

## Financial Management Code of Practice – Summary Compliance Assessment 2024/25

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
<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 Council Management Team, 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.</p> <p>Services use benchmarking to inform opportunities to improve VfM but this has generally been ad hoc and there has been limited visibility beyond the service.</p> <p>Procurement decisions consider VfM by considering the quality of service and not just price.</p>	<p>The Commercial Strategy is being delivered through a Commercial Transformation Programme overseen by the Commercial Board operating under the direction of the Council Management Team.</p> <p>Risk appetite, people, capability and processes, and monitoring and evaluation are being considered and developed through the implementation of the strategy.</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 by November 2025 as part of the council's Business Services Transformation programme.</p>	<b>AMBER</b>

B	<p>The authority complies with the CIPFA “Statement of the Role of the 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 SLT (Strategic Leadership Team) 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>Funding for additional finance capacity needed to support the organisation to transform and to ensure that the CFO is able to lead and direct a finance function that is resourced to be fit for purpose was agreed as part of the 2024/25 budget.</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 management structure in 2024 clearly set out the financial management responsibilities of each of the council’s directors and their direct reports. These responsibilities will be followed up through on-going performance management in 2025/26.</p> <p>Following the corporate Enterprise Resource Planning (ERP) review (a review of the IBC partnership with Hampshire County Council) a number of finance improvements were identified and have been put into the Business Services Transformation programme of work, covering Finance, HR and Purchasing</p>	<p>The Business Services Transformation programme is reviewing financial management, procure-to-pay and HR activities performed across the council. The programme is currently being reviewed and reset and will be delivering through into 2025/26.</p>	<b>GREEN</b>
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2.	<b>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 Team (SLT) 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 Council Management Team (CMT) 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 by CMT.</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>SLT are continuing to discharge their responsibilities through CMT. Ongoing focus on managing pressures over the short and medium term to maintain financial resilience is evidenced in the reduction in the level of forecast overspend in 2024/25.</p> <p>Work has been undertaken during 2024/25 to establish a meaningful and effective approach to updating and maintaining schemes of financial delegation across services.</p>		<b>GREEN</b>

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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 2024</a> .		GREEN

E	<p>The Financial Management style of the authority supports financial sustainability</p>	<p>The Council has adopted a Business Partnering model that supports managers to deliver financially sustainable services by providing strategic advice and support. Training in financial management roles and responsibilities has been a focus across a number of Directorates during the last financial year.</p> <p>This is underpinned by a Corporate Function that manages the strategic financing issues and provides the budget setting and accounting framework for the organisation.</p> <p>An updated Financial Strategy including financial performance indicators that are tracked and reporting during the following year is published annually as part of the budget agreed by Council.</p> <p>The council's <a href="#">Commercial Strategy</a> will promote a wide and more integrated approach to commercial management combining strategic and operational tasks distributed across the Council.</p> <p>A council-wide Project Portfolio Management (PPM) system, which will enable improved oversight of capital schemes, has been implemented in 2024/25 and the expectation is that the outputs from this system will be used to inform capital programme boards and the Strategic Capital Board. along with</p>	<p>A new Financial Management Strategy is being developed as part of Business Services Transformation. The Strategy will set out the improvements required to enhance financial management capabilities including financial management reporting structures and the development of business objects dashboard reporting.</p> <p>An improvement plan which will include enhancements and opportunities using technology and data for enabling more efficient and effective financial management across the council will be agreed as part of the Strategy.</p> <p>Following the changes to the senior management structure and organisational redesign business partnering will be developed across more functions within the council with operating models agreed to reflect the on-going arrangements.</p> <p>Longer-term financial planning is not possible while the</p>	<b>AMBER</b>
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			Government's approach to local government funding is unclear. This is being kept under constant review as more information becomes available from Government.	
<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 2023/24 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 2025).</p> <p>The Financial Strategy also includes a suite of performance indicators against which financial performance is measured during the year and reported 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>		<b>GREEN</b>

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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.</p> <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>With the development of a new business intelligence approach, and potential longer run opportunities through the move to the Hampshire Partnership's move to SAP 4 HANA from 2026/27 it remains an ambition to improve budget planning information and to progress the development of more accessible scenario planning in relation to long term budget planning and the council's place shaping ambitions. Once SAP 4 HANA is available an assessment will be made of the opportunities arising from this.</p> <p>The development of high level Business Plans for each service will help to align service plans with the Financial Strategy and Medium Term Financial Strategy.</p>	GREEN

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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



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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.	High level Business Plans for each service area are being developed by each director and are expected to be used to inform and underpin the budget and business planning process from 2026/27 onwards.	GREEN
<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

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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 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
5.	Stakeholder Engagement and Business Plans			

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L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	<p>The council's approach to consultation and engagement is set out in the <a href="#">consultation and engagement Strategy 2022/25</a>. This puts residents at the heart of decision-making and aims to engage with and listen to residents and other partners in a more active and inclusive way.</p> <p>As part of the budget process for 2024/25 the council used an online budget simulator tool for the first time. The aim was to help people to learn more about the services the council provides and have their say on savings and spending, by setting their own balanced budget for the council.</p> <p>Consultation and engagement to support budget and business planning for 2025/26 has been organised into three phases:</p> <ul style="list-style-type: none"> <li>• <b>Phase 1:</b> Representative residents' survey</li> <li>• <b>Phase 2:</b> Participatory engagement: Budget simulator and sounding boards for children and young people</li> <li>• <b>Phase 3:</b> Public consultation on the substance of the 2025/26 budget.</li> </ul> <p>The outputs from Phase 1 and 2 were shared in the Budget &amp; Business Planning report to Cabinet in October 2024 so they were available to inform the proposals shared later in the process. Performance &amp; Corporate Services Overview &amp; Scrutiny Committee have also considered the budget proposals ahead of the budget being agreed by Council.</p>		GREEN

M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	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 Board).	<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 as part of the council's Business Services Transformation programme.</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 that will include options appraisal with a delivery date of June 2025.</p>	<b>GREEN</b>
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<b>6. Monitoring Financial Performance</b>				
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	<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.</p> <p>The regular Capital Programme monitoring report includes updates on scheme activity, performance and risks.</p>	<p>A programme of work is underway to develop a data warehouse covering finance, purchasing and HR. This will improve reporting and support data driven intelligence and decision-making.</p> <p>Development work is underway in 2024 and will continue into 2025/26, with a data extraction project being delivered in partnership with IBC.</p> <p>Stages 1-4 will be completed by March 2025 and stage 5 is scheduled for delivery by end of the year 2025 and will continue into 2025/26.</p> <p>Capital Monitoring will be developed further using outputs from the Project Portfolio Management (PPM) system.</p>	<b>GREEN</b>

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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. The audit of the statement of accounts for 2021/22 was delayed by national issues affecting the valuation of infrastructure assets. The external audit report setting out an unqualified opinion was issued on 25 January 2024.</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 is expected to be received in early 2025. Since it was not possible to have assurance over the brought forward balances from 2022/23 these accounts are also expected to be disclaimed.</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 Council Management Team 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.		GREEN