including internal and external customers

2.3 Each statement is scored on a scale of 0-4, with four being the best. The score is determined by the participant's view of each statement's sub statements.








2.4 The CIPFA FM Model reviews carried out in 2009, 2011 and 2013 have seen consistent improvement across the three progressive styles and four management dimensions. Although Financial Services continue to strive towards improving financial management, it is evident that scores have reached an optimum level as the 2015 review has seen minor reductions in the scoring. However despite the minor reductions, the level achieved is still high and demonstrates that financial management continues to perform well across the Council.

3. CIPFA Financial Management Model

3.1 As in previous reviews, Financial Services interacted with a sample of Council officers across all Services and Council Members to conduct the review. A variety of roles were sampled, including Executive Directors, Heads of Service, service managers with responsibility for finance, Service Accountants, Finance Managers and resource staff with budget responsibilities. This universal approach enabled a comprehensive assessment of the strengths and areas for improvement in financial management.

3.2 As before, information has been gathered via a questionnaire based survey. Financial management has been assessed as performing strongly across all aspects of the Model.

3.3 As stated in 2.4 above, there have been minor reductions in some scores when compared with 2013/14. The main focus however is that across the three progressive styles and four management dimensions, financial management continues to be 'strongly' embedded within the Council. The table below shows illustrates this.

STYLE	0	Hardly	1	Somewhat	2	Mostly	3	Strongly	4	2014/15 Score	2012/13 Score
Securing Stewardship										3.8	3.8
Supporting Performance										3.5	3.6
Enabling Transformation										3.7	3.7
DIMENSION	0	Hardly	1	Somewhat	2	Mostly	3	Strongly	4		
Leadership										3.7	3.7
People										3.6	3.6
Processes										3.6	3.6
Stakeholders										3.8	3.8

4. Strengths

4.1 The results of the 2014/15 Model continue to demonstrate strengths highlighted to Committee previously, for example:

- The Council operates an effective framework of financial accountability that is clearly understood and applied across the Council.
- The Council's leadership allocates resources to different activities in order to achieve its objectives and monitors its financial and activity performance.
- The Council has a developed financial management strategy to underpin long-term financial health.
- The Council focuses its internal financial services on added-value support to internal users

and tracks satisfaction.

- Financial accounting and reporting meet professional and regulatory standards.
- External stakeholders have confidence in the integrity of the Council's financial conduct.
- The Council has arrangements to maintain a proper system of internal control including an effective internal audit function.
- The Council can demonstrate that customers and users of its public facing financial services are treated consistently.
- The Council's budgets are robustly calculated.

4.2 The 2014/15 Model has also highlighted a number of improvements since the last review:

- The organisation operates financial information systems that meet users' needs. This score has increased from 3.7 to 3.8 between 12/13 and 14/15, mainly due to participants agreeing that financial systems are well integrated with key operational and performance systems and that management information is readily available.
- The Council uses financial management expertise in its strategic decision making and its performance management based on an understanding of the financial environment and cost drivers. Included in the 2012/13 Action Plan, this score has seen an increase from 3.5 to 3.6.

5. Action Plan for Improvements

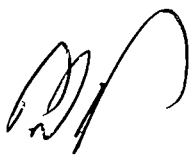
5.1 Analysis of responses identified high scores across all areas. A small number of responses, while scoring highly, scored less well than others and will be the focus of the updated improvement action plan.

5.2 A revised action plan has been developed in order to maintain the high standard of financial management and ensure continuous improvement. The key actions identified, which will address areas for improvement are included as Appendix A to this report.

5.3 Progress against the identified action plan will be monitored on an ongoing basis within the Financial Services Division and reported to Committee by March 2016.

6. Recommendations

6.1 It is recommended the Policy and Resources (Finance & Customer Services) Sub-Committee notes the contents of the report and endorses the improvement proposals.



Head of Financial Services

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Area for Improvement	Score	Action
The organisation delivers value for money through its procurement processes.	3.1	<p>Promote CIPFA Best Practice Statements</p> <p>Financial Services will highlight the Best Practice Statements provided by CIPFA in the FM Model to the Executive Director of Corporate Services, for consideration when reviewing Procurement policy and procedures for the Council.</p>
The organisation makes all Managers responsible for achieving value for money and holds them to account for it.	3.1	<p>Convey the importance of financial management activities and procedures</p> <p>Maximise awareness of financial management activities and procedures by continuing to issue regular reports to CMT, the Corporate Resources Working Group, Service committees and Policy and Resources Committee. This should raise awareness of the existence of information and processes and also re-emphasise the importance of managers' responsibility and accountability for cost effectiveness and value for money. In addition to this Financial Services will work closely with Services to develop savings plans for the Council and continue to ensure Services monitor and report the achievement of savings.</p> <p>Financial Services will continue with the development of benchmarking information through the Local Government Benchmarking Framework. This will involve sharing best practice with other Local Authorities to identify areas for improvement and greater efficiency for example through work processes and unit costing.</p>
The organisation integrates its business and financial planning so that it aligns resources to meet current and future business objectives and priorities. Performance management is enabled through measures of delivery and clear understanding of the costs they incur.	3.3	
The organisation develops and sustains its capacity to enable financial management to shape and support its transformational programme.	3.4	<p>Emphasising the importance of identifying emerging public sector issues</p> <p>It is important to retain focus on identifying developing issues with regard to, for example, the Scottish and UK Government announcements on future levels of public expenditure. Finance staff will continue to play a key role in working groups and will be encouraged to maximise networking opportunities in order to help identify trends and best practice across other Local Authorities. Financial Services will also continue to ensure that the division provide reliable and sound advice to all transformational strategic projects and initiatives.</p>