

## Financial Management Code of Practice – Summary Compliance Assessment 2025/26

| Ref   | CIPFA Financial Management Standards   | Current Status   | Further Work   | RAG Status   |
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| <b>1. Responsibilities of the Chief Finance Officer (CFO) and Leadership Team</b> |  |  |  |              |
| A   | The leadership team is able to demonstrate that the services provided by the authority provide value for money (VfM) | <p>Working as part of the Strategic Leadership Board (SLB), the Director for Financial &amp; Commercial Services is responsible for the leading on the delivery of the council's <a href="#">Commercial Strategy</a> which was agreed by Cabinet in March 2024. This seeks to promote a wide and more integrated approach to commercial management combining strategic and operational tasks distributed across the Council. The Strategic Capital and Commercial Board considers commercial opportunities as part of its remit.</p> <p>The Commercial Transformation Programme has been in place during 2025, reviewing systems, processes, data, management information, roles and responsibilities. This resulted in a full redesign of a new Commercial and Procurement Service that went live in December 2025 with an implementation plan that will continue in 2026.</p> <p>The Strategic Leadership Board considered benchmarking and performance information by way of the IMPOWER index in November 2025. This provided an opportunity to consider areas where improvements could be made to outcomes which cost less. Further work is planned in early 2026 to consider ambitions and</p> | <p>More systematic business intelligence information and insight needed to underpin the Commercial Strategy and enable the council to demonstrate that all revenue and capital expenditure provides VfM is being developed.</p> <p>The redesign of Financial &amp; Commercial Services went live in December 2025 with an implementation plan into 2026. This will improve capacity and capability to track and report VfM data and introduce a more commercial approach in line with the council's Commercial Strategy.</p> <p>The Commercial Strategy will be updated in 2026.</p> <p>A new Financial Management Strategy has been drafted and the Financial Management Operating Model is being</p> | <b>AMBER</b> |

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|     |   | <p>opportunities which will help in ensuring a balanced budget can be achieved for 2027/28 and 2028/29.</p> <p>Procurement decisions consider VfM by considering the quality of service and not just price.</p>   | <p>updated. These will be reviewed by SLB during Q4 ready for roll out and implementation, including training in 2026.</p> |            |
| B   | <p>The authority complies with the CIPFA “Statement of the Role of the Chief Finance Officer (CFO) in Local Government”</p> | <p>The CFO is qualified accountant with significant experience working as an active member of the council’s leadership team.</p> <p>In carrying out their role as Executive Director of Resources and Section 151 Officer, the CFO is a member of SLB (Strategic Leadership Board) and reports directly to the Chief Executive. The CFO has an influential role with members of the Cabinet, Audit &amp; Governance Committee and lead opposition members.</p> <p>The redesign of Financial &amp; Commercial Services in 2025 has considered the resource required to support financial management and the commercialisation of the council’s activities with additional funding for the Commercial Team expected to be met from savings generated through a more commercial approach.</p> <p>Reflecting the need to ensure financial literacy across the council new job roles agreed as part the organisational redesign of the council’s senior leadership structure in 2024 clearly set out the financial management responsibilities of each of the council’s directors and their direct reports. These responsibilities</p> |  | GREEN      |

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|   |   | are being followed up through on-going performance management in 2025/26.   |  |              |
| <b>2. Governance and Financial Management Style</b> |   |   |  |              |
| C   | The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control | <p>The Strategic Leadership Board (SLB) understands its responsibilities in relation to Financial Management and considers the assessment against the Code and actions or further work required in order to continuously improve.</p> <p>The Strategic Leadership Board (SLB) receive and review on a quarterly basis a report from the Chief Internal Auditor on progress against the Internal Audit Plan, implementation of agreed management actions and delivery of the Counter Fraud Plan. The Annual Governance Statement (AGS) and Action Plan are also considered.</p> <p>In addition, the Audit &amp; Governance Committee have a key role in providing independent assurance over governance, risk and internal control arrangements.</p> <p>While there are some forecast overspends in 2025/26 ongoing focus on managing pressures over the short and medium term to maintain financial resilience is evidenced in the forecast reported through the Business Management &amp; Monitoring Reports to Cabinet.</p> <p>Work to establish a meaningful and effective approach to updating and maintaining schemes of financial</p> | <p>Following the Fair Funding Review 2.0 the Provisional Finance Settlement for 2026/27 and the following two years indicates that significant budget reductions will be required to balance the council's budget over the medium term.</p> <p>From early 2026 onwards the new Financial Management Strategy and Financial Management Operating Model will be implemented to manage this. There will also need to be renewed and sustained focus on managing demand and other pressures throughout the financial year.</p> | <b>GREEN</b> |

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|     |   | delegation across services has been completed in 2025/26.  |  |            |
| D   | The authority applies the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework (2016)” | The Local Code of Corporate Governance sets out how the Council complies with the requirements of the Framework and identifies key documents, which provide detailed information as to how the Council ensures the Corporate Governance principles are adhered to. The annual update of the Oxfordshire Code of Corporate Governance was last approved by Audit & Governance Committee in <a href="#">March 2025</a> . <a href="#">Appendix B</a> of the report identifies evidence that demonstrates that the Council is delivering good governance.  |  | GREEN      |
| E   | The Financial Management style of the authority supports financial sustainability                         | <p>Control over expenditure and prudent use of contingency and other funding was demonstrated in the year end underspend of £12,8m in 2024/25 and the forecast use of contingency (£7.3m) to manage service pressures in 2025/26.</p> <p>Directors are expected to manage within the budget available to them and take action where necessary to do that. However, the use of data and improved reporting to inform service management and needs further development. For example, implementation of a new dashboard to predict expenditure for Children’s Services.</p> <p>The cumulative High Needs DSG deficit has grown significantly from £92.3m at 31 March 2025 to a forecast of around £160m in 2025/26 despite on-going</p> | <p>A draft Financial Management Strategy has been developed alongside the redesign of Financial &amp; Commercial Services. The strategy will be finalised and agreed by SLB and following that an implementation plan will be developed and implemented from early 2026.</p> <p>A new data has been established through the redesign of Financial &amp; Commercial Services which went live in December 2025. This has created capacity to</p> | AMBER      |

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|  |  | <p>action taken through the Deficit Management Plan. Continued increases in demand and inflationary pressures are proving to be considerably more significant than reductions in expenditure that can be achieved through efficiencies and demand management. There is therefore a significant risk that deficits will continue to increase. Based on national guidance funding responsibility for High Needs SEND was expected to transfer to Central Government from 1 April 2028 when the statutory over-ride ends. An update from the government on the future management of both cumulative and future deficits is expected in the Final Local Government Finance Settlement.</p> | <p>focus on improving data and reporting.</p> <p>The Financial &amp; Commercial Services redesign has created the role of Commercial Partners from December 2025 onwards. People Partners are in place following the redesign of HR and Cultural Change. The intention is to work more closely together as a group of business partners to provide more strategic and aligned advice and support to services.</p> |              |
| <b>3. Long to Medium-Term Financial Management</b> |  |  |   |              |
| F  | The authority has carried out a credible and transparent financial resilience assessment | <p>A review of the 2025/26 CIPFA Financial Resilience index has been undertaken and the assessment will be included in the Financial Strategy (section 4.5 of the Budget &amp; Business Planning Report to Cabinet in January 2026).</p> <p>The Financial Strategy also includes a suite of performance indicators against which financial performance is measured during the year and reported</p>  | <p>While further updates from the Government are awaited sustained action will need to be taken to manage and mitigate the impact of High Needs DSG deficits on the council's financial resilience.</p> <p>The leadership team will need to identify options to manage a</p>  | <b>GREEN</b> |

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|     |  | <p>through the Business Management &amp; Monitoring Reports to Cabinet. These measures include the forecast level of General Balances against the minimum risk assessed level for balances taking into account the latest monitoring position in the current year and the forecast achievement of savings built into the budget.</p> <p>The Provisional Local Government Settlement for 2026/27 indicates that funding reductions of over £30m will be required by 2028/29.</p> <p>The forecast cumulative deficit for High Needs DSG will be around £160m by the end of 2025/26 and continues to increase. There is a deficit management plan in place to manage the increase. Measures include new special school places, implementation of a new banding system, savings through contract management and a review of internal services and the use of agency staff. Further guidance from the government on the treatment of cumulative and future deficits is expected as part of the Local Government Finance Settlement for 2026/27.</p> | significant reduction in funding over the next three years and focus on managing demand and expenditure and achieving savings.  |              |
| G   | The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members | <p>The Financial Strategy and MTFS outline the financial challenges and opportunities facing the Council over the medium term and set out how action is being taken to manage expenditure within the available funding. They also explain where further action is required.</p>  | Options to manage the impact of funding reductions over the medium term will be developed and discussed with members from early 2026 onwards so that decisions and actions can be | <b>GREEN</b> |

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|     |                                      | <p>The Capital &amp; Investment Strategy and the Capital Programme both cover a 10-year period. The Capital &amp; Investment Strategy sets out the long-term context in which capital expenditure and investment decisions are made and articulates how the Council's capital investment will help achieve the Council's vision and priorities as well as respond to demographic change.</p> <p>While different budget scenarios have been discussed with SLB and Cabinet uncertainty about the impact of Funding Reform / High Needs DSG deficits and Local Government Reform has made future modelling challenging leading up to the publication of the Local Government Finance Settlement for 2026/27 in late December 2025.</p> <p>Updates on High Needs DSG are reported through the Business Management &amp; Monitoring Reports and as part of the Financial Strategy. Based on national guidance funding responsibility for High Needs SEND was expected to transfer to Central Government from 1 April 2028 when the statutory over-ride ends. An update from the government on the future management of both cumulative and future deficits is expected in the Final Local Government Finance Settlement. Updates on this have been shared as part of the 2026/27 budget process.</p> <p>All councillor briefings on funding reform and the implications for the council are provided as part of the</p> | <p>taken in advance of setting the budget for 2027/28</p> <p>MHCLG will set out the plans for managing the historic High Needs deficits as part of the Final Local Government Finance Settlement in February 2026. Further action to manage the deficit may be required once this position becomes clear.</p> |            |

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|     |   | budget process providing opportunity for questions and other feedback.   |  |            |
| H   | The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”            | <p>The Capital &amp; Investment Strategy is updated annually and agreed by Council alongside the Capital Programme, Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy.</p> <p>The Capital Programme is monitored monthly with reports produced quarterly for the Strategic Capital Board and Cabinet. Quarterly Treasury Management reports are taken to Audit &amp; Governance Committee, Cabinet and Council, including monitoring of Prudential Indicators.</p> <p>The ratio of financing costs to the net revenue stream is forecast to remain within at around 5% over the medium term with a recommended limit of 5.5%. The future affordability of any proposed new borrowing is a key consideration within the Budget &amp; Business Planning process.</p> |  | GREEN      |
| I   | The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans | The Council has an integrated Business and Budget Planning Process with a multi-year Medium Term Financial Strategy linked to service plans. This is reviewed and updated each year with new future years added to ensure that the strategy covers at least three years. The MTFS for 2026/27 will cover the period 2026/27 – 2030/31 to enable a high level view of budgets that will be available following local  | Service plans are being reviewed in 2026 to align with the new Strategic Plan, and to with the reduced level of funding available to the council from 2027/28 onwards. | GREEN      |



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|   |  | government reform expected to be implemented from April 2028.<br><br>Following the county council elections in May 2025 service plans have been reviewed to align with the priorities in the Strategic Plan for 2025 – 2028.   |  |            |
| <b>4. The Annual Budget</b>                         |  |  |  |            |
| J   | The authority complies with its statutory obligations in respect of the budget setting process   | The Council produces an annual balanced budget and supporting documentation within the necessary timeframe.  |  | GREEN      |
| K   | The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves        | The CFO's comprehensive Section 25 report accompanies the suite of Budget documents and includes a commentary on the adequacy of proposed financial reserves with reference to CIPFA's Resilience Index as well as assessed compliance with the FM Code.   |  | GREEN      |
| <b>5. Stakeholder Engagement and Business Plans</b> |  |  |  |            |
| L   | The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget | Following the county council election in May 2025, the county council engaged on a new <a href="#">Strategic Plan</a> . This was part of a number of engagement activities that ran over the summer with residents, focused on their priorities and seeking their views on local government reorganisation. Activities | Future proposals to manage expenditure in line with the available funding are likely to require formal consultation. This will either be undertaken during 2026/27 or as part of the budget process for 2027/28. | GREEN      |

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|     |                                      | <p>included nine focus groups, four schools' sounding boards and a representative residents' survey.</p> <p>The strategic plan was agreed by Cabinet in October 2025 following consideration of this <a href="#">feedback</a>. This feedback is also being used to inform the budget and business planning process. The strategic plan was approved by Council in November 2025.</p> <p>Additional engagement outputs from the 2025 annual representative residents' survey will also be considered by Cabinet as part of the budget process.</p> |              |            |

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| M  | <p>The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions</p> | <p>Key decisions requiring investment to deliver service improvements, deliver savings or invest or save opportunities require business case to aid decision making via the appropriate governance process (e.g., Strategic Capital &amp; Commercial Board).</p> <p>More systematic business intelligence information and insight needed to underpin the Commercial Strategy and enable the council to demonstrate that all revenue and capital expenditure provides VfM is being developed.</p> <p>The requirements, system, standards and guidance for the development and approval of business cases is being considered as part of the implementation of the Commercial Strategy.</p> <p>The Commercial Transformation Programme includes a workstream which is developing a digitised business case process</p> | <p>The redesign of Financial &amp; Commercial Services which went live in December 2025 will improve capacity and capability to track and report VfM data and introduce a more commercial approach in line with the council's Commercial Strategy.</p> <p>New tools are in development to support the standardised and structured assessment of service delivery models. This will be coupled with the digitised business case process (due early 2026) and an enhanced decision-support tool to improve consistency and depth of climate and equalities impact assessments (due early 2026).</p> | <b>GREEN</b> |
| <b>6. Monitoring Financial Performance</b> |   |  |   |              |

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| N | <p>The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability</p> | <p>The regular Business Management and Monitoring Reports to Cabinet include performance, finance and risk so enable the council's leadership team and Cabinet to respond to emerging issues and to take action to manage those. The report format has been updated to focus on key issues and exceptions to ensure that challenge and action is focussed on the more significant issues</p> <p>The regular Capital Programme monitoring report includes updates on scheme activity, performance and risks.</p> <p>A data warehouse covering finance, purchasing and HR. has been developed and the majority of the data extraction from our hosted SAP System has been completed With the new team in Finance formally established in December 2025this is continuing to improve reporting and supporting data driven intelligence and decision-making.</p> <p>Stages 1-4 have been completed in 2025 and stage 5 is scheduled for delivery by end of the year and will continue into 2025/26.</p> <p>A Purchasing Improvement Workstream is automating purchasing tasks across feeder systems and streamlining the options available to buyers so that the correct shopping channel is clear and directs buyers to the right approach. This will reduce invoice and payment disputes and errors and maximise commercial</p> |  | <b>GREEN</b> |
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|  |  | <p>opportunities with new purchasing routes. Phase 1 will be delivered by April 2026.</p> <p>Key enhancements to strengthen capital programme delivery include the introduction of a Pre-Delivery Portal, providing a centralised view of all capital projects prior to delivery and enabling early identification and resolution of barriers. A Strategic Pipeline Board will scrutinise new and developing projects, ensuring cross-service input and better alignment with organisational priorities. In addition, early funding for project development will allow small-scale allocations to make schemes "shovel-ready", ensuring timely progression when full resources become available. The recent development of a prototype prioritisation tool, a data-driven system designed to rank projects against strategic criteria, will be embedded within our governance framework and will ensure funding is directed towards the highest priorities. This is still in the early stages of development, but teams are working to ensure new ways of working are in place by April 2026</p> <p>Capital Monitoring will be developed further using outputs from the Project Portfolio Management (PPM) system</p> <p>A Strategic Risk Manager has been added to the structure as part of the Financial &amp; Commercial Services redesign and is expected to be in post from early 2026.</p> |  |  |
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| O                                      | The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability   | The Business Management and Monitoring Reports to Cabinet include monitoring of key balance sheet items including balances, reserves, debtors, and cash (including the performance of Treasury Management).  |  | GREEN |
| <b>7. External Financial Reporting</b> |   |  |  |       |
| P                                      | The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom” (The Code) | <p>The annual accounts are produced in compliance with The Code and always received an unqualified audit opinion up to 2020/21.</p> <p>The statement of accounts for 2022/23 was published on 23 January 2024 following the resolution of the issues with the valuation of infrastructure assets. As a result of the delay, together with the wider requirements of the local audit reset the council’s external auditors were not able to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report. Therefore, the council has received a disclaimed opinion on the 2022/23 financial statements.</p> <p>The 2023/24 accounts were published on 28 June 2024 and the audit opinion was received in February 2025. Since it was not possible to have assurance over the brought forward balances from 2022/23 these accounts were also disclaimed.</p> <p>The 2024/25 accounts were published on 30 June 2025. Feedback on the accounts from external audit has been positive and they are expected to be signed off in early 2026.</p> |  | GREEN |

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| Q | The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions | The Strategic Leadership Board and Cabinet consider the outturn and year end variances in a Provisional Outturn Report to Cabinet each June. Where relevant this enables strategic financial decisions to be made early in the following financial year. |  | <b>GREEN</b> |
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