We are pleased to submit a response on the CIPFA financial management code for local government consultation.

PFW is a new organisation focused on creating the first global network for women working in the field of public finance to improve career chances and opportunities for women. Our vision is to develop a dynamic network for women with the inclusion and engagement of men that will support an exchange of ideas and good practices, provide mentoring and peer support and promote gender equality through thought leadership and research. To find out more about PFW we have attached our recently published strategy.

We believe that whilst supporting women to fulfill their potential, engendering public finance is of equal importance, hence our interest in this consultation. In our experience no public or regulatory policy, including codes of practice and/or guidance are gender neutral and they need to be scrutinised through a gender lens. In many countries and parts of the public sector there is still a lot of work to do to convince stakeholders that existing policies and/or codes of practice are not gender neutral. Delivering global commitments towards gender equality, such as SDG 5, requires positively including a gender perspective across the full policy framework including codes of financial practice so that inclusion and diversity is mainstreamed. Therefore, we welcome the opportunity to respond to this consultation.

In our view and at this point in time when local authorities are facing severe financial pressures the financial management code for local government should be welcomed as it encourages good practice financial management in the short, medium and long-term and supports local authorities in achieving financial sustainability.

But, in our view, it falls short of ticking the box for incorporating diversity and inclusiveness as key components in helping to drive sound financial management. Increasingly organisations are realising the benefits of integrating diversity and inclusiveness into everything they do and this should be the same for managing local government finance. The IMF recently reported that gender inclusiveness can help magnify the effectiveness of monetary and fiscal policies and we believe that this is
also the case for ensuring strong financial management in local government. By integrating diversity and inclusiveness the financial management code would be strengthened. We have identified some areas in the code that would benefit from a review. This includes identifying opportunities to incorporate elements of the recent CIPFA publication on gender based budgeting.

We believe that the financial management code will be helpful for local authorities in setting a benchmark of good financial management practice and strengthening financial resilience. But it is also important in our view that the initiator of the code can demonstrate good financial management practice against the code if it is to incentivise organisations to follow it and measure their own performance.

**Specific points:**

**Page 5, paragraph 12.** We would recommend that CIPFA includes ‘diversity and inclusiveness’ as an underlying principle underpinning good financial management. There is strong evidence to suggest that diverse organisations perform better, are more sustainable and benefit from accessing a wider talent pool and fostering creative ideas. It is good for public services and improving the performance of financial management. We were surprised that stakeholders did not highlight this as a key principle. A change would also need to be made on page 10 of the code.

**Page 16, paragraph 37 and 39.** In relation to the skills mix, we believe that it is not just about having a mix of unqualified and qualified staff it is also about having a diverse workforce of both women and men. Financial management will benefit from a wider set of skills, an improved talent pool and sustainable workforce. The code would benefit from shoring up this section. The role of the Chief Finance Officer as set out in standard practice statement B4 should also include a responsibility to encourage diversity and inclusion in the finance function with regular review alongside skills. A Chief Finance Officer should lead and inspire diversity and inclusiveness. Specific performance measures should also be developed, such as percentage of women recruited, retained, received promotion, equal pay, percentage of women in management etc.

**Page 20, Section 2.** Whilst the code highlights the Committee on Standards in Public Life seven principles for effective governance, we believe that an additional principle of diversity and inclusiveness should be included so as to highlight diversity and inclusiveness as a key component of good governance. This would align the principles to those of a modern organisation. In our view diversity and inclusion have equal status with the other principles in helping to shape the culture, governance, ethics and performance of an organisation.

**Page 23, financial management style.** One of the biggest leadership adjustments that need to be made by managers and leaders relates to being more in tune with diversity and equality. This means modern day leaders should be adjusting their leadership styles for a variety of experiences and challenges. The hierarchy of three financial management styles outlined in the financial management code currently does not reflect this. CIPFA should consider revisiting this section, particularly given the
strong case being made by a number of organisations for diversity and equality contributing to performance success and facilitating transformation.

Given that our list of specific points is not exhaustive we would encourage CIPFA to review the code through a diversity and inclusiveness lens before finalising.

We hope that the above is helpful and should you require further clarification do not hesitate to contact Barbara Grunewald or me.

Yours sincerely,

Co-founder PFW