

Facing Financial Challenge in an Uncertain World

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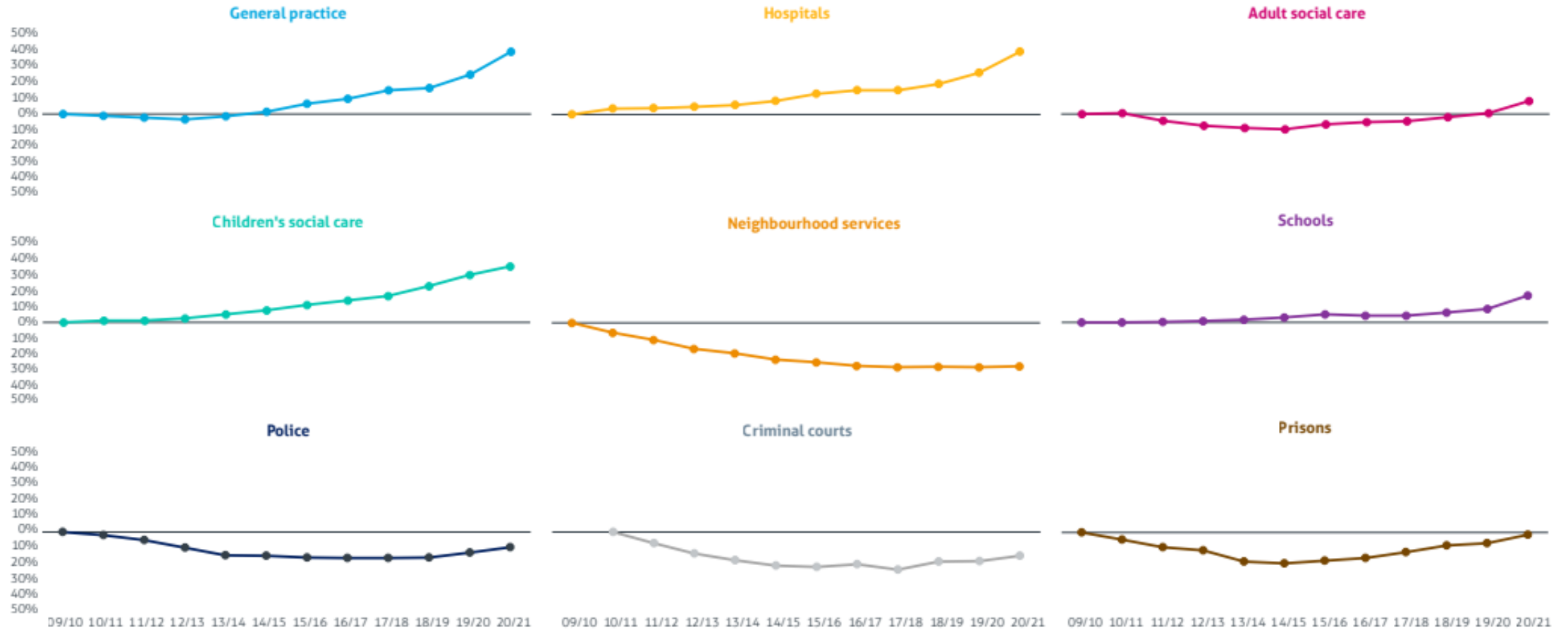
Unsettled times globally



Unsettled times closer to home



Figure 0.3 Change in public services spending since 2009/10 (real terms)



Source: Institute for Government analysis of government spending data, supported by CIPFA. Notes: Full details on data sources are provided in the Methodology chapter; the data series for criminal courts starts in 2010/11 as 2009/10 figures are unavailable.

Supported by
our findings
from
Performance
Tracker



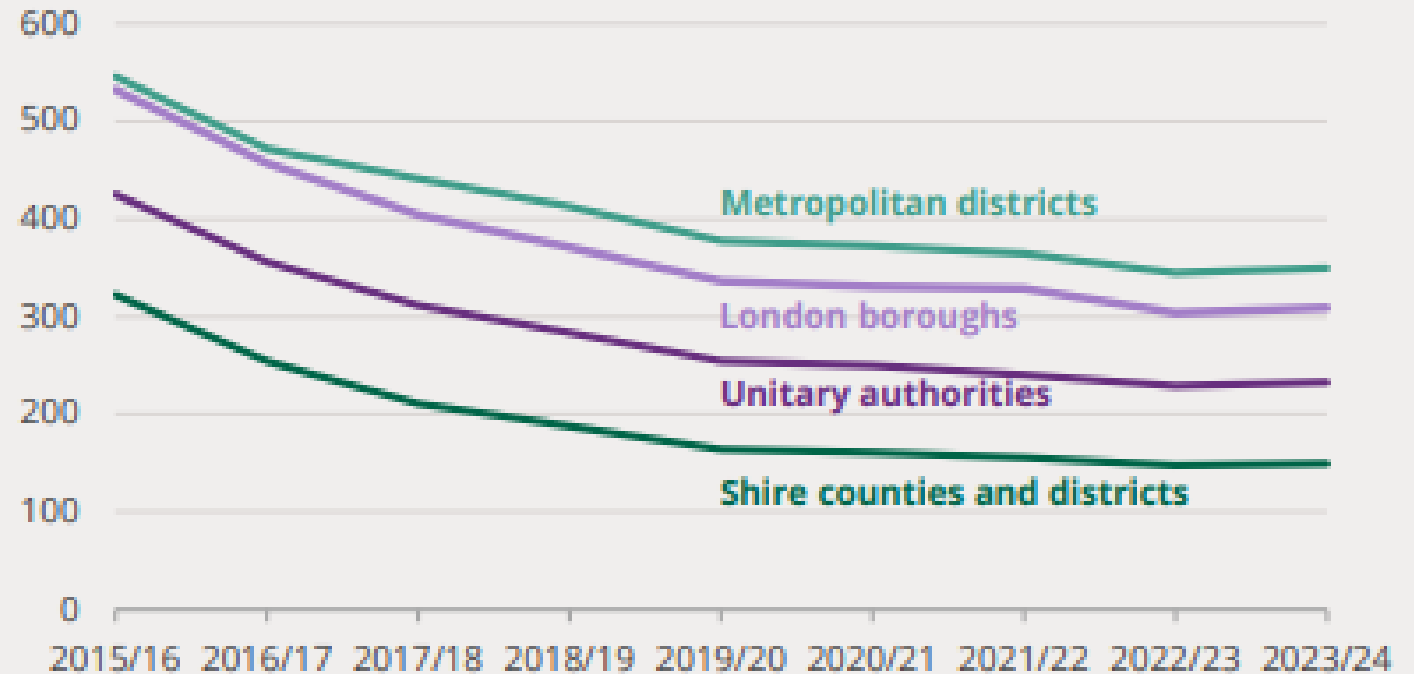
Pressures on Local Authorities



Settlement funding

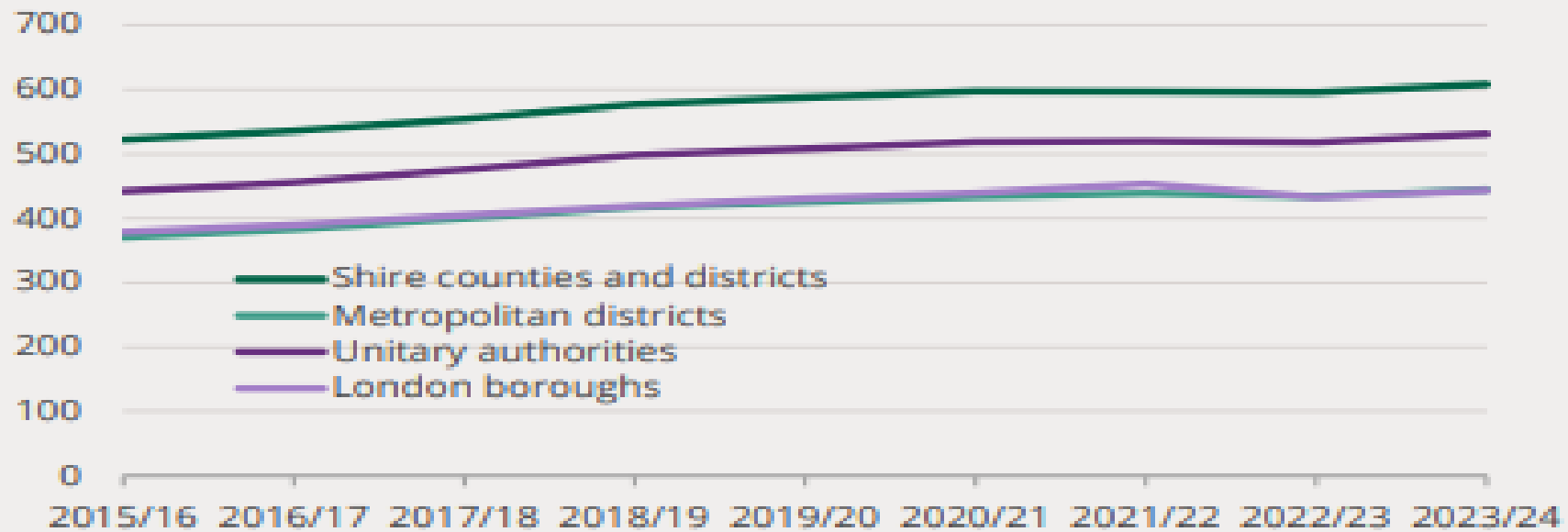
Different classes of authority receive different levels of settlement funding from central Government

Settlement funding, £ per person, real terms (2022/23 prices)



Local authorities are now expected to raise more council tax

Council tax requirement, £ per person, real terms (2022/23 prices)



Income raising

Building Financial resilience



Financial Management Framework Principles

Accountability

Organisational
leadership

Assurance

Transparency

Standards

Sustainability

Financial Management Code Framework





Poor decisions have consequences

Key messages from recent Local Government failures

- absence of the right **culture and understanding of the Nolan Principles**
- need for **greater transparency** in decision making
- need for more effective **risk management**
- **weakness in challenge** via audit committees or scrutiny
- **lack of capacity** and expertise for operating in specific markets
- **lack of time** for considered challenge
- the need for **more effective capability** in commercial skills

What we have seen

The risks around commercial activities must be clearly understood, with effective oversight of council-owned companies

The savings process should be effective and engaging, with budget holders actively involved in identifying and delivering savings.

Elected members must receive training on financial matters, improving their understanding of complex issues.

Governance arrangements should be strengthened and include the ability to speak truth to power.

The quality of financial management should be assessed,.

Independent assurance on the annual governance statement can ensure it is effective.

Internal audit should review the effectiveness of financial rules and processes, and knowledge of and compliance with financial regulations

Mapping exercise Thurrock Council





Building Financial Resilience – sharing knowledge

Thank you for listening - Further reading or visit cipfa.org.uk

- The report **Learning lessons**: what Section 114 can teach **us** explores Section 114 notices as well as common trends and themes around financial management and governance in local authorities it complements the CIPFA IFS funding model and the resilience index
- **Implementation of the financial management code** is a Civica sponsored insight into the implementation and strengthening of financial management via CIPFA's Financial Management Code.
- Practice Advisory Note Advisory note three: The importance of good governance, effective oversight and accountability of council-owned companies
- This advisory note formalises key messages from the CIPFA practice oversight panel on the crucial importance of good governance during the establishment and subsequent operation of council-owned companies.
- Bulletin 12 Infra structure Assets To provide guidance on the temporary solution for accounting for infrastructure assets, focusing on the reporting of the derecognition provisions where there is replacement expenditure and particularly for highways infrastructure assets
- Bulletin 13 Local Authority Reserves and balances updating the last bulletin and including SEND deficits