The Chartered Institute of Public Finance & Accountancy

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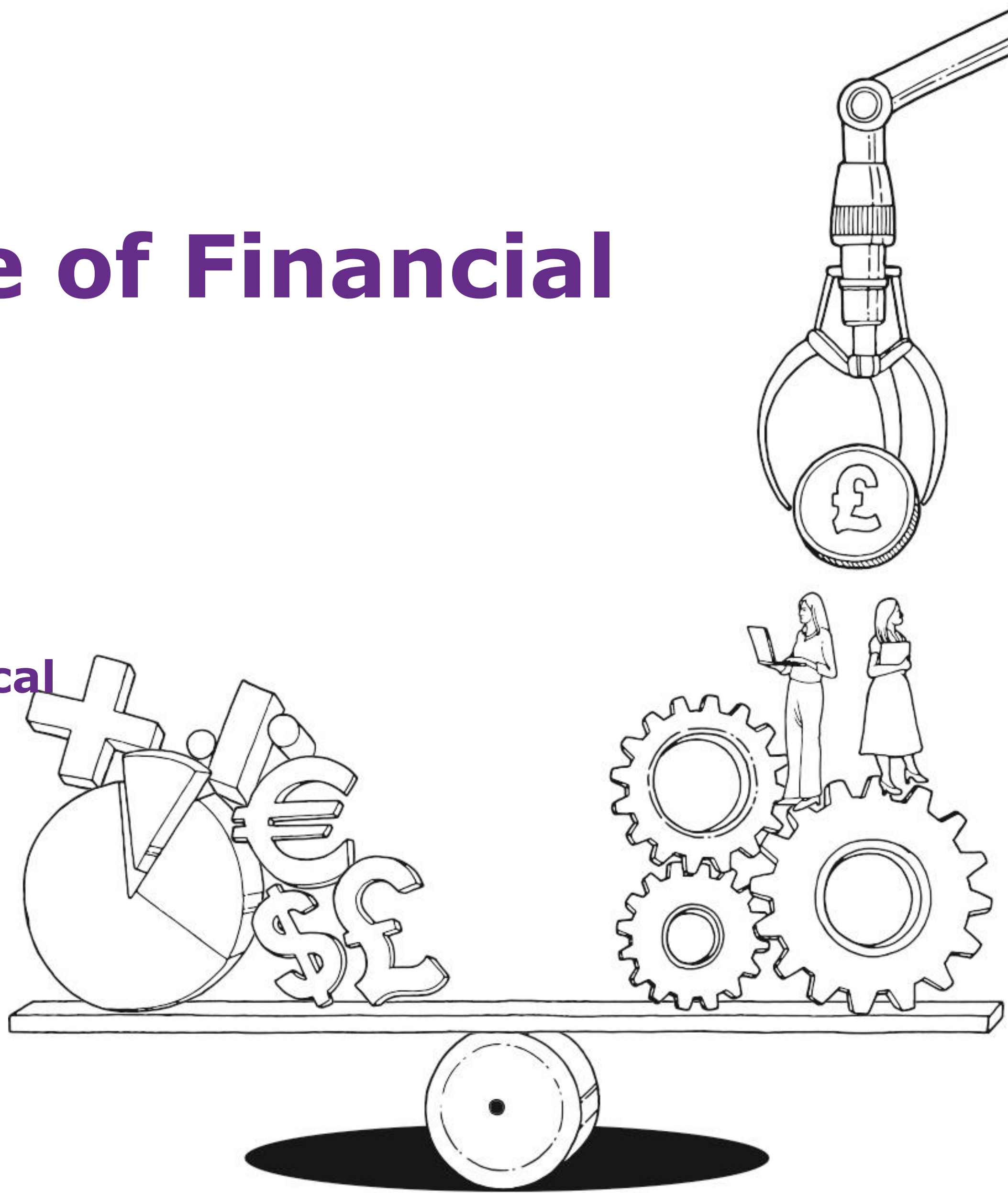
The CIPFA Code of Financial Management

Don Peebles
Head of CIPFA Policy & Technical



Agenda

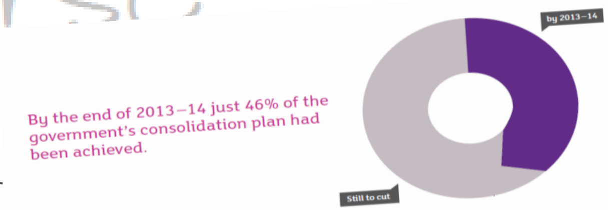
- Local Government in 2018 – through a different lens
- CIPFA’s Suite of Professional Codes
- CIPFA’s Professional Response: The FM Code
- Towards Financial resilience: Your ‘other’ Professional Tools

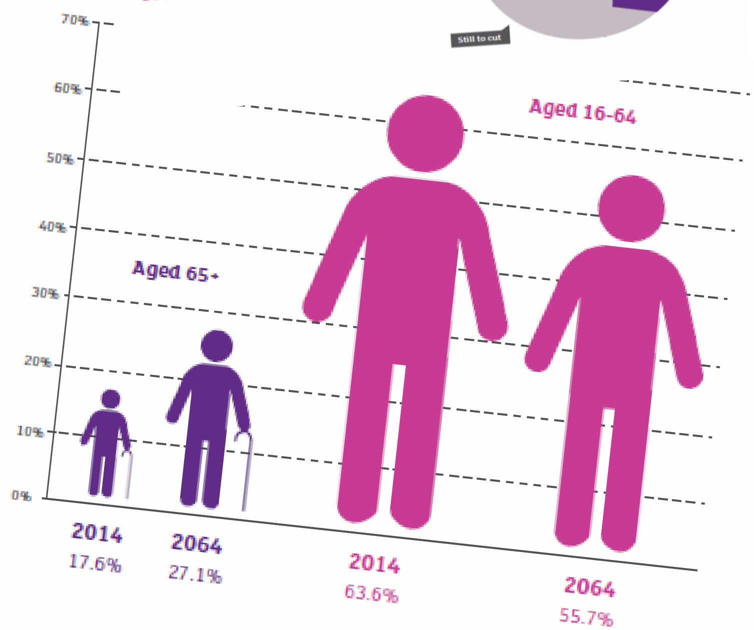
Through a Northamptonshire Lens

Some Uncomfortable Truths………

The IFS says ministers have already made additional spending commitments of more than £6bn a year after 2015-2016, which means there will have to be yet more cuts elsewhere to fund them.

The ONS estimates that the proportion of the population aged 65 and over will increase from 17.6% in 2014 to 27.1% in 2064. During that time the proportion aged 16 to 64 is forecast to fall from 63.6% to 55.7%.





1. Governments must budget for the medium to long term, and invest strategically to stimulate economic growth

Government needs to budget for the medium to long-term, invest strategically in growth and invest in early interventions for the benefit of both current and future generations. Policies simply designed to win votes in the short term will only serve to damage the public interest by undermining efforts to remove the deficit and reduce debt.

"..And none of these figures allow for possible future shocks, such as an exit from the EU…"

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CIPFA's Suite of Codes

A 'New' Financial Management Code

- CIPFA's professional response [our tripartite response]
- professional codification of budget setting and financial management
- Stakeholder group commences work 3rd July 2018
- Some Risks: The role of reserves?

CIPFA's FM Code – A Principled Approach

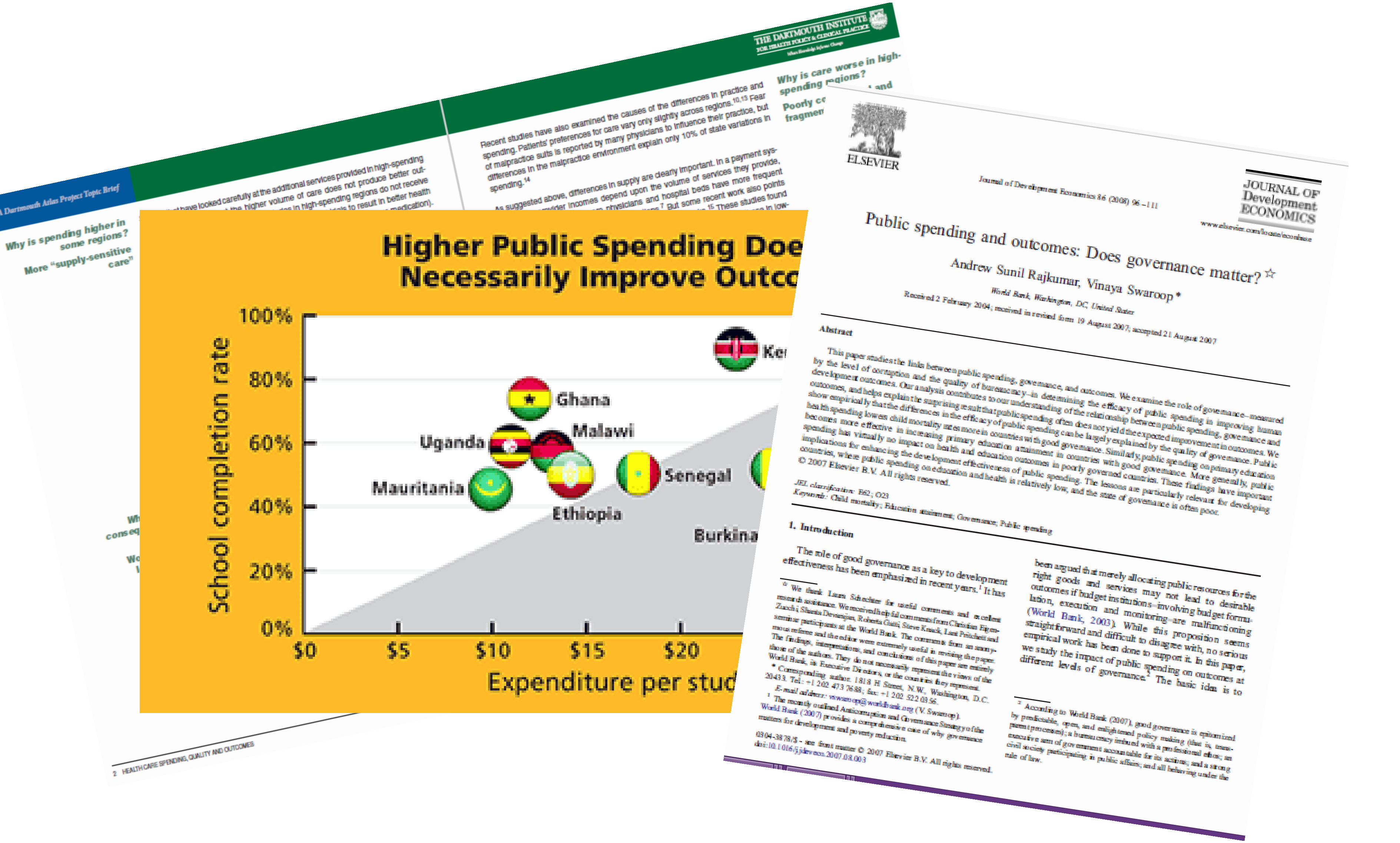
The Code will be principles based but discussions with stakeholders have identified key areas:

- **Leadership**
  - Vision culture, strategic direction.
- **Stewardship**
  - Budgets, MTFP, risk data quality, life time costs.
- **Transparency**
  - Monitoring, reporting, data consistency.
- **Standards**
  - Accounting, legislation, code of conduct, statutory sign off.
- **Assurance**
  - Sources of assurance, scrutiny, external and internal audit.
- **Sustainability**
  - Financial (reserves) people (capacity and skills) organisational (development, transformation)

The Code: An Outline Timeline

Stake holder group to agree content and terms of reference	**July 2018**
Research, recommendations on chapters content initial draft	**October 2018**
Stake holder ‘road’ test	**December 2018**
Consultation on Draft Code	**Early 2019**
Code ‘Franked’ by CIPFA	**July 2019**
Code Release	**September 2019**

Resilience: Use Public Money Differently?



Resilience: Use Public Money Differently

Bad weather: snow!–

Risk to pedestrians

Increase in breaks & sprains

Impact = Health Board budget

Could Collaboration and

Preventative Spend offer resilience?

A Simple (but real) ~~Truth~~ Solution

a health authority in England gave £0.5m to a local roads department to salt the pathways in freezing conditions.

This funding reduced the pressure on their A&E department, by cutting the number of presenting cases of sprains and broken limbs after falls.

REF: Independent Living in Scotland Project, Evidence to Scottish Parliament, Finance Committee, September 2010

Resilience: The Capital Strategy

Capital Expenditure

- Governance
- Long term plans
- Asset management planning
- Restrictions around funds

CIPFA TM Panel Statement – effective 2018/19…but can defer to 2019/20

Investments and liabilities (risks)

- Approach, due diligence, risk appetite
- Governance process for approval and monitoring
- Summary of material investments, guarantees and liabilities

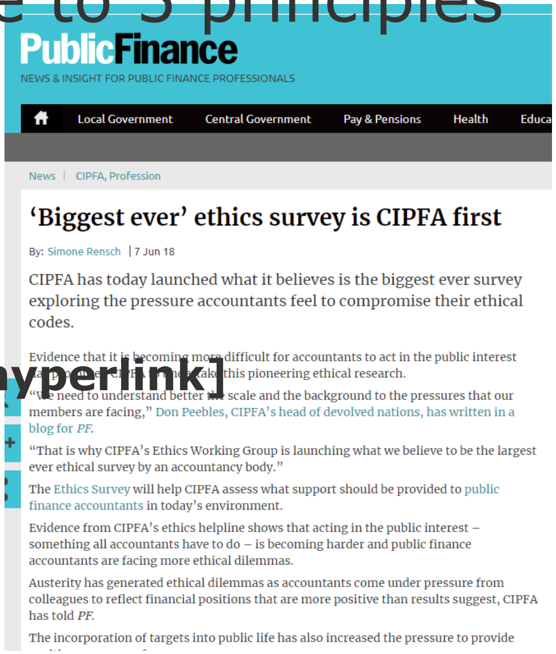
Treasury Management

- Governance
- Long term planning inc. MRP
- Risk appetite, key risks and sensitivities

Skills and knowledge

Finally A word about … Ethics

- Your Duty to work "in the public interest"
- Accountants are required to adhere to 5 principles
- A revised Code issued spring 2018
- CIPFA Ethics survey **[r/click and open hyperlink]**



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'Biggest ever' ethics survey is CIPFA first

By: Simone Rensch | 7 Jun 18

CIPFA has today launched what it believes is the biggest ever survey exploring the pressure accountants feel to compromise their ethical codes.

Evidence that it is becoming more difficult for accountants to act in the public interest [illegible] this pioneering ethical research.

"We need to understand better the scale and the background to the pressures that our members are facing," Don Peebles, CIPFA's head of devolved nations, has written in a blog for *PF*.

"That is why CIPFA's Ethics Working Group is launching what we believe to be the largest ever ethical survey by an accountancy body."

The Ethics Survey will help CIPFA assess what support should be provided to public finance accountants in today's environment.

Evidence from CIPFA's ethics helpline shows that acting in the public interest – something all accountants have to do – is becoming harder and public finance accountants are facing more ethical dilemmas.

Austerity has generated ethical dilemmas as accountants come under pressure from colleagues to reflect financial positions that are more positive than results suggest, CIPFA has told *PF*.

The incorporation of targets into public life has also increased the pressure to provide