



The Chartered Institute of
Public Finance & Accountancy

A message from your Institute

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Need and expectations from today?



The budget balancing dilemma



Not just about the money

- Other issues can contribute and build up over many years
- A result of decisions taken in the past
- A result of decisions not taken
- Projecting financials? – grants, growth, F&C
- Projecting demand? – data analytics, demographic change / trend
- Decisions making – track record on delivery?
- Project management – a robust and deliverable business case?
- Leadership, culture, governance, communication, staff

The Northampton Diagnostic

- Financial Rigour
 - Structural revenue deficit not addressed for several years
 - Savings plans set but never achieved and no clear plan
 - No assessment of statutory minimum spend
 - Plans for savings in non-statutory services reversed
 - Authority's 2018/19 budget-setting process was flawed – *KPMG Advisory note*
- Financial Sustainability
 - Council Tax not pushed into referendum territory
 - Reliance on a drawdown of reserves
 - Reliance on other 'one-off' funding options (earmarked reserves, write back of general provisions, MRP reassessed, use of s.106 developer contributions)

The Northampton Diagnostic

- Demand management
 - ASC & Children services significant and repeated overspend
 - No clear strategy to identify and manage demand-led budgets
 - No link between demand forecasting and departmental budgets
 - No identity between statutory & non-statutory spending areas
 - No clear 'alternative methods' of managing demand of these high spend areas
- Innovation & Transformation
 - Creation of ASDV (Northampton Trading Ltd & Olympic Care) incurred significant costs and caused operation and organisational disruption – services set to be reintegrated
 - Doubt on whether capitalised revenue was under qualifying transformation criteria
 - Heavy use of 'Capital Flexibilities Direction' (capitalising large revenue costs under 'transformational projects')

The Northampton Diagnostic - KPMG conclusions

- Lack of prudence in financial planning
- Absence of robustness in discharging the accountability & transparency of statutory guidance
- Transformation projects – not sufficiently overseen, monitored & reported by those charged with governance of process

Strained relations (and trust) between officers and members

Is Northampton a one-off?

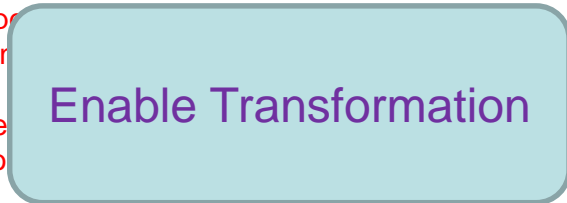


CIPFA Consultancy – real resilience case studies

Weak data collection

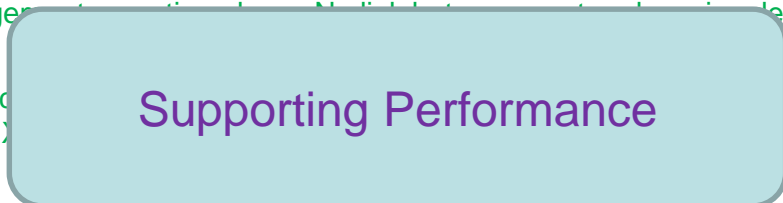
Corporate too involved in... - low

The shared service route with no... to challenge (can't support)



Project management... Multiple... decision

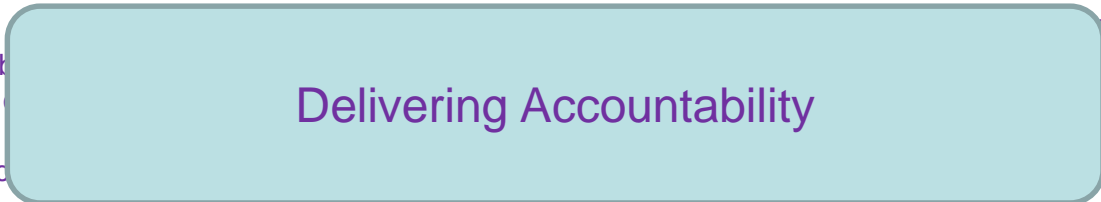
Little evidence... management poor



Staff PM appraisal, development and challenge is weak Service dept. – let off hook

Officer & Membr... - Lack of... (st change)

PM rep... as controllable



Different depts have own data sets Rarely bottom up MTFP setting

Poor challenge – savings ID & realisation

Finance – to the 'rescue' dipping into reserves

What you will hear today...

1. The assessment
 - Financial Resilience Model
2. The architecture
 - A new Financial Management Code of Practice (mandated)
3. Understanding and modelling future funds
 - A new FAS funding model
4. Improving (accountability, performance & transformation)
 - CIPFA's FM Model
5. Sector led support and improvement
 - Future proofing
 - CIPFA's role?

What happens if another s.114 issued?

Questions and Discussion ?

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