

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S  
REPORT TO**

**Finance Assets and Performance Scrutiny Committee**  
**17 September 2020**

**Report Title:** CIPFA Guide to Financial Scrutiny

**Submitted by:** Head of Finance

**Portfolios:** Finance and Efficiency

**Ward(s) affected:** All

**Purpose of the Report**

To provide the Committee with guidance to assist in the scrutiny of the Council's finances including performance management, timeliness, adequacy and user friendliness of public information in addition to the robustness of in-year reporting and value for money.

**Recommendation**

That the attached CIPFA guide to "Scrutinising Public Accounts" be received and considered.

**Reasons**

To ensure that the Council's financial monitoring and performance are appropriately scrutinised and reviewed.

1. **Background**

- 1.1 Local government makes up a significant portion of general government. In fact, local government's share of land and buildings held is higher than all central government bodies (including the Department of Health, Department for Education and Ministry of Defence).
- 1.2 Councils operate independently of central government and are accountable to their local electorates for the services they provide.
- 1.3 Local authority accounts have a crucial role to play in providing accountability to taxpayers and other stakeholders for spending public money.
- 1.4 Local government financial statements are designed to enable individual authorities to demonstrate performance both in the way in which they organise themselves and, more importantly, in how they budget against the general fund to provide services.
- 1.5 The Expenditure and Funding Analysis brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the general fund.

Financial statements include:

- The Comprehensive Income and Expenditure Statement
- Movement in Reserves
- The Balance Sheet
- Cash Flow Statements
- Notes to the Accounts.

## 2. **Issues**

2.1 The decade following the global financial crisis has shone a light on public finances like never before. The huge cash injection by governments around the world to shore up the banking sector and more recently the impact of Covid-19 has resulted in the doubling of debt in the UK and near financial collapse for others. The debate will rage on as to the action taken by governments and no doubt will be the theme for many commentators for several years to come.

2.2 To be able to assess the impact of this significant increase in debt and day-to-day policy decisions on the nation's public finances has added to the need for greater scrutiny of public finances.

2.3 CIPFA have produced the guide to "Scrutinising Public Accounts" to assist the users and readers of Public Sector information.

2.4 Areas for review and scrutiny may include the following:-

- Performance Management - It can be difficult in the public sector to directly link inputs (or spend) and activities to outputs and outcomes. Annual Service Plans set out a department's objectives, how it will use its resources to achieve them and how its performance should be measured. Progress against these objectives is provided in the performance section of the annual report and accounts.
- Timeliness – Is information produced in a timely manner enabling the committee to have sufficient time to review and comment?
- Adequacy and user friendliness of public information - Provide clearer, user-friendly information by thinking about how the information is presented (i.e. plain language and better use of data visualisation).
- Robustness of in-year reporting – Is the in-year reporting sufficient to inform committee members on the Council's financial and performance management position.
- Value for Money - Value for money study focuses on a specific area of expenditure, and seeks to reach a judgement on whether value for money has been achieved. Good value for money as the optimal use of resources to achieve the intended outcomes.

## 3. **Proposal**

3.1 That the Committee reviews the CIPFA guide to "Scrutinising Public Accounts".

## 4. **Reasons for Proposed Solution**

4.1 To assist in the scrutiny of the Council's finances including performance management, timeliness, adequacy and user friendliness of public information in addition to the robustness of in-year reporting and value for money.

## 5. **Options Considered**

5.1 Not Applicable.

## 6. **Legal and Statutory Implications**

6.1 There are no such implications arising directly from this report.

7. **Equality Impact Assessment**

7.1 There are no equality implications arising directly from this report.

8. **Financial and Resource Implications**

8.1 There are no such implications arising directly from this report.

9. **Major Risks**

9.1 There are no major risks arising directly from this report.

10. **Sustainability and Climate Change Implications**

10.1 There are no such implications arising from this report.

11. **Key Decision Information**

11.1 This report does not relate to a Key Decision.

12. **Earlier Cabinet/Committee Resolutions**

12.1 This report does not relate to any earlier Cabinet or Committee resolutions.

13. **List of Appendices**

13.1 Appendix 1 – CIPFA Scrutinising Public Accounts.