

Appendix – Self Assessment and Action Plan

Section	Statement	What FM Code guidance states in relation to compliance	Results of Self Assessment	Action Plan
<b>1</b>	<b>The Responsibilities of the Chief Finance Officer and Leadership Team</b>			
A	The leadership team is able to demonstrate that the services provided by the authority are Value for Money (VfM)	The authority has a clear and consistent understanding of what value for money means to it and its leadership team. There are suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services. The authority is able to demonstrate the action that is has taken to promote value for money and what it has achieved.	<p>The Council has the following frameworks and systems in place to support Value for Money (VfM) in service delivery.</p> <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>•The Finance Procedure Rules (FPRs) (Chapter 10 of the Council's Constitution) and Contract Procedure Rules (CPRs) set out the financial governance arrangements for the Council including the requirement to achieve VfM. Supporting policies and procedures and service Schemes of Delegation have been produced as per the requirements. The Leadership Team and services have been actively involved in the development of these and their associated roles and responsibilities have been communicated via departmental management team meetings and through wider communications. These documents are available to all employees via the Council's Intranet.</li> </ul> <p><b>Assets</b></p> <ul style="list-style-type: none"> <li>•All members and staff have responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, is warranted, properly authorised, provides VfM and achieves best value and is in the interest of the Council's citizens. Security of assets is governed by the Inventory Guidance issued as a supplementary document to the Council's FPRs.</li> </ul> <p><b>Procurement</b></p> <ul style="list-style-type: none"> <li>•The Council has dedicated procurement function in place which advices on procurement activity and helps to ensure VfM.</li> <li>•For tender exercises the FPRs state that all tenders should be evaluated on the basis of quality and price to ensure VfM is obtained. The Council's CPRs require that all award criteria must be designed to secure an outcome giving best VfM for the Council and these award criteria are defined by Heads of Service or their</li> </ul>	<ol style="list-style-type: none"> <li>1. It is recommended that Legal Services continue with the review the Contract Procedure Rules (CPRs) and that these are refreshed together with arrangements for contract management and procurement. This will be included within the budget plan.</li> <li>2. It is recommended that a review is carried out into the use of benchmarking as part of the budget setting process, including a review of good practice in other authorities, to support the demonstration of VfM. Output from this exercise will be shared with services and used to inform themes which can be supported by the Medium-Term Financial Plan (MTFP).</li> </ol>

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			<p>representatives and all tenders are evaluated and awarded on this basis. These rules were previously updated in July 2018 and a review is being led by Legal Services. It is recommended that this review continues, together with a review of arrangements for contract management and procurement, and that the document is updated as appropriate.</p> <ul style="list-style-type: none"> <li>•A contracts register is maintained and reported to services on a regular basis</li> </ul> <p><b>Audit and Risk Management</b></p> <ul style="list-style-type: none"> <li>•The role of the Audit and Governance Committee includes the requirement to comment on the scope and depth of the assurance work and ensure it gives VfM. This includes consideration and approval of the Council's accounts, internal control systems, risk management and corporate governance issues, as set out in Chapter 7 of the Council's Constitution.</li> <li>•External auditors conduct a VfM assessment on an annual basis and this is incorporated into the statement of accounts. In the latest published statements, the external auditors gave an opinion that the Council had put proper arrangements in place to secure economy, efficiency and effectiveness.</li> <li>•Risk management reports are produced and shared with ELT, SLB and Audit and Governance each cycle.</li> </ul> <p><b>Capital Expenditure Proposals</b></p> <ul style="list-style-type: none"> <li>•The S151 Officer in conjunction with the Chief Executive have set up procedures in which capital expenditure proposals are appraised to ensure VfM is being achieved in accordance with the FPRs.</li> </ul> <p><b>Financial and Performance Reporting on Service Delivery</b></p> <ul style="list-style-type: none"> <li>•The Council operates regular budget monitoring which is co-produced by service areas with input from business partners within Finance. This is reviewed by the Leadership Team and reported to Cabinet and Council on a monthly basis. Action is taken where variances against budget are identified. All savings options are</li> </ul>	
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			<p>produced with full engagement of the Leadership Team and service areas.</p> <ul style="list-style-type: none"> <li>• Reports include specific reference to service performance against non-financial outcomes in the form of key performance targets.</li> <li>• Meetings are held between S151 Officer and Directors of Finance across the local region to discuss financial management including emerging pressures and how the Council is managing them.</li> <li>• Executive Directors and Heads of Service are expected to achieve VfM in the delivery of services and reporting should demonstrate how this is achieved together with an analysis of how key policies and expenditure proposals have been implemented as per the FPRs.</li> </ul>	
B	<p>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</p>	<p>The CFO is a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions.</p> <p>The CFO leads and champions the promotion and delivery of good financial management across the authority.</p> <p>The CFO is suitably qualified and experienced.</p> <p>The finance team is suitably resourced and fit for purpose.</p>	<p><b>CIPFA Statement on the Role of the Chief Finance Officer in Local Government</b></p> <p>The key principles of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government are:</p> <ul style="list-style-type: none"> <li>• <b>Principle 1</b> - The CFO in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority’s strategic objectives sustainably and in the public interest.</li> <li>• <b>Principle 2</b> - The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority’s overall financial strategy.</li> <li>• <b>Principle 3</b> - The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.</li> <li>• <b>Principle 4</b> - The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.</li> </ul>	<p>3. It is recommended that succession planning arrangements, and the associated Finance Service’s CIPFA Graduate Trainee Programme, are progressed to ensure that the service continues to be suitably resourced and fit for purpose.</p>

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		<p> <b>• Principle 5</b> - The CFO in a local authority must be professionally qualified and suitably experienced.         </p> <p>           The Executive Director for Corporate Resources and Customer Services is the CFO and Section 151 Officer at Sefton Council. They are a member of the Executive Leadership Team (ELT), help to develop and implement strategy, and to resource and deliver the authority's strategic objectives sustainably and in the public interest.         </p> <p>           The Section 151 Officer is the financial adviser to the Council, the Cabinet and officers and is the Council's 'responsible financial officer' under the Accounts and Audit Regulations. They are responsible for the proper administration of the Council's affairs as specified in, and undertaking the duties required by, Section 151 of the Local Government Act 1972, Section 114 of the Local Government Finance Act 1988, the Local Government and Housing Act 1989, the Local Government Act 2003 and all other relevant legislation.         </p> <p>           The Section 151 Officer is responsible generally, for discharging, on behalf of the Council, the responsibilities set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Chief Financial Officer in Local Government. This includes leading and directing a finance function that is resourced to be fit for purpose together with:         </p> <ul style="list-style-type: none"> <li>a. in conjunction with the Executive Directors and Heads of Service, the proper administration of the Council's financial affairs</li> <li>b. setting and monitoring compliance with financial management standards</li> <li>c. advising on the corporate financial position and on the key financial controls necessary to secure sound financial management</li> <li>d. providing financial information</li> <li>e. preparing the revenue budget and capital programme</li> </ul>	
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			<p>f. treasury management.</p> <p>Each year the Section 151 Officer is responsible for preparing a budget plan for the Council including an approved revenue budget, capital programme, treasury management strategy and capital strategy.</p> <p><b>The Finance Team</b></p> <p>The S151 Officer is supported by a highly skilled team and is able to offer advice and support when required. A significant proportion of the Finance team have accountancy qualifications (and maintain membership) or are actively involved in training. This includes Accounting Technician qualification (AAT) and finance and accountancy professional level qualifications (such as CIPFA, CIMA etc). The Chief Financial Officer is a fully qualified member of the Chartered Institute of Public Finance and Accountancy (CIPFA). Members of the finance team attend relevant conferences and events throughout the year in order to maintain up-to-date knowledge and skills in relation to their specialist subject areas. Succession planning arrangements are being progressed via the Finance Services CIPFA Graduate Trainee Programme to ensure that the team continues to be suitably resourced and fit for purpose.</p>	
<b>2</b>	<b>Governance and Financial Management Style</b>			
C	<p>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control</p>	<p>The leadership team espouses the Nolan principles.</p> <p>The authority has a clear framework for governance and internal control.</p> <p>The leadership team has established effective arrangements for assurance, internal audit and internal accountability.</p>	<p><b>The Leadership Team</b></p> <p>The leadership team espouses the 7 principles of public life (the Nolan principles) through compliance with the Council’s Governance Framework.</p> <p>The Council has the core frameworks and systems in place expected of a local authority to support proper governance and internal control, which are endorsed and overseen by the Council’s Leadership Team.</p> <p>This includes a Constitution, decision making through Committees, an Internal Audit function which focuses on governance, together</p>	<p>4. It is recommended that the actions within the Development Action Plan relating to the Internal Audit Service, as identified within the Annual Report and Opinion of the Chief Internal Auditor (September 2020), continue to be delivered including:</p>

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		<p>The leadership team espouses high standards of governance and internal control. The leadership team nurtures a culture of effective governance and robust internal control across the authority.</p>	<p>with Codes of Conduct for Members and Officers, registers of gifts, hospitality and interests. To support this, the Council’s Chief Legal and Democratic Officer (Monitoring Officer) reports directly to the Executive Director of Corporate Resources and Customer Services and advises the Leadership Team and also attends meetings of Full Council and the Audit and Governance Committee.</p> <p><b>Controls</b> There are a number of controls in place to ensure key financial decisions and scrutiny - including Investment Board, Growth and Strategic Investment Board, Programme Board, Contract Procedure Rules (CPRs) and Financial Procedure Rules (FPRs). The FPRs have been updated together with the supporting policies and procedures and schemes of financial delegation. They have been communicated via service management teams and are available on the Council intranet for all employees to view. These will be further embedded alongside training which will be delivered in support of the continued introduction of business partnering across the Council.</p> <p>Internal Audit are a key part of the Council’s assurance framework and meet routinely with the S151 Officer and chief officers to ensure that Audit resources are appropriately directed towards areas of greatest need (applying a risk-based approach) and that audit actions are followed up.</p> <p><b>Internal Audit</b> The Annual Report and Opinion of the Chief Internal Auditor, as required by the Accounts and Audit regulations and the Public Sector Internal Audit Standards, gives the Chief Internal Auditor’s opinion on the overall adequacy and effectiveness of the organisation’s governance arrangements, risk management and internal control environment, drawing attention to any issues particularly relevant to the preparation of the Annual Governance Statement (AGS). It also sets out key themes arising from the work</p>	<ul style="list-style-type: none"> <li>• Development of the skills of the internal audit team so it is fit to meet the challenges of a modern Council</li> <li>• Continuous review of the internal audit report</li> <li>• Continuous review and update of working practices and reflection of associated changes in the Internal Audit Manual</li> <li>• Management of sickness so as to minimise days lost and their impact on the delivery of the Internal Audit Plan.</li> <li>• Improved mechanisms for the management review of internal audit work.</li> <li>• Development of a more robust Counter-Fraud approach.</li> </ul>
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			<p>of the Audit Team during the financial year, and compared the audit work undertaken with that planned, summarising the performance of the Internal Audit function against its performance measures and targets.</p> <p>So as to ensure that the authority not only continues to comply with the Public Sector Internal Audit Standards (PSIAS), but to ensure that the service continues to improve, the Service has created a Development Action Plan. This was reported to Audit and Governance Committee in September 2019 as part of the Annual Report and Opinion of the Chief Internal Auditor. This encapsulates several key actions such as:</p> <ul style="list-style-type: none"> <li>• Development of the skills of the internal audit team so it is fit to meet the challenges of a modern Council</li> <li>• Continuous review of the internal audit report</li> <li>• Continuous review and update of working practices and reflection of associated changes in the Internal Audit Manual</li> <li>• Management of sickness so as to minimise days lost and their impact on the delivery of the Internal Audit Plan.</li> <li>• Improved mechanisms for the management review of internal audit work.</li> <li>• Development of a more robust Counter-Fraud approach.</li> </ul>	
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	The authority of aware of the provisions of the CIPFA Delivering Good Governance Framework. The authority has sought to apply the principles, behaviour and actions set out in the Framework to its own governance arrangements.	<p><b>Code of Corporate Governance</b></p> <p>The Council’s Code of Corporate Governance sets out the Council's governance arrangements in conjunction with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016. Compliance with Framework is confirmed within the AGS. The code engages the seven core principles of corporate governance as set out in the CIPFA/SOLACE Framework and describes the systems and processes that support these in the Council. The review of effectiveness is informed by: Senior Managers who have responsibility for the development and</p>	<p>5. An update of the Code of Corporate Governance is scheduled to be taken to Audit and Governance Committee on the 23<sup>rd</sup> June 2021 for approval and then to Council for approval.</p> <p>6. An update of the Audit and Governance Committee’s Terms of Reference is scheduled to be taken to Audit and Governance</p>

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		<p>The authority has in place a suitable code of governance.</p>	<p>maintenance of the governance environment within their service areas; the Chief Internal Auditor’s annual report; and feedback, recommendations and comments made by the external auditors and other review agencies and inspectorates. The Annual Governance Statement is linked to the Good Governance Code through assessment of compliance with the framework principles. The Code of Corporate Governance and Annual Governance Statement are reviewed and presented to Audit and Governance Committee on an annual basis.</p> <p>The code was previously updated in September 2019 and so will be reviewed and updated where appropriate.</p> <p><b>Statutory Officer Group</b></p> <p>Sefton has in place a Statutory Officer Group which meets monthly to discuss all things in relation to governance and includes the Chief Executive, the Section 151 Officer, the Monitoring officer and the Chief Internal Auditor.</p> <p><b>Audit and Governance Committee</b></p> <p>The Council has an Audit and Governance Committee who meet quarterly and provide independent assurance of the adequacy of the Council’s Risk Management Framework and the associated control environment. The role of the Audit and Governance Committee under their Terms of Reference includes considering the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice; to monitor the effective development and operation of risk management and corporate governance in the Council; and to consider the Chief Internal Auditor’s Annual Report and Opinion, and the level of assurance it can give over the Council's Corporate Governance arrangements. The Council has a Risk Management Handbook and the Audit and Governance Committee review the Corporate Risk Register at each meeting</p>	<p>Committee on the 17<sup>th</sup> March 2021 for approval and then to Council for approval and inclusion in the Constitution.</p> <p>7. Updates of the Officers’ and Members’ Codes of Conduct are scheduled to be taken to Audit and Governance Committee on the 17<sup>th</sup> March 2021 for approval and then to Council for approval and inclusion in the Constitution.</p>
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			<p>The terms of Reference of the Audit and Governance Committee have been reviewed and updated and will be presented to Audit and Governance on the 17<sup>th</sup> March 2021 and then to Council for approval. Updates of the Officers' and Members' Codes of Conduct will also be updated and presented to the same meeting of the Audit and Governance Committee.</p>	
E	<p>The Financial Management Style of the authority supports financial sustainability</p>	<p>The authority has an effective framework of financial accountability.  The authority is committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services.  The authority's finance team has appropriate input into the development of strategic and operational plans.  Managers across the authority possess sufficient financial literacy to deliver services cost-effectively and to be held accountable for doing so.  The authority has sought an external view of its financial management style, for example through a process of peer review.</p>	<p>Financial sustainability underpins the Council corporate objectives with Sefton's '2030 Vision' being the key focus for service transformation.  The Council's financial management style has the following characteristics:</p> <ul style="list-style-type: none"> <li>• As highlighted in the Section 151 Officer's Annual Report to Cabinet, it is prudent and cautious.</li> <li>• The MTFP process means that the Council is able to understand longer term risks and plan a response to those appropriately.</li> <li>• The use of resources is controlled through the Constitution, Finance Procedure Rules, Policies and Procedures and Schemes of Financial Delegation.</li> <li>• All budget managers are given direct access to financial information to enable them to do this, including the Council's Financial Management System Agresso, for forecasting their outturn position. Budget managers are expected to understand and explain significant variances from the budget to relevant Service Managers.</li> <li>• The MTFP sets targets based on a minimum level of General Reserves by the end of each rolling financial planning period.</li> <li>• All spending and resource proposals are brought to the attention of the Executive Director of Corporate Resources and Customer Services (s151 Officer) and/or their Deputy for prior sign-off.</li> </ul> <p>As part of the Finance Service Review, a finance business partnering culture is being embedded within the organisation,</p>	<p>8. It is recommended that financial training be provided to support the financial literacy of officers with delegated budget responsibility within the organisation. This will be delivered as part of the current implementation of a business partnering culture within the Council.</p>

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			including research into good practice in other authorities, to maximise performance and in turn ensure resources are used in the most effective way. To support this change, financial training is required to aid the financial literacy of staff within the organisation.	
<b>3</b>	<b>Long to Medium Term Financial Management</b>			
F	The authority has carried out a credible and transparent Financial Resilience Assessment	The authority has undertaken a financial resilience assessment. That assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios. The authority has taken appropriate action to address any risks identified as part of the assessment.	<p><b>Robustness of Budget Estimates</b> A report from the Chief Finance Officer " Robustness of the 2021/22 Budget Estimates and the Adequacy of Reserves – Local Government Act 2003 - Section 25 " was presented to Cabinet on the 11th February 2021 along with "Revenue and Capital Budget Plan 2021/22 – 2023/24 and Council Tax 2021/22" with statements on:</p> <ul style="list-style-type: none"> <li>• The robustness of the estimates made for the purposes of the calculations of the budget; and</li> <li>• The adequacy of the proposed level of financial reserves.</li> </ul> <p><b>CIPFA Financial Resilience Index</b> <u>Budget Flexibility</u> The latest CIPFA Resilience Index of the Council, as reported in the Budget Plan, states 'when compared to other metropolitan district councils Sefton would appear to compare favourably in relation to its budget flexibility. Overall, this is classed as a medium risk to the authority within the latest resilience index analysis.</p> <p>However, this was based on analysis carried out prior to additional significant investment in Children's Social Care (including additional budget of £7m in 2021/22). This included investment in staffing to ensure that caseloads of workers are manageable, to keep up with increased demands for services and to support improvements in good practice. From a financial resilience perspective, this will reduce future budget flexibility of the Council as a whole and increase the associated financial risk linked to this</p>	9. It is recommended that Demand Management workstreams within the Framework for Change continue to ensure budget flexibility to respond to risk and financial sustainability as per CIPFA Resilience Index.

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			<p>service area. Demand Management is included within the Council’s Framework for Change and aims to address these issues.</p> <p><u>Income</u> Sefton also is less reliant on grant income, being more reliant on council tax income as an overall percentage of its funding.</p> <p><u>Financial Stress</u> The Index shows that Sefton is at a higher risk of financial stress (relative to others) due to its level of reserves (both General Fund Balances and Earmarked Reserves) at the end of 2018/19 being relatively lower than many other metropolitan councils. The Index has highlighted the relatively low level of Sefton’s General Fund Balances when compared to other metropolitan councils. The average level of balances held is in the region of 5.5% of net revenue expenditure versus Sefton’s current level of approximately 3%.’ The Budget Report, presented to Council in March 2021, sets out a strategy to address these risks (see Section 6O for the associated action in relation to the level of reserves).</p>	
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members	The authority has a sufficiently robust understanding of the risks to its financial sustainability. The authority has a strategic plan and long-term financial strategy that addresses adequately those risks. The authority reports effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact	As per the AGS, the Council’s Vision (Sefton 2030) and Framework for Change programme are clear and demonstrates its commitment to its stakeholders. The Framework for Change has been developed to achieve financial sustainability, to ensure services align with the core purpose and that the Council works with partners to achieve better outcomes. <b>Medium-Term Financial Plan (MTFP)</b> For longer term financial sustainability, the Council has prepared and consulted on a subsequently approved 3-year Medium Term Financial Plan. Sefton complies with CIPFA’s advocacy of a 3-year minimum MTFP. The Budget Report is reported to Members and provides them with an update on the overall financial position of the Council. It refreshes the MTFP for 2021/22 which is the first	10. In order to address the issues with the High Needs Budget, the High Needs Budget Improvement Plan has focused on three key areas: i. Short-term mitigating measures to help to reduce in-year spend; ii. Longer-term aims and objectives linked to improving process, consistency and transparency in the funding process; and

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		<p>of these for short- and medium-term decision making.</p>	<p>year of the Council’s new Financial Strategy period. In addition, it provides an initial view on the likely funding position that the Council will face from 2022/23 to 2024/25, including implications of the local government finance settlement. In doing so the report presents the proposed budget for 2021/22.</p> <p>As well as the aforementioned demand pressures highlighted in section 3F, there is a key risk to financial sustainability relating to the High Needs Budget which has significant implications for the Council’s reserves.</p> <p><b>Capital Strategy</b></p> <p>Alongside the MTFP, the Council have a 5-year Capital Strategy, also a CIPFA requirement which is approved by Members. Again, this allows for visibility of long-term sustainability. The Capital Strategy is a key policy document for Sefton and follows guidance issued in the Prudential Code for Capital Finance in Local Authorities (2017 Edition), and it was first presented in 2019/20. It is an overarching document which sets the policy framework and governance for the development, management and monitoring of capital investment and the use of capital resources. The strategy reflects the Council’s Vision for 2030, Core Purpose, and sets out how capital expenditure will play a significant role in its delivery through the Framework for Change and Growth Programme. The Capital Strategy is aligned to the Treasury Management Strategy, MTFP, Asset Management Strategy and the Disposal Policy and all other approved policies and frameworks.</p>	<p>iii. Sufficiency planning to ensure that future provision meets the needs of children and young people whilst ensuring financial sustainability.</p> <p>From a financial perspective the measures need to address the existing in-year funding shortfall, i.e. annual spend exceeding the annual High Needs funding allocation. The provision of specialist education needs to be provided within the available budget envelope from 2021/22 and from there a strategy to payback the accumulated deficit will need to be developed.</p>
H	<p>The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities</p>	<p>The authority is aware of its obligations under the Prudential Code.</p> <p>The authority has prepared a suitable capital strategy.</p> <p>The authority has a set of prudential indicators in line with the Prudential Code.</p>	<p>Sefton complies with the CIPFA Prudential Code through approval on an annual basis of:</p> <ul style="list-style-type: none"> <li>• Prudential indicators</li> <li>• Annual Treasury Management Strategy including an Annual Investment Strategy and an annual Minimum Revenue Provision (MRP) Policy Statement</li> <li>• A Capital Strategy</li> <li>• A Capital Programme</li> </ul>	<p>No action required.</p>

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		<p>The authority has suitable mechanisms for monitoring its performance against the prudential indicators that it has set.</p>	<p>CIPFA introduced a revised version of the code in December 2017 and this has been adopted in setting the estimated Prudential Indicators for financial years 2020/21 to 2023/24. The indicators are reviewed annually. The Treasury Management Strategy has been produced to incorporate the requirements of the CIPFA Code of Practice on Treasury Management 2017 and the Prudential Code for Capital Finance 2017. Updates on this are provided quarterly to Audit and Governance Committee and bi-annually to Cabinet and Council. Local Authorities have a statutory requirement to set aside each year part of their revenues as a provision for the repayment of debt, called the Minimum Revenue Provision (MRP). The provision is in respect of capital expenditure incurred in previous years and financed by borrowing. The MRP is reviewed annually. Updates on the Capital Programme are reported monthly to Cabinet to keep members informed of the progress of the Capital Programme against the profiled budget for 2020/21 and agreed allocations for future years.</p>	
I	<p>The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans</p>	<p>The authority has in place an agreed medium-term financial plan.  The medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy.  The medium-term financial plan has been prepared on the basis of a robust assessment of the relevant drivers of cost and demand.  The medium-term financial plan has been tested for resilience against realistic potential</p>	<p><b>Medium Term Financial Plan</b>  Sefton has a rolling multi-year MTFP which is revised annually and reflects the latest position of the Council in terms of funding, cost pressures, investments and savings. A Revenue and Capital Budget Update is presented to Cabinet monthly and provides a view on the forecast Revenue and Capital Programme outturn position.</p> <p><b>Financial Sustainability</b>  Financial sustainability within the MTFP is a key feature of the Framework for Change programme. The Framework for Change programme links to the Sefton 2030 vision and the Core Purpose and the MTFP underpins this. This was presented to Budget Council in February 2020.</p>	<p>No action required.</p>

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		variations in key drivers of cost and demand.		
<b>4</b>	<b>The Annual Budget</b>			
J	The authority complies with its statutory obligations in respect of the budget setting process	The authority is aware of its statutory obligations in respect of the budget-setting process. The authority has set a balanced budget for the current year. The authority is likely to be able to set a balanced budget for the forthcoming year. The authority is aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so.	A legal and balanced budget and corresponding Council Tax levels are set annually, by the statutory deadline of midnight on the 10th March. These, alongside the Robustness Report of the Chief Financial Officer, are presented to Cabinet ahead of final budget proposals being considered and agreed. Sefton's MTFP process is designed to deliver a balanced budget each year. The authority is aware of the circumstances under which it should issue a section 114 notice and how it would go about doing so.	No action 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	The authority's most recent budget report includes a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves. The report accurately identifies and considers the most significant estimates used to prepare the budget, the potential for these estimates to be incorrect and the impact should this be the case. The authority has sufficient reserves to ensure its financial	To comply with statute, the Executive Director of Corporate Resources and Customer Services (s151 Officer) is required to report to Council prior to the approval of the budget and the setting of the Council Tax, to give assurance that the budget is robust and that there are adequate reserves and balances. For the 2021/22 financial year this is set out in " Robustness of the 2021/22 Budget Estimates and the Adequacy of Reserves – Local Government Act 2003 - Section 25" alongside the "Revenue and Capital Budget Plan 2021/22 – 2023/24 and Council Tax 2021/22".  As per Section 3F, the CIPFA Financial Resilience Index shows that Sefton is at a higher risk of financial stress (relative to others) due to its level of reserves (both General Fund Balances and Earmarked Reserves). The Budget Report, presented to Council in March 2021, sets out a strategy to address these risks (see Section 6O for the associated action in relation to the level of reserves).	No action required.

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		<p>sustainability for the foreseeable future.</p> <p>The report sets out the current level of the authority’s reserves, whether these are sufficient to ensure the authority’s ongoing financial sustainability and the action that the authority is taking to address any shortfall.</p>		
<b>5</b>	<b>Stakeholder Engagement and Business Plans</b>			
L	<p>The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget</p>	<p>The authority knows who its key stakeholders are.</p> <p>The authority has sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget.</p> <p>The authority has assessed the effectiveness of this engagement.</p> <p>The authority has a plan to improve its engagement with key stakeholders.</p>	<p>The MTFP and budget is developed in consultation with Members and the Leadership Team as well as key partners and stakeholder groups.</p> <p>In recent years the Council has carried out extensive consultation with the community and has a proven track record of engagement, consultation, listening and considering feedback in the budget setting process. Engagement and consultation will continue over the budget plan period and standard Council procedures will be observed in the instances where we are required to inform the public.</p> <p>Significant consultation took place regarding the Sefton 2030 Vision which informs the Framework for Change and the Core Purpose. Whenever budget proposals are produced in relation to the Framework for Change then external and internal consultation takes place as necessary.</p> <p>The MTFP, annual budget and Sefton 2030 Vision are all published on the Council website.</p>	<p>No action required.</p>
M	<p>The authority uses an appropriate documented option appraisal methodology to demonstrate the</p>	<p>The authority has a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication ‘Project and Investment Appraisal for</p>	<p><b>Capital Investment Appraisals</b></p> <p>Sefton use the national Treasury Green Book Appraisal Methodology for all capital investment proposals to ensure they demonstrate VfM and officers received guidance from the Finance Service when developing business cases and options appraisals for investment proposals. These include detailed sensitivity analysis to</p>	<p>11. It is recommended that – where significant policy decisions of a revenue nature have financial implications – they are supported by appropriate options appraisals.</p>

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	value for money of its decisions	<p>Sustainable Value Creation: Principles in Project and Investment Appraisal’.</p> <p>The authority offers guidance to officers as to when an option appraisal should be undertaken. The authority’s approach to option appraisal includes appropriate techniques for the qualitative and quantitative assessment of options. The authority’s approach to option appraisal includes suitable mechanisms to address risk and uncertainty. The authority reports 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).</p>	<p>highlight the associated risks and uncertainty. These are captured within individual business cases together with clear recommendations.</p> <p>Where significant policy decisions of a revenue nature have financial implications, these should also be supported by appropriate options appraisals.</p> <p><b>Governance</b> Internal governance processes are embedded in respective programmes of activity and workstreams including appropriate guidance on project development.</p> <p><b>Reporting</b> Cabinet reports include revenue and capital implications to ensure decision makers are fully informed of the associated financial implications. In order to improve reporting, further training should be delivered regarding the early identification of the financial implications of policy proposals.</p>	<p>12. It is recommended that training is delivered to officers with delegated budget responsibility regarding the early identification of financial implications of policy proposals. A review will be undertaken of the Cabinet reporting template in support of this.</p>
<b>6</b>	<b>Monitoring Financial Performance</b>			
N	The leadership team acts using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	<p>The authority provides 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.</p> <p>The reports cover both forward- and backward-looking information in respect of</p>	<p>Monthly summary financial monitoring is presented to Senior Officers, the Leadership Team and Members. Significant variances and emerging risks are identified and mitigating actions are discussed and agreed in response. The reports cover the position to date and the forecast for the remainder of the financial year. Monthly Revenue and Capital updates are reported to Cabinet addressing pressures, savings and potential offsetting measures for the current financial year budget and 3-year MTFP period. The financial monitoring is incorporated into these updates.</p>	<p>13. It is recommended that the Finance Service continue with the rollout of a business partnering approach across the Council within 2021/22.</p>

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		<p>financial and operational performance.</p> <p>There are mechanisms in place to report the performance of the authority’s significant delivery partnerships.</p> <p>The reports are provided to the leadership team in a timely manner and in a suitable format.</p> <p>The leadership team is happy with the reports that it receives and with its ability to use these reports to take appropriate action.</p>	<p>All members of Cabinet, ELT and SLB receive 3-year view forward looking view.</p> <p>The accuracy of budget monitoring has improved over the medium term and there have been improvements in the culture linked to financial monitoring and review.</p> <p>Going forward, in line with the objectives for the Finance Service Review, the Finance Service are seeking to embed a business partnering approach. This will include greater co-production of financial forecasts with frontline services, i.e. those making financial decisions, supported by the appropriate use of technology and with the intention of freeing up capacity to focus on future risks and opportunities.</p>	
O	<p>The leadership team monitors the elements of the balance sheet that pose a significant risk to its financial sustainability</p>	<p>The authority has identified the elements of its balance sheet that are most critical to its financial sustainability.</p> <p>The authority has put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet.</p> <p>The authority is acting to mitigate the risk identified.</p> <p>The authority reports unplanned use of its reserves to the leadership team in a timely manner.</p> <p>The monitoring of balance sheet risks is integrated into the</p>	<p><b>Reserves</b></p> <p>The overall level of reserves and their planned use is reviewed each year as part of the outturn, MTFP and budget processes.</p> <p><b>Commercial Investment Activity</b></p> <p>The Council has an Investment Board which has delegated responsibility in relation to Commercial Investment activity as defined by the FPRs. Reports are made to members on this activity as and when required to ensure that any significant risks to financial sustainability are identified and appropriate action is taken.</p> <p><b>Treasury Management</b></p> <p>Treasury Management and Bank Reconciliations takes place to ensure suitable cash levels are in place and any borrowing in line with treasury management code of practice.</p>	<p>14. It is recommended that action is taken to increase reserves in support of financial sustainability as per the strategy included in the Budget Report presented to Council in March 2021, to address these risks</p> <p>15. It is recommended that further consideration is given to how risks relating to High Needs and Secondary Schools Deficits, as highlighted within the budget report, are brought together for senior officers within the organisation.</p>

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		authority’s management accounts reporting processes.		
<b>7</b>	<b>External Financial Reporting</b>			
P	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	The authority’s leadership team is aware of the CFO’s responsibilities in terms of the preparation of the annual financial statements. The authority’s CFO is aware of their responsibilities in terms of the preparation of the annual financial statements. These responsibilities are included in the CFO’s role description, personal objectives and other relevant performance management mechanisms. The authority’s financial statements have hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.	The authority’s leadership team and the Executive Director of Corporate Resources and Customer Services (s151 Officer) are aware of their responsibilities in terms of the preparation of the annual financial statements. These responsibilities form part of the Executive Director of Corporate Resources and Customer Services role description and personal objectives. The 2018/19 audit review shows that Sefton have prepared financial statement properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (essentially confirming the CFO is overseeing finances and procedures correctly and ensuring statements are giving a true and fair view of Sefton's finances). Note that the statement of accounts for 2019/20 are currently in draft form as the completion of the audit has been delayed due to COVID. The Council has consistently received an unqualified audit opinion from the external auditors. The statutory financial statements are prepared by appropriately qualified and skilled accountancy staff within the overall governance and control process and are approved by the Executive Director of Corporate Resources and Customer Services and the Council’s external auditors prior to submission to Audit and Governance Committee.	No action required.
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make	The authority’s leadership team is provided with a suitable suite of reports on the authority’s financial outturn and on significant variations from budget.	The presentation of the final outturn position to the leadership team and Cabinet compares the financial year outturn to the final forecast and explains any further variances from budget. Monthly in-year and final outturn reports highlight and provide analysis of key variances with recommendations for actions where appropriate.	No action required.

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	<p>strategic financial decisions.</p>	<p>The information in these reports is presented effectively.                  These reports are focused on information that is of interest and relevance to the leadership team.                  The leadership team feels that the reports support it in making strategic financial decisions.</p>	<p>Any key issues are reflected in the budget setting and MTFP process.                  The reports to Cabinet start with the financial position from when the budget is set and are updated monthly for known changes.                  They are an effective format for communicating variances in a concise, yet informative, manner.</p>	
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