

<b>This report is public</b>	
<b>Financial Management Code – Forecast Self-Assessment Update 2024/25</b>	
<b>Committee</b>	Accounts, Audit and Risk Committee
<b>Date of Committee</b>	20 November 2024
<b>Portfolio Holder presenting the report</b>	Deputy Leader of the Council and Portfolio Holder for Finance, Property and Regeneration, Councillor Lesley McLean
<b>Date Portfolio Holder agreed report</b>	30 October 2024
<b>Report of</b>	Assistant Director of Finance (Section 151 officer), Michael Furness

## Purpose of report

To update the Committee that the results of the Council's forecast self-assessment position at February 2025 against the requirements of CIPFA's Financial Management Code show continued strong compliance, demonstrating a resilient and sustainable approach to managing the Council's funds.

### 1. Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the Council's forecast self-assessment position of strong compliance at February 2025 against the requirements of CIPFA's Financial Management Code.

### 2. Executive Summary

- 2.1 It is the opinion of the Chief Financial Officer (CFO) that the council is currently financially resilient, continues to strive in delivering value for money to its residents and businesses and aims to provide the capacity to deliver its strategic ambition within the challenging environment within which it operates. In its aim of striving for financial excellence, the council continues to identify areas for improvement as it seeks to deliver its ambitious corporate priorities and its core services during a period of volatility and financial constraints.

## Implications & Impact Assessments

Implications	Commentary
<b>Finance</b>	There are no financial implications arising directly from this report. Lynsey Parkinson, Strategic Finance Business Partner, 30 October 2024

<b>Legal</b>	By completing a self-assessment the council are ensuring compliance with the Financial Management Code. Alison Coles, Legal Services Operations Manager, 7 November 2024
<b>Risk Management</b>	There are no risk management implications to the council arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 30 October 2024
<b>Equalities Implications</b>	There are no equalities implications arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 30 October 2024

## Supporting Information

### 3. Background

- 3.1 The Financial Management (FM) Code was introduced by the Chartered Institute of Public Finance and Accountancy in 2019 in the context of increasing concerns about the financial resilience and sustainability of local government. The FM Code clarifies how Chief Finance Officers should satisfy their responsibility for good financial administration as required in Section 151 of the Local Government Act 1972. The council has complied with the code since its inception and has continued to make improvements year on year.
- 3.2 The FM Code applies a principle-based approach. The Code is structured into seven sections for the purposes of self-assessment and the budget setting period provides a timely opportunity for assurance review. It requires that a local authority demonstrates that its processes satisfy the principles of good financial management, and these principles are:
- **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
  - **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
  - **Financial management** is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
  - **Adherence to professional standards** is promoted by the leadership team and is evidenced.
  - **Sources of assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
  - **The long-term sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

## **4. Details**

- 4.1 As part of setting the council's budget each year the CFO must prepare a Section 25 Statement to consider the robustness of the budget and the council's finances. The February 2024 S25 statement included an opinion of how the council complied with the FM Code; the conclusion was that the council was in a good position to continue to comply with all areas of the FM Code with planned additional enhancements.
- 4.2 Since the self-assessment was last updated in October 2023, the council's external auditors have yet to prepare their Value for Money assessment as part of the audit of the 2022/23 accounts. When complete in the coming months, this will significantly bolster Section 1A of the CIPFA self-assessment as the auditor's conclusion is expected to once again be that the council does provide value for money.
- 4.3 Section 2 of the self-assessment relates to Governance and Financial Management Style. The evidence for ongoing compliance with this section has relied upon the existence of the Corporate Oversight & Governance Group (COGG). COGG was formed to ensure continued good governance and internal control, including driving the production of the Annual Governance Statement (AGS) and monitoring against the Action Plan.
- 4.5 Section 3 of the self-assessment relates to Long to Medium-Term Financial Management. Since the last self-assessment, the council has introduced additional Prudential Indicators to its quarterly Treasury Management reports. The council continues to maintain an up to date 5-year Medium Term Financial Strategy (MTFS) which is regularly reported to the Executive and reflects the financial challenges and opportunities that the council faces.
- 4.6 Section 6 of the self-assessment relates to Monitoring Financial Performance and actions have been taken since February 2024 to continue to enhance the capital reporting and regular reporting of aged debt leading to a council-wide greater understanding of the council's aged debt position and uncollectable debt being regularly reviewed and recommended for write-off.
- 4.7 The council considers that it will continue to fully comply with all aspects of the FM Code which will be reflected in the assessment when setting the budget in February 2025. The council seeks to continuously drive improvement. Some of these suggested future improvements are identified in the council's self-assessment at Appendix 1.

## **5 Conclusion and Reasons for Recommendations**

- 5.1 The council considers that it will continue to be fully compliant with all aspects of the FM Code when the budget is set in February 2025. This demonstrates to members, residents and other stakeholders that Cherwell continues to act in a resilient and sustainable manner.

## Decision Information

<b>Key Decision</b>	N/A
<b>Subject to Call in</b>	N/A
<b>If not, why not subject to call in</b>	N/A
<b>Ward(s) Affected</b>	All

## Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	FM Code Self-Assessment 2024-25
<b>Background Papers</b>	None
<b>Reference Papers</b>	None
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<b>Corporate Director Approval (unless Corporate Director or Statutory Officer report)</b>	Report of Statutory Officer, Section 151 Officer