

Financial Management Code of Practice – Summary Compliance Assessment 2023/24

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
1.	Responsibilities of the Chief Finance Officer (CFO) and Leadership Team			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money (VfM)	<p>Services use benchmarking to inform opportunities to improve VfM but this is often ad hoc and there is limited visibility beyond the service.</p> <p>Procurement decisions consider VfM by considering the quality of service and not just price.</p>	<p>The council's transformation programme is expected to focus on improving the business intelligence information available to the council. This will include developing a strategy for data and insight.</p> <p>A commercial strategy, that will be overseen by a new Commercial Board is being drafted and will also focus on procurement, third party spend, commissioning and commercial activity.</p>	AMBER

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B	The authority complies with the CIPFA "Statement of the Role of the CFO in Local Government"	<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 & Governance Committee and lead opposition members.</p> <p>The budget proposals for 2024/25 include 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.</p>	<p>The Business Services Transformation project will focus on sustainable financial management across the organisation through developing improved guidance and training for non – finance staff and reviewing, documenting and clarifying roles and responsibilities and accountabilities with efficient use of systems and processes to support that in the council's self service operating framework.</p>	GREEN

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2.	Governance and Financial Management Style			
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 & 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 including focussing on managing pressures over the short and medium term to maintain financial resilience through the Medium Term Financial Strategy.</p> <p>The council's Delivering the Future Together programme has moved to a new phase and is focussing on the operational priorities for the council of employer, place shaper and partner of choice.</p>	GREEN
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 May 2023.		GREEN

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E	The Financial Management style of the authority supports financial sustainability	<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>Business Services Transformation will develop a clearer framework of financial roles and accountability and develop training to support that which will be used consistently across the Council.</p> <p>A new Financial Management Strategy and a Commercial Strategy are being developed.</p> <p>Business Partnering will be developed across more functions within the council and a formal operating model for business partnering will be developed.</p> <p>Development of improved and digitised business case process for capital and revenue.</p>	<p>GREEN</p>

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3.	Long to Medium-Term Financial Management			
F	The authority has carried out a credible and transparent financial resilience assessment	<p>A review of both the 2022/23 Financial Resilience index and the OFLOG finance data set compared to the nearest neighbours cohort of local authorities has been undertaken. This is set out in in the Financial Strategy (section 4.5 of the Budget & Business Planning Report to Cabinet in January 2024).</p> <p>The Financial Strategy also includes a suite of measures against which financial performance is measured during the year and reported through the Business Management & 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 council's People and Culture Strategy, which will inform future workforce requirements will be considered for approval by Cabinet in January 2024.</p>		GREEN

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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.</p> <p>The Capital & Investment Strategy and the Capital Programme both cover a 10-year period. The Capital & 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>	With the development of a new business intelligence approach, it remains an ambition to progress the development of scenario planning in relation to the long term and the council's place shaping ambitions.	AMBER

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H	The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”	<p>The Capital & 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 & 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 4%-5% over the medium term. The future affordability of any proposed new borrowing is a key consideration within the Budget & 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.		GREEN

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4.	The Annual Budget			
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 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

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5.	Stakeholder Engagement and Business Plans			
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>One of the Council's priorities has been to develop and implement a new consultation and engagement strategy, enhancing opportunities for residents, including young people and those seldom heard, to have their say in service development. This was implemented for the 2023/24 budget process and has been developed further for 2024/25.</p> <p>New for 2024/25 the council is using an online budget simulator tool, that enables residents and other stakeholders to weigh up funding choices and trade-offs for themselves.</p> <p>Wider engagement and outreach activities include two sounding board events for secondary school aged children, three online Oxfordshire Conversations in December 2023 and five events for adults known to experience inequity, in December and January to support their engagement with the simulator.</p> <p>Performance & Corporate Services Overview & Scrutiny Committee have also considered the budget proposals ahead of the budget being agreed by Council.</p>		GREEN

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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>Review the requirements, standards and guidance for business cases including training options for responsible officers and decision makers.</p> <p>A project to automate the completion and sign off of business cases for revenue and capital projects has just commenced and is expected to be completed in Spring 2024.</p>	GREEN

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6. Monitoring Financial Performance				
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>Continue to improve the visibility and links between performance, risk and finance reporting, highlighting key issues that need to be considered in the Business Management & Monitoring Report as well as any issues arising from the Capital Programme.</p> <p>Business Services Transformation and development of Data and Insight are expected to improve reporting capabilities and the use of data to underpin that.</p>	GREEN
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

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7.	External Financial Reporting			
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 have always received an unqualified audit opinion.</p> <p>Statutory deadlines for publication of the accounts were consistently met until 2021/22 when resourcing issues impacted the completion of the accounts. Since then the on-going impact of audits for previous years has made it more difficult to complete the accounts by the deadline.</p> <p>The audit of the 2020/21 accounts was completed during 2023/24 and the audit of the 2021/22 accounts is expected to be completed in early 2024.</p> <p>The audit of the 2022/23 accounts remains outstanding as at 31 December 2023 pending national guidance on the approach to be taken to resolve the national audit backlog.</p>		GREEN
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