

APPENDIX 1

FINANCIAL MANAGEMENT CODE – EVIDENCE OF COMPLIANCE

<u>Requirement</u>	<u>Oldham Council Current Position</u>
Section 1	The Responsibilities of the Chief Finance Officer and the Leadership Team
<p>STANDARD A – The leadership team demonstrates that the services provided by the authority provide value for money</p> <p>Key requirements for Compliance</p>	<p>The Council's auditors (Mazars LLP) are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) issued guidance to auditors for 2019/20 that underpinned the work that was carried out to form this conclusion. The following sub criteria were set out by the NAO:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties <p>For 2019/20, the Council's auditor's provided an unqualified Value for Money opinion.</p> <p>The Auditors also advised that " for 2019/20 the Council has made proper arrangements to deliver financial sustainability in the medium term". However, the financial impact of COVID-19 will have an impact on the Council's financial position and will influence the audit opinion for 2020/21.</p> <p>The Audit VFM requirements for 2020/21 have changed. The audit review requires the demonstration of:</p> <ul style="list-style-type: none"> • Financial Sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services • Governance - How the Council ensures that it makes informed decisions and properly manages its risks • Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services. <p>The Council received the Auditors Annual Report on the financial year 2020/21 from the External Auditors on 17 December 2021. This included commentary on the audit of the financial statements as well an opinion on the Councils VFM arrangements. In relation to each of the three areas examined for the VFM opinion (outlined above), the comments were positive. The findings</p>

	<p>were that no risk of significant weaknesses in arrangements had been identified and that there were no actual weaknesses in arrangements identified.</p> <p>The four pillars of Value for Money (VFM) are:</p> <p>Economy - spending less. The Council has year after year reviewed its budget in order to produce a balanced budget and agreed budget reductions. The Council has a Procurement function that works to ensure the most competitive prices are obtained for goods and services.</p> <p>Efficiency - spending well. The Council aims to use the minimum level of inputs to service delivery whilst maintaining quality.</p> <p>Effectiveness - spending wisely. The aims of the expenditure are clearly articulated</p> <p>Equity - spending fairly</p> <p>An important consideration for the Council is the attainment of Social Value and this is built into the procurement process.</p> <p>It is important to note that the Council underspent in both 2019/20 and 2020/21 and has maintained its financial resilience, indeed it increased reserves and balances at the end of 2020/21.</p>
<p>The Council promotes economy, efficiency, effectiveness and equity</p>	<p>There is a clear governance structure, with well-defined roles for all senior officers of the Council (currently members of the Management Board). A key requirement of all senior officers is to strive for the achievement of VFM.</p> <p>Effective scrutiny arrangements are in place - the Scrutiny Committees (of which there has been a review for the municipal year 2021/22) plus the Audit Committee have clear terms of reference and work programmes.</p>

	<p>An effective Internal Audit team is in place (see later comments about Internal Audit) External Audit is in place (see above of the role of the External Auditor in the production of a VFM opinion). The Council has opted into national arrangements for the appointment of the External Auditor (via Public Sector Audit Appointments).</p> <p>There is a clearly articulated Corporate Plan/COVID Recovery Plan in place setting out objectives for the delivery of Council Services - a key requirement of which is the attainment of VFM.</p> <p>Service/Business Planning is undertaken annually, with all Business Plans linked through to the Corporate Plan/COVID Recovery Strategy. The Business Planning process was refreshed for 2021/22 with clear linkages in the setting of performance indicators and measures in individual plans through to the Corporate Performance reports presented to Cabinet and also Scrutiny Committees.</p> <p>There is a quarterly progress update on performance to business plan targets which is presented to Cabinet through a report which includes dashboards highlighting process with a Red, Amber, Green ratings identifying where performance is in line with expectations or off track. Prompt remedial action is initiated as required in response to this information and progress is reported upon regularly.</p> <p>Effective financial planning is in place, evidenced by the comprehensive suite of budget reports considered on an annual basis and in-year updates to Members as required. There are linkages between service and financial planning. Issues highlighted in service plans are incorporated into financial plans as required.</p> <p>The Council reduced its revenue financial planning timeframe for 2021/22 to three years (from five) due to the uncertainties around COVID and the short term nature of Government funding announcements (information for the 2021/22 budget round was for one year only. However, this has been revised to five years for the period 2022/23 to 2026/27 even though the timeframe of the Spending Review 21 announced by Government on 27 October 2021 is only three years.</p>
	<p>Clearly evidenced are Financial Regulations - revised January 2020, Contract Procedure Rules, refreshed in June 2021 a Risk Management Strategy approved December 2019 (refreshed in line with delegation in summer 2021). The revised Business Planning process (introduced for 2021/22) directly embedded risk management into its framework and this is monitored quarterly.</p>

	<p>All major projects maintain risk registers which are regularly reviewed and updated. Where necessary, issues highlighted through risk management are escalated through the organisation and remedial action taken as required.</p> <p>Highlighted as an area for improvement, through the review of the Annual Governance Statement is contract management arrangements. The Chief Finance Officer (CFO), the post holder in Oldham Council is the Director of Finance, has been working with the Procurement Team colleagues to introduce some improvements across services.</p> <p>The Council uses benchmarking information to undertake comparative analysis with other Local Authorities. The Council subscribes to LGInform plus and the Performance Improvement Team regularly use this site to gain timely and up to date performance and benchmarking information, particularly when working with key services (this is actively promoted to services to use with reports being shared when needed).</p> <p>Some specific benchmarking analysis has been coordinated by the Finance Service for Adult Social Care activities.</p>
	<p>In January 2020, just before the pandemic, the Council was subject to a Local Government Association Peer Review. The results, reported in March 2020, were generally positive. Due to the pandemic, the response to recommendations was slower than originally planned. A report to the November 2021 Council meeting outlined the Councils response.</p> <p>During 2021/22 the Council's Children's Services have been subject to two external reviews which have not raised adverse comment.</p> <p>During 2021/22 the Council has undertaken a review, using some external support, of its approach to budget setting and the preparation of and delivery budget reductions – under the working title of the Delivering a Sustainable Future programme. Some recommendations for improvement in the embedding of the agenda for transformational change have been made and are being implemented.</p> <p>A programme of activity is in train based around cases for change, the aim of which is to drive efficiency and cost reductions across service areas, but particularly the major spending areas of Adults and Children's Social Care.</p>

	<p>The Council works extensively and successfully with the voluntary, community, faith and social enterprise (VCFSE) sector in Oldham. Voluntary sector leaders have worked closely with the Council to respond to the challenge of COVID, helping and supporting vulnerable groups and individuals.</p> <p>Equality impact assessments (EIAs) are undertaken when considering new policies, activities and services to ensure they do not discriminate against certain groups. Where appropriate, budget reduction proposals contain an EIA, as do Cabinet reports.</p>
	<p>The Council can demonstrate that it has considered alternative service delivery models in order to obtain better value for money. It considers the continued appropriateness of such operational arrangements. The Council has two wholly owned companies, the Unity Partnership Ltd, and MioCare. In 2018 the Council changed the status of Unity from a joint venture partnership to a wholly owned company after a review of operating arrangements. The Council is currently reviewing arrangements with both of these wholly owned companies.</p> <p>The Council has extensive partnership arrangements with the NHS. These have been focussed on service integration and cost reduction via a number of joint initiatives. The Council and the Oldham Clinical Commissioning Group (CCG) have had a pooled budget arrangement in place for several years allowing the utilisation of resources across the Oldham health and social care economy. The working arrangements are currently under revision due to the change in Government policy and the abolition of CCGs with effect from 1 April 2022 and the creation of new Integrated Care Systems. Work is actively taking place to determine the best operating arrangements for Oldham informed by legislative requirements and NHS regional policy.</p> <p>There are fortnightly meetings of CFOs of the Council, Oldham CCG and two provider NHS Trusts to develop system working to deliver efficiencies and system wide savings.</p>
	<p>All services provided by Private Finance Initiative (PFI) & Local Improvement Finance Trust (LIFT) arrangements have identified officers to review and monitor service delivery. A Board joint Member / Officer Board is in place to overview PFI/ LIFT schemes.</p> <p>The Council has a number of smaller formal partnerships which are closely monitored. Where there are Board and similar meetings, a Finance Service representative is in attendance.</p> <p>A report on partnership risk is prepared for the Audit Committee on a regular basis.</p>

STANDARD B – The Authority complies with the CIPFA Statement on the Role of the CFO in Local Government	Evidence of Compliance
	<p>The key requirement to ensure compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement is that the CFO should be professionally qualified, should report directly to the Chief Executive and be a member of the leadership team with a status at least equivalent to other members.</p> <p>The CFO was elected to membership of CIPFA in 1988 (after passing professional examinations in 1987) and was elected to Fellowship of CIPFA in 2017.</p> <p>The Chief Executive has recently changed the line management arrangements of the CFO so that the post holder reports directly to the Chief Executive. The CFO is a member of the Management Board (the current officer Leadership Team) with a status at least equivalent to other members. The Authority is now compliant with this requirement.</p>
Five Principles for Compliance Principle 1 - The Chief Finance Officer in a public service organisation is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation’s strategic objectives sustainably and in the public interest	<p>As advised above, the Chief Executive has recently changed the line management arrangements of the CFO so that the post holder reports directly to the Chief Executive and is a member of the Management Board with a status at least equivalent to other members. As such the CFO is able to influence the development and implementation of strategies to support the delivery of the Council’s strategic objectives. The CFO is able to comment on the financial sustainability of such strategies and ensure that the financial planning arrangements align to the future direction of the Council.</p>
Principle 2 - The Chief Finance Officer must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with	<p>The recent management changes have strengthened the role of the CFO so that the CFO can be actively involved in, and be able to bring influence to bear on, all material business decisions.</p> <p>The CFO has direct responsibility for leading the development and implementation of the financial strategy and ensures that the financial and risk implications of policy initiatives are reviewed and addressed appropriately.</p>

<p>the organisation's financial strategy</p>	<p>The Council has a process whereby all business decisions (a key decision is defined in the Constitution) is subject to a detailed report setting out the clear options including potential risks. The CFO has the opportunity to comment on the wider financial implications and risks in relation to all key decisions and plans for development. Before decisions are made, the financial implications of all new developments/policies are fully evaluated and presented so that they can be clearly understood. Where appropriate, the financial implications are incorporated into the current budget and Medium Term Financial Strategy (MTFS).</p> <p>The CFO also attends and is able to address meetings of the Cabinet and leading Members on appropriate matters.</p>
<p>Principle 3 - The Chief Finance Officer must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively</p>	<p>The Council's financial management procedures and protocols are of a high standard. The Finance Procedure Rules were updated in January 2020 to reflect revised operational arrangements and developments.</p> <p>The Finance Team has a good reputation and is highly regarded within the organisation and by Members. A high standard of financial advice and guidance is provided to officers and Members.</p> <p>Members of the Finance Team meet with budget managers at regular budget monitoring meetings. This is an opportunity to provide one to one coaching and training with regard to budget management. The Finance Team has updated financial skills training material that has been used in previous years and will be launching a new programme of financial skills training sessions before the end of 2021/22. This has been delayed from 2020/21 by the pandemic as other priorities arose. The training will initially be targeted at those areas considered to be the most in need as evidenced by difficulties in controlling expenditure/budgets in 2019/20, 2020/21 which continues into 2021/22. Specific training has been provided for officers in the Children's Services Directorate in response to the financial challenges in that service area.</p> <p>General skills training for Members is currently being organised. Training for Audit Committee members was held in early January 2022 (following training in January 2020) Treasury Management skills training was provided for Audit Committee members in October 2021.</p> <p>Presentations on the budget position of the Council and key factors influencing the financial environment to both officers and members include elements of financial skills training to aid understanding. Training has recently been provided for Policy Overview and Scrutiny Committee Members on the budget process and risks to the financial resilience of Local Authorities.</p>

	The External Audit opinion on the accounts has been good for many years with limited recommendations for improved practices.
Principle 4 - The Chief Finance Officer must lead and direct a finance function that is resourced to be fit for purpose	The Finance Service structure is reviewed regularly to ensure that it is fit for purpose, aligns with organisational requirements and can support its broader development agenda. The most recent review was completed in March 2021 with the revised structure implemented from 1 April 2021. The Finance Service has delivered budget reductions and efficiencies via staffing reorganisations. Whilst the structure is subject to constant review to meet the needs of the organisation, given the financial challenges the Council is facing and the level of transformational change either in flight or required for the future, the Director of Finance considers that the capacity of the service cannot be further reduced.
- The Chief Finance Officer should regularly review the skillsets of all finance staff with senior budget/ financial management responsibility and ensure ongoing appropriate support is provided	<p>An annual review is completed to ensure compliance with CIPFA and Association of Accounting Technicians (AAT) accreditation requirements.</p> <p>Up until 2020/21 all staff also had annual Performance Reviews where personal development needs were identified and suitable support was sourced (2020/21 was an exception due to the pandemic). A new staff management initiative is currently being launched and the Finance Team will be introducing this from January 2022.</p> <p>A training needs assessment is completed annually. Identified training needs are addressed by managers through the use of peer to peer training, other training organised by the Finance Service/Council or external training opportunities.</p> <p>Staff also have one to one's with their line manager - meeting frequency was increased to ensure staff were well supported whilst home working as a result of the pandemic. Meetings also take place as required to deal with specific issues.</p> <p>Staff are encouraged to attend relevant CIPFA, AAT and other relevant accountancy and financial skills training courses to enhance skills and to comply with Continuing Professional Development (CPD) requirements.</p>
- The ratio of qualified staff as a proportion of total finance staff ensures that the finance function has the necessary financial competence	<p>The latest review of the Accountancy Division shows the following:</p> <p>31% are full Members of a Consultative Committee of Accountancy Bodies (CCAB) accredited organisation e.g., CIPFA 3% have passed all CCAB accredited exams but require portfolio completion to become full members</p>

	<p>5% have passed some of the CCAB accredited exams 5% are current CCAB students 8% hold the CIPFA Business Partnering qualification 24% are full Members of the Association of Accounting Technicians (AAT) 10% have passed all AAT exams but are not full Members of AAT 10% are current AAT students</p> <p>There are also Members of CCAB accredited organisations in the Internal Audit team. In the wider Finance Service, there are staff who have membership of the Institute of Revenues Rating and Valuation and others who have counter fraud and insurances qualifications.</p> <p>As shown above, the ratio of qualified staff and those completing studies, together with the strength of the wider team ensures there is the necessary financial competence within Oldham Council's finance service</p>
<p>Principle 5 - The Chief Finance Officer must be professionally qualified and suitably experienced</p>	<p>The Director of Finance is a CIPFA Fellow and has 34 years post qualification experience and has been in the role of CFO for over 7 years. Fellowship of CIPFA can be evidenced by the CIPFA membership register.</p>
<p>Other Key Requirements for Compliance</p> <p>The Chief Finance Officer must be able to demonstrate adherence to professional CPD requirements on an annual basis</p>	<p>The CFO maintains a record of all CPD activity undertaken. Appropriate courses updating on key activities are attended. The CFO attends discussions and professional update sessions run by CIPFA, the Society of Municipal Treasurers, the Department for Levelling Up, Housing and Communities (DLUHC) and accountancy firms e.g., Mazars, Grant Thornton. The Greater Manchester Association of Municipal Treasurers also provides a monthly opportunity to discuss key developments with peers.</p>
<p>The Chief Finance Officer should promote the highest standards of ethical behaviour in the conduct of financial management</p>	<p>The Director of Finance promotes the highest standards of ethical behaviour reflecting the requirements of the Nolan principles, and ensures that all Codes of Practice are followed in the conduct of financial management. This is supported by CIPFA Fellowship and completion of Continued Professional Development requirements.</p>

<p>The Chief Finance Officer should be able to provide the leadership team with sound advice on the key principles of local government finance</p>	<p>The CFO regularly updates the senior managers on key developments on Local Government Finance which have a bearing on the operation of the Council. The budget forum with leading Members also receives similar updates. Specific briefings are prepared and issued as required to advise of developments such as the Spending Review, Chancellors Budget, White Papers and the Provisional Local Government Finance Settlement.</p> <p>The Finance Team prepares responses to relevant consultation documents and ensures that the consequences of any change arising from the consultation are communicated within the Council as appropriate.</p> <p>Regular briefings are provided to the Deputy Leader and Cabinet Member for Finance and Low Carbon on all key developments.</p>
<p>The Chief Finance Officer should be able to demonstrate a sound system which ensures the authority has access to high standards of technical financial advice</p>	<p>The Finance Team is able to demonstrate high levels of professional competence and technical expertise in Local Government Finance. The CFO recognises that some developments require expertise outside that of Team members and that external advice is sometimes required and will ensure it is engaged as necessary. The Service does have a budget to facilitate the engagement of external technical advice as required and there are processes and procedures in place in relation to accessing such external advice. The Council has contracts in place for Treasury Management and taxation advice. The Council has engaged external advice for complex capital investment and developments.</p> <p>Staff within the Finance Team attend training courses and updates on appropriate technical accounting issues to ensure skills and knowledge are current.</p>
<p>The Chief Finance Officer should report explicitly on the affordability and risk associated with the capital strategy and where appropriate have access to specialised advice to enable them to reach their conclusions</p>	<p>The report prepared to comply with Section 25 of the Local Government Act 2003 setting out the robustness of the estimates is presented with the budget papers. This considers the risk associated with the financing of the capital strategy and the CFO provides comments as appropriate. The Council's regeneration strategy, Creating a Better Place (CaBP), includes a significant programme of capital expenditure, however the COVID-19 pandemic has had an impact on its delivery.</p> <p>There was a major review of the CaBP programme during 2020. The Finance Team was fully engaged in considering the affordability of the programme.</p> <p>It is acknowledged that there are financial and operational risks in relation to the business activities of the Council. Processes are in place to mitigate such risks.</p>

	<p>Decision making around capital investments follows the guidance of the Prudential and Treasury Codes of Practice and the CIPFA publication, Prudential Property Investment. The Finance Service has had regard to Ministry of Housing Communities and Local Government (MHCLG) now Department for Levelling Up, Housing and Communities (DLUHC) and CIPFA announcements with regard to the Prudential Code and contributed to the recent consultation on the Prudential and Treasury Management Codes. Updated Codes of Practice were issued on 20 December 2021 and the Councils Capital and Treasury Management Strategies for 2022/23 (to be approved in March 2022) meet the new requirements</p> <p>As presented above, the Council has made budgetary provision for the engagement of specialist financial advice as and when required. The Council has a contract for Treasury Management and taxation (including VAT) advisory services.</p>
<p>The Chief Finance Officer must establish the reporting and monitoring processes, and integrate the treasury management indicators into the overall financial planning process</p>	<p>The Council has a set budget monitoring timetable and process which is reviewed annually. This timetable includes the reporting arrangements for the officer leadership team and for Members. Reports to Members and management, include forecasts of revenue and capital expenditure and are scheduled for Months 3 to 9. The final outturn is reported via the final accounts process.</p> <p>The Treasury Management Strategy sits alongside the Revenue Budget report, the Medium Term Financial Strategy and the Capital Strategy and is approved by Council in accordance with statutory requirements ahead of each financial year. The Treasury Management Indicators are reported to the Leadership team, Audit Committee and Cabinet throughout the year.</p> <p>The Capital Strategy includes relevant treasury management indicators. It has not been necessary to highlight any areas of concern in relation to the treasury management indicators.</p>
<p>Professionally qualified staff should evidence ongoing benchmarking against the principles of objectivity, integrity professional behaviour, professional competence, due care and confidentiality</p>	<p>Each qualified staff member completes the necessary CPD requirements which ensures staff are working professionally and with due care and in accordance with the required principles. The Council has an Officer Code of Conduct which is adhered to. Management arrangements within the Finance Team also ensure that the Councils values and behaviours as well as professional standards are promoted and demonstrated.</p>

Section 2	Governance and Financial Management Style
	Evidence of Compliance
STANDARD C – The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control	The leadership team is aware of and promotes the principles of the Committee on Standards in Public life which form the basis of the ethical standards expected of public office holders (the Nolan Principles). These principles: selflessness, integrity, objectivity, accountability, openness, honesty and leadership, underpin the roles and responsibilities of the leadership team and align to the Councils values and behaviours and the officer Code of Conduct.
Key Requirements for Compliance	<p>Principle 7 (Leadership) is key and is encompassed in CIPFA Financial Management Code compliance. It requires the holders of public office to exhibit these principles (the in their own behaviour).</p> <p>The leadership team actively promote and robustly support the principles and is willing to challenge poor behaviour wherever it occurs.</p>
There is a clear framework for governance and internal control across the authority including those entities with which the Authority works in partnership.	<p>Key elements of this framework for which the Council can show compliance are:</p> <p>Constitution – this is regularly reviewed. Training on key elements of the Constitution is provided.</p> <p>Governance Structure – there is a formal governance structure including Committees and reporting lines. This includes the provision for scrutiny of actions of the leadership team. Recognising that this needs a reset, this is currently under review given recent management changes which has realigned some of the governance framework.</p> <p>Terms of Reference – all Committees and Boards etc have clear terms of reference which are regularly reviewed. All Committees etc. have defined membership, a meeting and work plan.</p> <p>Conduct of Meetings – all Committee meetings have an agenda and formal minutes.</p> <p>Scheme of delegation – there is a formal scheme of delegation which is reviewed/ revised if there are organisational changes</p> <p>Robust process and controls – these are in place for all key activities of the Council and are subject to regular review. Any weaknesses will be identified and should be addressed.</p>

	<p>Partnership governance – There are clear and appropriate arrangements in place to oversee partnership working. The risk associated with partnership working is regularly reported to the Audit Committee and a report was included on the agenda of the Performance Overview and Scrutiny Committee on 16 December 2021.</p>
<p>Establishing clear arrangements for assurance and accountability</p> <ul style="list-style-type: none"> - The Authority has an Internal Audit function that complies with the requirements of Public Sector Internal Audit Standards (PSIAS) 	<p>There is a requirement for an external inspection of the Internal Audit function to comply with PSIAS. The Council commissioned CIPFA to undertake this review. The last PSIAS inspection in reported in 2018, provided a good opinion on the activity of the Internal Audit Team with limited areas for improvement. All recommendations have been addressed. The PSIAS report and the Councils response to it was reported to the Audit Committee.</p> <p>External independent inspections to ensure authorities are PSIAS compliant are due every 5 years and the next one for Oldham will be due by 31 March 2023. The Assistant Director of Corporate Governance and Strategic Financial Management continues to conduct the internal “self-assessment” every year, in line with good practice. The outcome of this assessment is reported to the Council’s Audit Committee.</p>
<ul style="list-style-type: none"> - The Head of Internal Audit is able to fulfil their role effectively 	<p>The Councils CFO can confirm that the Head of Internal Audit is able to undertake the role in line with the responsibilities set out in the CIPFA Statement of the Role of the Head of Internal Audit. (2019).</p>
<ul style="list-style-type: none"> - Internal Audit planning, reporting and resourcing 	<p>The structure of the Internal Audit Team was last reviewed in 2020 with a revised structure for the whole Finance Service being implemented from 1 April 2021. Following the restructure, the team has been strengthened by the external appointment of a new Head of Internal Audit following the promotion of the previous post holder.</p> <p>The work of the Internal Audit team is planned on a risk based approach. The plan and its progress during the year is reported to the Audit Committee.</p> <p>The officer leadership team considers reports prepared by the CFO and Assistant Director of Corporate Governance and Strategic Financial Management on governance and internal control matters. Where audit reports are prepared on specific matters, discussion takes place with the appropriate Senior Officer and action plans to address recommendations are considered and followed up. The Audit Committee receives regular reports on governance and internal control matters. Where considered required, referrals to Cabinet can be made. The Cabinet Member for</p>

	<p>Finance and Low Carbon receives regular updates on governance and internal control matters and instigates any recommended actions. There is follow up on all recommendations either at officer or Member level.</p> <p>The Internal Audit Team undertakes a comprehensive series of Fundamental Financial Systems reviews to support the Final Accounts process but also to provide assurance on the robustness of systems and to allow any remedial action to be identified and implemented in a timely manner.</p>
<p>- Risk Management</p>	<p>The Finance Service has a Risk and Insurance Team and this team is the corporate lead for Risk Management. The approach to Risk Management was strengthened in December 2019 with a report to Risk Management Strategy report to Cabinet which refreshed the previous strategy and set out how risk management and business planning were to be interlinked. This strategy was refreshed under delegation in the summer 2021. Risk Management is a key element of business planning and project planning.</p> <p>All projects have a risk register which is regularly reviewed and updated as projects progress. Any risks are reviewed by respective project boards. Key challenges are reported through to programme board, senior managers and Cabinet Members as required. All capital projects are set up with a risk contingency as part of the Council's project management framework based on PRINCE2 methodologies</p> <p>Any key financial risks are considered as part of the monthly revenue and budget processes. If necessary and where possible, risk reserves are set aside (if they do not already exist – see comments below about risk reserves).</p> <p>The S25 report which accompanies the Revenue Budget report sets out recommended levels of reserves and balances based on a risk based approach. This risk based approach is discussed and agreed by senior finance officers.</p> <p>The level of reserves and balances is therefore based on an assessment of the possible requirement for additional resources to support increases in demand, to address unforeseen circumstances and risk. Reserves were set aside to address any shortfall in the delivery of budget reductions. There are a number of risk reserves to address areas identified in the Councils Reserves Policy e.g., insurance, flood protection reserve, emergency incident, threat, or hazard reserve.</p>

<ul style="list-style-type: none"> - The Authority maintains an effective Audit Committee 	<p>Oldham Council has an established and effective Audit Committee to support the organisation's audit arrangements, strong financial management and good governance which complies with CIPFA's guidance for Audit Committees (2018). A work programme for the Audit Committee is prepared and presented at each meeting. The programme is updated for each meeting. Refresher training for the Audit Committee members took place in early January 2022 following on from that provided in January 2020 (externally commissioned from CIPFA).</p> <p>The Council has been unable to recruit an independent Chair and independent members of the Audit Committee for some time. Further efforts will be made during 2022, starting with the recruitment of the Chair. This matter has been discussed at the Audit Committee many times.</p> <p>A recent improvement is the instigation of a meeting between the Vice Chair of the Audit Committee and the Cabinet Member for Finance and Low Carbon after each Audit Committee to ensure communication of any concerns of the Committee to the Cabinet and vice versa.</p>
<ul style="list-style-type: none"> - The Audit Committee receives and monitors the implementation of internal and external audit recommendations. - When threats to the financial sustainability of the authority are identified by auditors, the Audit Committee should ensure that the recommendations are communicated to the leadership team and that the committee are informed of the effectiveness of the leadership team's response 	<p>The Audit Committee receives regular and routine reports throughout the year monitoring the implementation of internal and external audit recommendations. The Audit Committee also receives a report which details the mitigations that have been applied to those risks identified in the previous year and also a report on forward planning.</p> <p>Financial sustainability - The Council is committed to ensuring its financial resilience. Reports are presented to the officer leadership team, Cabinet Members and the Performance Overview Scrutiny Committee (formerly the Performance and Value for Money Select Committee) highlighting the issues nationally around financial resilience and how this directly impacts on Oldham Council. Such reports have also been presented to and discussed at the Audit Committee.</p> <p>In November 2021, the Policy Overview and Scrutiny Committee was provided training on the role of the Scrutiny Committee in the budget setting process which focussed on financial sustainability and resilience.</p> <p>The External Auditor's report on the final accounts including any value for money recommendations (and the Councils response) are highlighted and reported to the leadership team, Cabinet and to Council.</p> <p>As advised above, a recent improvement is the instigation of a meeting between the Vice Chair of the Audit Committee and the Cabinet Member for Finance and Low Carbon after each Audit Committee to communicate any concerns of the Committee to the Cabinet and vice versa.</p>

<p>- The Council welcomes and seeks out peer challenge and inspection</p>	<p>The Council engaged in a Local Government Association Peer Review in January 2020. The report on the outcome was received in March 2020, just as the first national lockdown was introduced and as the Council moved to its response to the national emergency arising from the COVID-19 pandemic. The report provided a generally positive opinion.</p> <p>The Council's ability to take forward recommendations and implement change was impeded by the pandemic. However, the formal response to the report was presented to Council in November 2021 (the delay in formal reporting was due to the pandemic).</p>
<p>The Council espouses high standards of governance and internal control</p>	<p>The leadership team ensures that it maintains high standards of governance and internal control in its activities. Linked to the key issues outlined above, there is:</p> <ul style="list-style-type: none"> - A Code of Conduct for Officers and Members consistent with the Nolan principles – any potential breaches of the Code are investigated promptly with appropriate action taken - A Register of Interests – an up to date register of interests is maintained for the leadership team including those which could potentially influence the ability of the individual to act impartially when making decisions. Appropriate action is taken should any conflict of interest occur. - Constructive Challenge to all decisions and activities in that appropriate mechanisms have been developed and implemented including – engagement with the Authority's internal audit team, engagement with relevant Audit and Scrutiny Committees, engagement with the External Auditors (primarily through monthly meetings with the Director of Finance and other senior finance officers), consultation with key stakeholders prior to making decisions and consultation on new policies plans and strategies. Clearly there are always opportunities for wider consultation and approaches but the Council has a good track record in this regard. - Realism bias – there is a robust analysis of the current position before a decision is taken. This is especially the case with regard to the budget setting process. There are therefore detailed options appraisals before major decisions are taken, clear decision making processes and recording of decisions, the seeking of professional advice (all report include comments from Finance, Legal, Procurement, People Services as well as risk, property comments and impact assessment). <p>Balanced decision making using options appraisal, especially with regard to budget decisions and new policy implementation with financial implications.</p>

<p>The Council creates and maintains a nurturing a culture of governance and internal control</p>	<p>The officer leadership of the organisation has recently changed and this has enabled a greater focus performance and accountability and refreshed the leadership culture of the Council. However, the key principles surrounding the approach to the leadership in the Council have remained unchanged with:</p> <ul style="list-style-type: none"> - The requirement for the leadership team to demonstrate a high standard of governance and internal control in all its activities - A strive for continuous improvement, recognising areas of challenge and putting in train actions to address concerns. This includes responding to findings of internal audit reviews, external audit recommendations and external inspections. - There is an expectation of compliance with good governance and internal control principles in all the actions of the leadership team and this has been an essential element of the performance appraisal process. A refreshed approach to appraisal is being introduced, however, good governance will remain a key area for review. - The requirement to ensure compliance with new Codes of Practice as they are issued by relevant public or professional bodies - Where there is evidence of poor governance and internal control, this is challenged and addressed.
<p>STANDARD D - The Authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework 2016</p>	<p>The Council applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework 2016. The Annual Governance Statement (AGS) of the Council presented alongside the Statement of Accounts provides details of how the Authority meets each element of the CIPFA/SOLACE Framework. Updates on the AGS are provided to the Audit Committee on a quarterly basis. The production of a suitable AGS is a key piece of evidence that highlights that the Authority has sought to comply not just with the framework and its own governance arrangements, but also with the CIPFA FM Code.</p> <p>The AGS for 2020/21 was presented to the Audit Committee on 29 June and 29 July 2021 as part of the review process for the Statement of Accounts. It was considered and approved by the Cabinet on 15 November 2021 and Council on 15 December 2021. In accordance with requirements, the AGS includes:</p> <ul style="list-style-type: none"> - An acknowledge of the requirement for responsibility for ensuring that there is a sound system of governance - Reference to and assessment of the effectiveness of key elements of the governance framework

	<ul style="list-style-type: none"> - An opinion on the level of assurance that the governance arrangements can provide and confirmation that the arrangements are fit for purpose - An agreed action plan showing actions taken or proposed to deal with significant governance issues - A conclusion on the governance arrangements and a commitment to monitoring maintaining appropriate standards. <p>There are regular updates to the Audit Committee on the action of the Council in response to issues raised in the AGS including how these have been progressed or resolved.</p> <p>The Council has recently updated its Local Code of Corporate Governance and reported this to the Audit Committee for review and consideration. The Committee was content to approve the report.</p> <p>The seven core principles of good governance are encompassed in the values and behaviours of the Council which underpin the work of the Council and its staff and Members.</p>
STANDARD E - The Financial Management Style of the authority supports financial sustainability	Evidence of Compliance
Key Requirements for Compliance	
Delivering Accountability	<p>Financial capability is regarded as integral to supporting the delivery of the Authority’s objectives. As is highlighted above, the CFO is an active member of the leadership team and is able to bring influence to bear on business decisions of the Authority. The Finance Service is well regarded and is involved in all key areas of the business, the Service being aligned to the management structure of the Council.</p> <p>The Authority does recognise the need for financial skills. An important improvement is the refreshing of financial skills training for non-finance officers at all levels of the Council – a programme of activity is planned before the end of 2021/22.</p>
	<p>The organisation has an effective framework of financial accountability that is clearly understood and applied throughout, from the elected members to senior officers, finance officers and front line service managers.</p>

	<p>Responsibility for budgets and budget management is assigned to individual officers with a hierarchy of responsibility aligned to the management structure. Service delivery in line with the resources available to deliver that service is a clear objective of each manager. Financial monitoring information is produced in a timely manner to enable managers to control their budgets effectively.</p> <p>The Financial Procedure Rules are to be used by all Members and officers. These are available and included within the Council's Constitution. The Scheme of Delegation, which includes financial limits, is set out in the rules of procedure, which is part 4 of the Constitution. The Financial Procedure Rules were most recently updated and approved in January 2020.</p>
	<p>The annual budget setting process enables the Council's leadership team to align resources to services and initiatives in accordance with Council priorities. There is detailed financial monitoring and reporting throughout the year to ensure that overall, the Council delivers at least a balanced position. Any areas of variance are reviewed and action take to address challenges. There is also detailed performance monitoring to ensure outcomes are in line with plans.</p> <p>An opportunity for further development is the better alignment of finance and performance reporting.</p>
	<p>In delivering compliance with accountability and process requirements, the Council operates its financial arrangements so that:</p> <ul style="list-style-type: none"> - Budgets are accrual-based and calculated robustly. - Financial information systems enable the consistent production of comprehensive, accrual-based, accurate and up-to-date data. The Finance Service has an A1/Agresso financial system programme of development that seeks to improve the information that is easily available to both managers and finance colleagues and improve efficiency and effectiveness. The programme of development has been delayed due to responding to COVID related initiatives but will be accelerated over the coming months - The Councils approach to treasury management is risk based with investments, cash flows, banking, money market and capital market transactions effectively balancing risk and financial performance as demonstrated in Treasury Management reports presented to the Audit Committee, Cabinet and Council - The authority actively manages budgets, with effective budget monitoring arrangements although the Finance Service is not complacent and is always looking to review and improve the information provided

- The Council has processes to ensure that information about key assets and liabilities in its balance sheet is a sound and identifies when management action is required. There is a regular review of cash, debtors, creditors and reserves.
- There is a corporate process to acknowledge and manage risk and to ensure appropriate reporting of risk through internal control governance responsibilities.
- The Council has effective assurance arrangements, including an appropriate Internal Audit function and an active Audit Committee considering relevant and timely reports
- The Council's financial accounting and reporting arrangements comply with the Code of Practice on Local Authority Accounting in the United Kingdom, and meet relevant professional and regulatory standards
- Creditor payment arrangements are accurate, timely and efficient.

Whilst some improvements have been made to income collection, payroll, and pensions administration, there remain areas for development with programmes of action in place to address identified weaknesses.

The overall level of income collection for Council Tax and Business Rates has been a cause for concern for a number of years. A number of initiatives have been implemented to improve performance but there has been limited success. The Finance Team has initiated a programme of action to try to improve the collection of sundry debt and progress is being monitored. These two areas remain under review by the Director of Finance.

Payroll weaknesses have been highlighted in Fundamental Financial Systems reviews undertaken by the Internal Audit team and reported through the Annual Governance Statement and separately to the Audit Committee. The new payroll system implemented in early 2021 has addressed some of the challenges but there is still further work to be done to maximise the benefits of the system. A joint initiative is train with officers of the Finance, HR and Payroll Services working together to resolve the key issues that have been identified. Progress is being closed monitored and reported to the Directors of Finance and Workforce and Organisational Development.

Pensions administration has been subject to external review by the Greater Manchester Pension Fund (GMPF) and there are monthly performance comparisons with the ten other GM Councils. The Council is aware of challenges and has worked with the GMPF to addressed highlighted weaknesses. This is being aligned to the work on improvements to the payroll function.

	<p>The Council is able to evidence the integrity of its financial conduct and performance together with financial discipline including compliance with statutory, legal and regulatory obligations to external stakeholders (primarily Council Taxpayers) by:</p> <ul style="list-style-type: none"> - the timely production of the Statement of Accounts and Annual Governance Statement in accordance with statutory requirements and Codes of Practice - the receipt of a good audit opinion on the accounts for many years - submission of a range of Government returns and grant claims to Central Government in accordance with the timeline required without follow up or query - a positive statement about financial management in the most recent LGA Peer Review
	<p>Each report, business plan, development plan or other documentation with regard to initiatives, that is prepared and submitted for approval at various levels across the Council includes a section on financial implications. Managers and Finance Team members work jointly to identify the financial impact of proposals included for approval – this may be an efficiency saving or a request for additional investment. These financial implications assess the immediate revenue and capital consequences over the current and longer term to enable decision makers to understand the impact of their decisions whilst proving the cost effectiveness of the planned actions.</p>
Supporting Performance	<p>The Finance Team and the wider Council is actively committed to continuous improvement focused on efficient and effective delivery and organisational performance. All services within the Council produce an annual business plan highlighting this commitment and plan performance targets for the year ahead which are reported on through the performance management framework. In this regard, the Council has:</p> <ul style="list-style-type: none"> - A Medium Term Financial Strategy (MTFS) that aims to ensure financial resilience based addressing local priorities but also on the best estimate of the impact of local and national issues. As advised elsewhere, the Council needs to undertake further to work to fully integrate performance information and financial planning - The key aim of the Finance Team is to ensure efficiency and effectiveness in its operations and through its interaction with Council Services. - Finance staff provide business partner support by interpreting and explaining financial performance and where possible linking this to operational performance as well as advising and supporting on key business decisions. - The responsibilities of budget management are clear. Managers understand they are responsible for delivering services cost effectively and are held accountable for doing so. The Council is clear that decision makers are required to understand and manage the financial implications of their decisions. Training has been provided, although as highlighted, separate additional refresher training is recommended. There is a plan to deliver this training.

	<ul style="list-style-type: none"> - The MTFS process underpins the achievement of strategic priorities and supports the delivery of Council services. - Forecasting processes and reporting are well-developed and linked into operational management decision making. - The Council pursues opportunities to reduce costs and to improve value for money in its operations including through procurement, commissioning and contract management processes, although there is some scope for improvement in these areas. This is a focus of one of the transformational change programmes of work planned for 2022/23. - The key driver of the Finance function is to ensure efficiency and effectiveness in the use of resources and this is evident in all of the work undertaken by the team and underpins all actions in the Finance Service business plan <p>As advised elsewhere, there are opportunities to further align and integrate financial and performance management.</p> <p>As advised in Section 1, Standard A, the recent receipt of the VFM opinion on the 2020/21 accounts has demonstrated VFM has been achieved in the use of resources.</p>
Enabling transformation	<p>The Finance Team has input into all strategic and operational plans taking into account proactive risk management, clear strategic directions and focus-based outcomes</p> <p>There is integration of financial management into Council strategies to meet future business needs. Its financial management approach supports the change agenda and a culture of customer focus, innovation, improvement and development. The Finance Service actively works with services in taking forward and implementing transformational change.</p>

Section 3	Medium to Long Term Financial Management
STANDARD F- The authority has carried out a credible and transparent Financial Resilience Assessment	Evidence of Compliance
Key Requirements for Compliance	<p>The CIPFA FM Code requires the Authority to critically assess its financial resilience. This can be undertaken by external assessment or by the Authority itself. The Council has not specifically undertaken a defined review of financial resilience but has relied on the expertise of the CFO to review, assess and report on key areas of financial resilience, through to the Senior Management Team/Management Board, Members, the Audit Committee and through budget and financial monitoring reports.</p> <p>However, an external review organisation, engaged to support the 2022/23 budget setting process, linked to the Delivering a Sustainable Future initiative, advised that the information provided through the Finance Service was technically sound and it aligned its response and recommendations to those already available to the Council.</p> <p>A key requirement of both internal and external assessment is that in terms of financial resilience, the Council must reduce its reliance on one off resources for budget setting and reduce its cost base to match to the level of resources available. The transformation programme upon which the Council has embarked, must be accelerated and progress to support the budget process and deliver sustainable budget reductions. This is a key strand of the work programme in delivering savings for 2022/23 but more specifically the 2023/24 budget process.</p> <p>The 2019/20 Value for Money opinion delivered by the Councils External Auditor advised that " for 2019/20 the Council has made proper arrangements to deliver financial sustainability in the medium term". However, it is was acknowledged that the financial impact of COVID-19 would have an impact on the Council's financial position and will influence the audit opinion for 2020/21.</p> <p>The Council received the Auditors Annual Report from the External Auditors on 17 December 2021. This included commentary on the audit of the financial statements as well an opinion on the Councils VFM arrangements for 2020/21. In relation to each of the three areas that must be examined when considering the VFM opinion, the comments were positive. The findings were that no risk of significant weaknesses in arrangements had been identified and that there were no actual weaknesses in arrangements identified.</p>

<p>Examination of the Council's current financial position</p>	<p>This is demonstrated by the comprehensive nature of the Medium Term Financial Strategy and Revenue Budget. This sets out the financial pressures to be addressed informed by local intelligence gathering and national developments, together with the anticipated level of resources available to support the budget. This is in turn informed by financial monitoring information which is presented from month 2 (informally) and then formally from month 3 to month 9 with an outturn report prepared to support the Statement of Accounts. The budget gap is presented for the forthcoming financial year and usually the next 4 years (this was reduced to two future years for 2021/22 due to the COVID-19 pandemic and ensuing uncertainty).</p> <p>The Finance Service prepares best, worst and expected case scenarios with regard to the level of budget reductions required and how the budget might be balanced in each of these scenarios.</p> <p>The Capital Strategy and Programme and the linked Treasury Management Strategy are comprehensive and clearly set out the planned level of investment and the financing of that programme, together with the consequent treasury implications. These are then incorporated into the Council's Medium Term Financial Strategy and Revenue Budget.</p>
	<p>The budget process of the Council follows an established format with a timetabled approach. Officers and Cabinet Members are familiar with the operation of the budget review forum which provides a robust challenge to budget proposals before they are issued for public and staff consultation.</p>
	<p>The financial position of the two wholly owned companies within the Councils group is monitored with any challenges to the financial position incorporated within the review of the Councils own financial position. The Senior Officers of both organisations are members of the Senior Management Team/Management Board of the Council. The financial position of the companies is examined by the Councils Scrutiny Committees. If there are any specific issues of concern regarding the operation of these organisations, the Chief Operating Officer of either the Unity Partnership or the MioCare Community Interest Company (CIC) can be, and have been, called to explain the position to the Scrutiny and Audit Committees respectively. The year-end position of the two wholly owned companies is incorporated into the Council's Year End Group position, which is then subject to audit by the Mazars LLP, the Councils External Auditors.</p>
	<p>Key governance documents are in place including the Annual Governance Statement, the Corporate Risk Register and Partnership Dashboard outlining the Councils involvement in and risks</p>

and future demand for property, the MTPS is currently under review as part of the Creating a Better Place Strategy. Included within the Creating a Better Place initiative is a specific strand of work that is examining the use of the Councils Assets and aims to maximise the use of those assets. A plan for rationalising assets to minimise expenditure and maximise capital receipts linked to a forward look of the Councils future operating requirements is in place.

An issue for development is the use of performance management information. It is used to highlight service pressures but the use of benchmarking information could be increased. Exercises have been undertaken to review costs of Adults and Children's Social Care but there is scope to plan a more formal series of benchmarking reviews. However, the Council subscribes to LGInform plus and the Performance Improvement Team regularly use this site to gain timely and up to date performance and benchmarking information; particularly when working with key services.

Prior to the approval of budget reduction proposals, there are mechanisms in place for their viability to be challenged. For all budget reductions approved, there are clear plans for their implementation together with a mechanism for reporting performance to target through financial monitoring reports. In general terms the Council has performed well in the delivery of budget reductions, although there has been some under delivery. For 2021/22 this has been reported to Members (month 6 report to December 2021 Cabinet) and the financial forecasts for both 2021/22 and 2022/23 revised accordingly.

The Council has a Reserves Policy which clearly sets out the purpose of the reserves and the governance around their use. The use of reserves to support specific initiatives is supported. There is also clarity of the use of reserves to support the underlying financial strategy. The Council has used reserves to support the budget process and plans to continue this in 2022/23, 2023/24 and 2024/25, to allow time for transformational activities to embed and deliver savings. The use of reserves over recent years to support the budget has been clearly highlighted to both the Council's officer leadership Team and Members. Any use of reserves during the financial year is subject to review by senior managers on the recommendation of the CFO prior to Member approval.

Although there has been use of reserves, there has been the opportunity to replenish reserves at the year end and therefore the financial resilience of the Council has been maintained. This is evidenced through the CIPFA Financial Resilience Index for 2019/20 – the Index for 2020/21 has yet to be released, but given the reserves outturn for 2020/21, the Council will be shown to be financially resilient as it moved into 2021/22.

	<p>The Council is not however, complacent and recognises the significant reliance on reserves in balancing the budget over recent years and that this cannot be sustained in an unplanned manner. The MTFs therefore aims to reduce the reliance on reserves whilst transformational change is embedded.</p>
<p>Financial resilience is tested against best and worst case scenarios which cover a wide range of financial demographic and social challenges</p>	<p>Throughout the budget planning process, the Finance Services presents spending and income estimates and future methods to address budget issues across best, worst and expected scenarios. These scenarios and actions include expected use of specific and other reserves and are directly linked their impact on the financial resilience of the Council. The plans to use reserves is considered acceptable and appropriate on the basis of the delivery of the planned savings informed by the transformation agenda. The recent engagement of an organisation to undertake an external review is testament to the awareness of officers and Members that action is required to sustain the financial resilience of the Council in the future.</p>
<p>The authority uses independent objective quantitative measures to assess the risks to its financial sustainability</p>	<p>The Council's external auditors (currently Mazars LLP) are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. For 2019/20, the Council's auditor's concluded that " for 2019/20 the Council has made proper arrangements to deliver financial sustainability in the medium term"</p> <p>The Council received the Auditors Annual Report on the financial year 2020/21 from the External Auditors on 17 December 2021. This included commentary on the audit of the financial statements as well an opinion on the Councils VFM arrangements. In relation to each of the three areas examined for the VFM opinion, the comments were positive. The findings were that no risk of significant weaknesses in arrangements had been identified and that there were no actual weaknesses in arrangements identified.</p> <p>The most recent CIPFA Financial Reliance Index issued in February 2021, highlighted that the Council was not considered "at risk" from a financial resilience perspective</p> <p>In addition, the Council is subject to periodical peer reviews, of which the most recent challenge took place in January 2020 and which financial management was a key indicator. The comments with regard to the Councils financial resilience and sustainability did not highlight any key concerns.</p>

<p>Decision making by the authority demonstrates a sound understanding of the risks associated with all resources used for service delivery, this includes workforce physical assets and its strategic business partners</p>	<p>All Council decision reports include a specific section on risks so that these can be highlighted to officers and Members. This ensures that informed decisions are taken with awareness of any potential risks to delivery.</p> <p>Any budget reductions approved include an evaluation of associated impact(s) on the Council's strategic business partners and the local economy.</p> <p>In addition, where an equality impact assessment is deemed necessary that process includes a further analysis of associated risks for all stakeholders.</p> <p>All major projects have a risk register which is regularly reviewed and action is taken to address risks if they materialise.</p>
	<p>The Council is mindful of the capacity of its strategic business partners and receives information about their sustainability in order to assist in any decision making with regard to financial support or requirements for alternative delivery mechanisms.</p>
<p>STANDARD G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members</p>	<p>The Medium Term Financial Strategy is the key document which sets out the Council's financial sustainability. During 2020/21, two in year update reports were presented to Members to advise of pressures and issues arising from COVID-19 and the uncertainty this caused. These reports informed the MTFS prepared for consideration at Budget Council on 4 March 2021.</p> <p>Using the work undertaken in preparing the MTFS at March 2021, the Council is currently preparing its budget for 2022/23 and MTFS for the period to 2026/27. Detailed briefings have been prepared for Members and a full suite of budget reports is currently in preparation.</p> <p>The Council provides a report to its Members and the Audit Committee on a regular basis detailing its financial resilience and sustainability in the longer term.</p> <p>The preparation of the MTFS incorporates a review of:</p> <ul style="list-style-type: none"> - all income sources and assessment of volatility - the cost base including overhead costs - the impact of demand and demographics - changes in assets and liabilities of the Council - staffing related pressures - the impact of financial policies, systems and processes - relationships with stakeholders - the future aims and objectives of the Council and how these can be achieved

	<p>For 2022/23 budget setting a range of scenarios have been tested, however, whilst the Finance Team has presented Best, Worst and Likely scenarios to aid financial planning, the Code suggests a more sophisticated approach. The current approach to date has proved adequate given the nature of the financial planning that has taken place. This would not suffice for a more strategic long term view. However, given the uncertainty that has prevailed in the Local Government Finance arena for a several years (exacerbated by COVID-19), the value of any modelling, given the nature of the organisation, is considered to be limited. It is, however, a development which can be taken forward for consideration in 2022/23 as the Finance team incorporates new working practices and greater efficiency aligned to the long-term requirements and vision of the Council.</p> <p>Assumptions / estimates of expenditure and funding across the course of the MTFs period are also shared and compared with other GM Authorities to ensure the Council's approach / methodology is not out of line with other similar Authorities.</p> <p>Also, as part of the budget setting process, the authority produces a Statement of Robustness report which analyses its financial sustainability over the MTFs period. This report is presented to Members and agreed by Council at its annual budget setting meeting</p> <p>The Council has a comprehensive Capital Strategy which is fully compliant with The Prudential Code for Capital Finance in Local Authorities.</p> <p>Briefings to senior officers and Members have been provided on financial sustainability and threats to sustainability. The budget process and the requirement to reduce the base budget of the Council is well understood. The means to achieve financial sustainability via a transformation programme and the implementation of a change programme is receiving support with work in train.</p>
<p>STATEMENT H - The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities</p>	<p>The Authority produces an Annual Treasury Management Strategy, half year progress report and an outturn report which complies with CIPFA Prudential Code for Capital Finance in Local Authorities and the Treasury Management Code of Practice. These reports set out a suite of prudential indicators against which the Council monitors performance in maintaining the affordability and prudence of its capital programme. The CFO prepares an appropriate set of prudential indicators. These are monitored and report on regularly.</p> <p>The prudential indicators are:</p> <ul style="list-style-type: none"> - Estimates of capital expenditure, actual capital expenditure, estimates of the capital financing requirement, the actual capital financing requirement - Authorised limit, operational boundary, actual external debt and gross debt and the capital financing requirement

	<ul style="list-style-type: none"> - Estimates of financing costs to the net revenue stream and actual financing costs to net revenue stream <p>The Treasury Management Strategy is presented to the Audit Committee for scrutiny, to Cabinet and Council or approval.</p> <p>In compliance with the Prudential Code the Council also produces a Capital Strategy. This Strategy document is fully comprehensive and sets out a clear statement of the capital spending intentions of the Council in compliance with the Prudential Code. In accordance with good practice, the capital strategy presents key information as follows:</p> <p>Capital expenditure including:</p> <ul style="list-style-type: none"> - an overview of governance processes for approval and monitoring of capital expenditure - a long term view of capital expenditure plans - an overview of asset management planning including the cost of past borrowing, maintenance requirements and planned disposals <p>Debt, borrowing and treasury management linkages:</p> <ul style="list-style-type: none"> - a projection of external debt - the Authority's approach the treasury management <p>Knowledge and Skills</p> <ul style="list-style-type: none"> - a summary of knowledge and skills available to the Authority and confirmation that these are commensurate with the Authority's risk appetite <p>The Strategy also includes:</p> <ul style="list-style-type: none"> - an overview of how the associated risk is managed; and - the implications for future financial sustainability. <p>The Council has ensured that is had complied with the statement issued by HM Government in March 2020 and changes to Public Works Loan Board borrowing terms in November 2020, regarding involvement in commercial investment. The 2021/22 capital strategy incorporated the intention of Government to limit commercial investment for yield.</p>

<p>STATEMENT I - The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans</p>	<p>The Council produces an annual Medium Term Financial Strategy which is approved by Council as part of the formal budget setting process. Up to 2021/22 this covered a 5 year timeframe but was reduced to 3 given the uncertainties arising from COVID-19.</p>
<p>Key requirements for compliance</p> <p>The Authority has sustainable service plans that are consistent with its long term financial strategy and the medium term financial plan</p>	<p>The Council operates a formal annual business planning process, maintained within the Council's corporate performance management software application and all plans are reviewed and approved by the Management Board to ensure they are consistent with and complementary to the overall ambition and financial strategy of the organisation. All business plans are aligned to the key corporate objectives.</p> <p>Appropriately approved key service developments identified in business plans which require additional resources are built into the financial planning process. Key drivers of demand are reflected in the MTFS.</p>
<p>Developing a robust Medium Term Financial Plan from a credible baseline</p>	<p>The Council's MTFS is prepared using the current budget adjusted for known revisions e.g., one off resources or initiatives. This is amended for known pressures, including those included in service plans (reflecting local or national factors) and a projection of the resources available to support the plan. The gap between the two determines the strategy to close the gap.</p>
<p>Understanding and identifying drivers of demand and cost</p>	<p>The MTFS is based on known demand drivers and cost drivers informed by intelligence gathering of local and national trends.</p> <p>The MTFS is based on credible assumptions and forecasts about the economy and relevant socio-demographic trends. Engagement with all services is undertaken to ensure all key issues are included with realistic forecasts. These forecasts and estimates are then analysed and robustly challenged by Senior Members of the Finance team before being included in the MTFS.</p> <p>A PESTLE analysis is suggested. This approach was used by the Finance Team in supporting its budget process as evidenced in budget reports from previous year, but this analysis is not currently produced. It was not considered to be the most effect means to address the financial challenges in Oldham. However, this might be reconsidered as a future development.</p>
<p>Use of sensitivity analysis to explore the impact of the viability of the MTFS</p>	<p>As explained above the Council has used a best, worst and likely scenario planning technique. The use of different techniques has been identified as a potential development.</p>

<p>The role of the Asset Management Plan in the MTFS</p>	<p>The Council has adopted a Medium-Term Property Strategy (MTPS). This incorporates a detailed Asset Management Plan for every group of the Council's assets. This plan was agreed at Cabinet for the term 2018 to 2022. As a result of the COVID-19 pandemic and its impact on current and future demand for property, the MTPS is currently under review as part of the Creating a Better Place Strategy. Included within, the Creating a Better Place initiative is a specific strand of work that is examining the use of the Councils Assets and aims to maximise the use of those assets. A plan for rationalising assets to minimise expenditure and maximise capital receipts linked to a forward look of the Councils future operating requirements is in place. The implications of this strategy are linked to specific budget reductions and capital financing costs, all of which are built into the MTFS.</p>
<p>The Medium Term Financial Plan should make reference to other organisational plans (e.g., workforce planning) and performance measures to demonstrate an alignment between service and financial planning</p>	<p>The Medium Term Financial Strategy is informed by a large number of other organisational plans, policies and performance measures including but not limited to:</p> <ul style="list-style-type: none"> Oldham Plan and Corporate Plan / Covid Recovery Strategy Cooperative Council Capital Strategy/programme Treasury Management Strategy Income Strategy Medium Term Property Strategy Creating a Better Place Programme Procurement Policy Housing Strategy Get Oldham Working Oldham Work and Skills Strategy Education Provision Strategy Oldham Education and Skills commission/Oldham Education Partnership People Strategy ICT Strategy Green New Deal Strategy <p>The key financial requirement of these strategies /policies are built into the MTFS and Budget setting process to aligned with the implementation of corporate priorities.</p>

<p>The Authority has benchmarked the performance of its services against appropriate comparators</p>	<p>The Council makes limited use of CIPFA benchmarking information as so few Authorities now use this process. The Greater Manchester Association of Municipal Treasurers has undertaken some work to consider the cost of corporate services including Finance Teams in relation to the 10 GM Authorities. This has proved useful but highlights the limitations of benchmarking as is has allowed detailed discussion which has shown difference management arrangements and practices between the 10 organisations. The Council subscribes to LGInform plus and the Council's Performance Improvement Team regularly use this site to gain timely and up to date performance and benchmarking information; particularly when working with key services.</p> <p>The Council does make use of Government Revenue Outturn and Revenue Account nationally released information and considers spending in relation to neighbouring Authorities.</p> <p>The Children's Transformation Board initiated a review spending in Children's Social Care services has undertaken comparative analysis which has supported decision making.</p> <p>Benchmarking reviews have also been undertaken for Adult Social Care services, again to inform areas for investment or opportunities for savings.</p> <p>The Council also holds an active membership of the Special Interest Group of Municipal Authorities (SIGOMA) which through regular officer meetings and circulated datasets provide various national and regional analysis of Council expenditure and funding streams.</p>
<p>To inform the Leadership Team's decisions the authority has a single document tracking progress in the delivery of planned savings over the period of the Medium Term Financial Plan</p>	<p>The Council manages all planned savings / budget reductions through its corporate performance management software solution which has controlled access by individual. All planned savings are monitored through this software platform and reported to Members in summary through the Revenue Monitoring reporting process and also separately in detail through a specific quarterly performance report.</p>
<p>The Authority publishes it plans for the use of reserves over the period of the Medium Term Financial Plan</p>	<p>The most up to date MTFS includes and assessment of the use of reserves to underpin the financial position. This covers the period 2021/22 to 2024/25. There is a regular and on-going review of reserves usage and creation to support the review of financial resilience.</p>

<p>The level of reserves at 31st March in any one year should not be fall below the level previously agreed</p>	<p>The reporting of the planned use of and creation of reserves is undertaken through the financial monitoring report process. The reserves position is included within the MTFS report linked to the report prepared in accordance with Section 25 of the Local Government Act 2003 which is presented to Members as part of the budget process. The actual use of reserves in year can only be determined at the year end and there is flexibility for the CFO around reserves management.</p> <p>The unpredictably of the COVID 19 position led to a variation in the expected reserves position for 2020/21- reserves were increased. Even with the planned future use of reserves, the overall position is capable of being managed so that financial resilience can be achieved.</p> <p>The Council also has balances which have been calculated using a risk based approach to support financial resilience.</p>
<p>Section 4</p>	<p>The Annual Budget</p>
	<p>Evidence of Compliance</p>
<p>STANDARD J - The authority complies with its statutory obligations in respect of the budget setting process</p>	<p>The Council produces a detailed annual budget report which in turn is complemented by the Medium Term Financial Strategy, the Treasury Management Strategy, the Capital Strategy & programme, Housing Revenue Account, Council Tax Reduction Scheme and the Statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.</p>
<p>Key Requirements for Compliance</p>	
<p>Meeting the statutory requirements for budget setting</p>	<p>The Council meets all such statutory requirements. In accordance with the Local Government Act 2000 Full Council approves the annual budget following the recommendation of Cabinet, together with the associated Council Tax resolutions. All other reports are also presented to full Council for approval. All reports are subject to Member scrutiny and after public, partner, service user and staff consultation. The process allows for consultation comments to be considered and if necessary, reflected in final proposals presented for approval.</p> <p>The timing of the setting of the budget and Council Tax requirement is in accordance with the statutory requirement of the local Government Act 1992 (as amended) i.e., before 11 March preceding the financial year.</p>

	The detailed setting of service budgets includes the provision of standardised costing templates and procedures to ensure consistency across the organisation and also to act as a clear audit trail in case of any future queries.
The setting of a robust and sustainable budget	The S151 Officer uses professional judgement to ensure that the budget is robust and sustainable. A report, separate to the main budget report, is prepared in accordance with Section 25 of the Local Government Act 2003 to report on the robustness of the estimates made in setting the annual budget and on the adequacy of the proposed reserves and balances underpinning the budget estimates.
Responsibility for setting the budget	The responsibility for setting a balanced budget is that of the Director of Finance, working with the rest of the senior management team. A key element is the preparation of the MTFS setting out a robust and sustainable budget for each year covered by the strategy. The Council prepares a detailed MTFS alongside the budget report based on best information available. The Finance Team is constantly reviewing and revising estimates in the MTFS development period to maintain the robustness of the estimates. The Director of Finance is working closely with the Chief Executive in budget setting for 2022/23.
The requirement for spending controls is understood and supported	In response to substantial financial challenges at the start of the COVID-19 pandemic, the Council implemented spending controls during 2020/21. This was supported by senior officers and Members. This requirement has been reviewed with controls being eased to some extent with key elements remaining in place (for example, the requirement for Heads of Service or above to approve all requisitions and invoices in excess of £100).
The Section 114 Notice process is understood	<p>The S151 Officer (Director of Finance) is aware of the requirements, under Section 114 of the Local Government Finance Act 1988, to report if there is or likely to be any unlawful expenditure or if expenditure in a financial year is likely to exceed the resources available to it to meet that expenditure. There is no such requirement in relation to the financial position of Oldham Council for 2021/22.</p> <p>During 2020/21 and again in 2021/22 there have been discussions at officer and Member level of the S114 process and a report was prepared for Audit Committee members outlining developments elsewhere where authorities had either issued a S114 notice or were contemplating issuing such a notice (e.g., Northampton County Council, London Borough of Croydon).</p>

<p>STANDARD K - The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves</p>	<p>A report, separate to the main budget report, is prepared to comply with Section 25 of the Local Government Act 2003 to report on the robustness of the estimates made in setting the annual budget and on the adequacy of the proposed reserves and balances underpinning the budget estimates. The report identifies and considers the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case.</p> <p>The report includes a recommendation of the level of balances.</p> <p>The Council prepares a Reserves Policy (reviewed at least annually) which informs the use of and creation of reserves.</p> <p>The Revenue Budget report includes a section on the forecast level of reserves available to support the budget process (this is important as the Council has relied on the use of reserves to support its budget over recent years). Leading Members are briefed on the importance of maintaining the adequacy of reserves and strong financial resilience.</p>
<p>Section 5</p>	<p>Stakeholder engagement and business cases</p>
<p>STANDARD L - The Authority has engaged with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget</p>	<p>Evidence of Compliance</p>
<p>Key Requirements for Compliance</p>	
<p>Identification of Key Stakeholders</p>	<p>The Council is aware of its key Stakeholders including its two wholly owned companies, Oldham CCG, Council Tax and Business Rate payers, the voluntary sector and other GM Councils/GMCA.</p>
	<p>The two wholly owned companies MioCare CIC and The Unity Partnership Ltd. are fully integrated into budget decision making processes.</p>

	<p>Until mid-2021 the Council's Chief Executive was also the Accountable Officer for the Oldham Clinical Commissioning Group with other joint appointments. As a result, there has been and remains full engagement with this major stakeholder. Budget reduction proposals are shared at an early stage and there is work in train to align budget processes with NHS partners to reduce the overall Oldham NHS and Local Authority system financial challenge.</p>
	<p>GMCA & other GM Councils. There are extensive links at officer and Member level for appropriate engagement with such organisations. The Council engages in the GMCA budget consultation process.</p>
	<p>The third sector is a key stakeholder and there is engagement with this sector. There was engagement with the sector on specific budget proposals providing them with the opportunity to comment.</p>
	<p>There was specific public consultation on the 2021/22 budget proposals with a full analysis of the results of the consultation taking into account in final decision making. The Budget Report included a full summary of the results of the public consultation.</p> <p>The Trades Unions were updated on the budget process in November 2020 and again in January 2021. Discussions are taking place with Trades Union representatives on the budget process for 2022/23.</p> <p>There was extensive consultation with staff on budget proposals for 2020/21 and 2021/22 budget setting. Changes were made to implementation proposals as appropriate as a result of consultation comments.</p>
Engaging effectively with Stakeholders	<p>Engagement with budget holders on the budget process is described above. A development required to fully meet the requirements of the FM Code to ensure effective engagement so that stakeholders are able to influence any priority setting and input to the consideration of the balance between its service delivery aspirations and the level of available resources. In this regard, the Leader of the Council and the Chief Executive have over recent weeks, undertaken a range of engagement sessions with Oldham citizens which is enabling the views of Council Taxpayers and the business community to be heard and to be considered in the context of political priorities.</p> <p>Representatives of the local business community are also consulted on the budget and MTFs as standard on an annual basis.</p>

<p>STANDARD M - The authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions</p>	<p>Evidence of Compliance</p>
<p>Key Requirements for Compliance</p>	
<p>Does the Authority have a clear, documented option appraisal methodology consistent with IFAC/PAIB Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal (Annex C to CIPFA FM Code)</p>	<p>All reports that are considered by Members include an options section together with a recommended option. The Finance Team is involved with the consideration and evaluation of options. This is particularly the case where major capital schemes are under consideration where full due diligence exercises are undertaken.</p> <p>Finance staff prepare the financial modelling of potential options and seek appropriate external advice where necessary. Following the modelling, Finance officers complete the financial case in all outline and full business cases. All business cases especially the financial analysis is completed aligned to the Treasury Green Book.</p> <p>There is a requirement for an options appraisal when considering all major capital schemes as presented in Section 11 of the Capital Strategy.</p> <p>The Council will consider not only financial issues in decision making but also service delivery and other non-financial criteria.</p>
	<p>The Council applies the principles consistent with the IFAC/PAIB document using relevant financial techniques and calculations. Uncertainty is addressed by using adjusted discount rates to compensate for changes to cash flow or a variance to costs, reviewing assumptions and applying sensitivity analysis to assumptions, including optimism bias in all option appraisals, where necessary, seeking the view of external advisors to support the detailed review.</p>
	<p>An improvement to take forward the requirements is to refresh documented option appraisal guidance. This will be undertaken during 2021/22.</p>
<p>The accounting treatment of material decisions is considered and demonstrated as part of the formal option appraisal process</p>	<p>Where appropriate to the decision making and business case planning of a potential project, Finance staff will engage with external advisors and our external auditors for guidance on the accounting and taxation treatment. On all other occasions this analysis is completed internally.</p>

Section 6	Monitoring Financial Performance
<p>STANDARD N - The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability</p>	<p>Evidence of Compliance</p>
<p>Key requirements for compliance</p> <p>Timely financial information is available to managers that is clear, accurate, relevant, well-structured and concise.</p>	<p>The Council has a robust budget monitoring process reported throughout the organisation in a timely manner. There is a detailed budget monitoring timetable and reports are produced for multiple audiences on a regular basis in focussed formats - a Directorate dashboard is prepared for presentation to Directors and Directorate Management Teams. Managers also have immediate access to budget monitoring data for which they are responsible (data controlled) via self-service within the Council's financial management system (Agresso).</p> <p>There is the opportunity to present urgent financial information on a more informal basis to enable a quick response to an emerging risk or pressure - meetings of senior managers take place on a weekly/fortnightly basis.</p> <p>Budget monitoring information is aggregated into a corporate report from month 2 to 9 and reported to the senior managers forum (Senior Management Team/ Management Board), Cabinet Members and from months 3, 6, 8 and 9 into a public report considered at Cabinet.</p> <p>Performance management information is compiled on a monthly basis in relation to a series of service performance measures and indicators. These are reported to senior officers and members and presented to Cabinet and the Performance Overview and Scrutiny Select Committee on a regular basis.</p>

<p>All financial monitoring reports present information including:</p> <ul style="list-style-type: none"> - The name of the budget holder responsible for the budget - Accruals based financial information - The approved budget against which monitoring is taking place - A forecast for the remainder of the budget period 	<p>Budget managers receive a budget monitoring report for each cost centre for which they are responsible. This report is emailed out to them on a monthly basis via the financial system. This report includes the name of the budget holder responsible for the information presented within it. It also includes original and revised budgets, profiled budgets against actuals and commitments plus year end forecasts. It is planned to develop this report and the overall financial management information available to managers on an automatic basis during 2021/22 and early 2022/23.</p> <p>Accountants and Senior Accountants meet with budget managers on at least a monthly basis to review the financial position set out in the budget monitoring report. These regular meetings will highlight any emerging issues at the earliest opportunity to enable remedial action to be put in place. Accountants and Senior Accountants will discuss current forecasts and amend in the financial system during the meeting with the budget manager.</p> <p>Following the budget monitoring reviews with budget managers, portfolio dashboards are run in line with the budget monitoring timetable. The dashboards contain financial management information which is produced for each revenue portfolio within the Council. This monitoring report includes details of original and revised budgets, profiled budgets against actuals and commitments plus year end forecasts. An analysis of the use of reserves and the achievements of budget reductions is also completed. An explanation of variances by service is then included analysing the data and presented to the officer Leadership team for review and comment.</p> <p>These dashboards form the basis of the monthly revenue budget monitoring report which is presented to the Senior Management Team/ Management Board and also through to Cabinet on a cyclical basis. The revenue report shows the service financial performance the service budget and the Council budget as a whole and highlights any variances together with actions in train to address the variances.</p> <p>Information on capital projects is provided to project managers on a monthly basis and overarching reports are prepared on the whole programme. These reports, presenting full year forecasts, are presented to the Capital Investment Programme Board on a monthly basis and incorporated in the overarching monthly budget monitoring information. Any areas of key concern, non-delivery, overspending or challenges are highlighted by this process so remedial action can be taken.</p>
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	<p>The linkage between performance data requires enhancing. The financial monitoring information refers to performance information that is available but there is no automatic link between the two areas and this something which requires corporate development. There is however regular updates/liaison between the Corporate Performance Team and Finance Team members to consider areas of concern and to ensure that information is presented to managers to enhance understanding and improve planning and efficiency.</p>
<p>Financial monitoring reports for high risk budgets are: - Scrutinised by the leadership team of the organisation on (as a minimum) monthly basis</p> <p>Financial monitoring reports for steady state/low risk budgets are: - Received by budget holders on a monthly basis - Received (in aggregate) by the leadership team on a regular basis</p>	<p>Meetings take place between Finance and Service budget holders on a monthly basis for all high risk areas.</p> <p>All budget monitoring takes place on a monthly basis, however, specific emphasis is given in reports, to those high risk budget areas. These tend to be Adult and Children's Social Care budgets.</p> <p>The monthly revenue budget monitoring report which is presented to the Senior Management Team/ Management Board and also through to Cabinet on a cyclical basis. The revenue report shows the service financial performance, the service budget and the Council budget as a whole and highlights any variances. Areas of significant risk are highlighted in reports</p> <p>As advised above, budget managers receive a budget monitoring report for each cost centre for which they are responsible. This report is emailed out to them on a monthly basis via the financial system.</p> <p>As also detailed above, all budgets are scrutinised by the officer Leadership team on a monthly basis. For 2021/22 reports are being prepared from month 3 to 9. Particular focus is paid to high risk budgets detailing any management actions being taken or required. Cabinet reports are prepared for months 3, 6, 8 and 9.</p>
<p>The authority has arrangements which allow annual service budgets to be recalibrated in response to unforeseen developments</p>	<p>The Financial Procedure Rules included within the Council's Constitution set out the rules and limits for service budgets to be realigned in line with unforeseen developments and service needs. If there was a requirement to address specific financial challenges, appropriate budget adjustments would be made which may require the use of reserves in accordance with the Reserves Policy.</p> <p>Revenue budgets are categorised into controllable and non-controllable budgets. Managers are only able to amend controllable budgets within their prescribed limits and area of responsibility. Non-controllable budgets require corporate approval before any movement can be made.</p>

	<p>As part of the Council's annual budget setting process, budgets are aligned to meet the needs of the Authority at that time with any movements from the previously agreed budget detailed within the annual revenue budget report'</p> <p>The monthly monitoring reports highlight any budget pressures which need to be addressed in the following years budget and this is brought to the attention of Senior Managers and Members through the budget setting process. The month 8 report is considered alongside all budget reports and is a key element of the budget setting process.</p>
<p>There are appropriate arrangements in place for reporting and managing the financial performance of each of the organisation's delivery partnerships and collaborative arrangements</p>	<p>The CFO is a Director of the Unity Partnership Limited and as such receives regular financial management information from Unity. This highlights any key issues. One of the Finance Service Finance Managers liaises on behalf of the CFO on a more operational level and provides an early indicator of any areas of concern. The CFO meets with the Financial Controller, and the Chief Operating Officer of Unity (together with the Finance Service Finance Manager) on a regular basis.</p>
	<p>The CFO meets with the Managing Director and Finance Officer of the MioCare CIC on a regular basis and receives monthly financial information. Given the relationship between MioCare and the Council, financial performance of MioCare links through to detailed budget monitoring of the Community Health and Adult Social Care Directorate. Key issues in relation to the performance of MioCare are regularly reviewed. The role of the lead Finance Officer for MioCare has been realigned so it is a joint post across the Council & MioCare providing a closer working arrangement. Members of the Adult Social Care Finance team liaise with officers from MioCare CIC on a very regular basis.</p>
	<p>The Council and Oldham CCG work together under a Section 75 pooled funding agreement that brings together adult social care budgets and related CCG budgets. A Commissioning Partnership Board (CPB) has been set up that considers joint reports on the pooled funding arrangements. This ensures that any spend that is related to the pooled fund has proper sign off from both partners. The CFO also meets regularly with the CCG Chief Finance Officer to discuss any issues. Given the close working relationship with NHS partners, there are fortnightly meetings between the Council CFO, and CFO's of Oldham CCG, Pennine Care NHS Foundation Trust and the Northern Care Alliance (Oldham Royal Hospital NHS Trust) to discuss system related finance issues and to ensure appropriate reporting to the CPB and to respective organisations. There is sharing of organisations financial reporting and key budgetary pressures that might impact on other partners.</p> <p>Extensive work is taking place to support the requirements of the new Integrated Care System for Oldham, effective from 1 April 2022.</p>

<p>There are appropriate arrangements in place for the project management and cost control of capital projects</p>	<p>Each capital scheme has a named project officer responsible for all aspects of the delivery of the project including delivery within budget. The requirements of project managers are clearly set out in the Capital Strategy. All capital schemes are developed using the guidance of the Treasury Green Book on how to appraise proposals before committing funds to a policy, programme or project. Good practice templates for business cases are used requiring outline to final business cases (the latter should include detailed and accurate costings). Such documents are reviewed by the Finance Team before proceeding for approval.</p> <p>All projects are managed using standard project management tools and techniques. All projects include a contingency in accordance with good practice.</p> <p>Project updates are provided at the monthly meetings of the Capital Investment Programme Board (CIPB) as well as an overarching update on the Capital Programme. This facilitates the review and challenge to the delivery of projects and any changes to both the timing and value of the programme. In addition, an Annual Review of the capital programme is completed each year. The Annual Review process ensures that all schemes are examined to determine whether they still meet corporate priorities. The review also considers the deliverability and progress of schemes including any reasons for delayed starts or variations to approved budgetary allocations. It also considers rephrasing of planned expenditure and identifies any unutilised or underutilised resources which can be reallocated to other projects. The Council's senior officers also have the opportunity to review and challenge project and programme delivery via monthly updates on the changes/re-profiling of expenditure.</p> <p>The Senior Officer supporting the CIPB is the Deputy Chief Executive (Place & Economic Growth). The CIPB is chaired by the Cabinet Member for Finance and Low Carbon (Deputy Leader) and is attended by the Leader and other Deputy Leader. The CFO is the lead Finance Officer for the CIPB and attends all meetings.</p> <p>The Audit Committee at its meeting of 2 November 2021 considered a report setting out the arrangements for ensuring that a capital project is subject to appropriate review at the Business Case stage before significant expenditure is incurred. The Committee was content with the report and explanations.</p>

<p>STANDARD O - The Leadership Team monitors the elements of its balance sheet which pose a significant risk to its financial stability</p>	<p>Evidence of Compliance</p>
<p>Key Requirements for Compliance</p> <p>Close monitoring of the Authority's financial performance and impact on reserves. Unplanned and planned use of reserves are reported [quarterly] to the management team of the organisation and to Council</p>	<p>The planned use of Earmarked and Revenue Grant Reserves are included within the financial monitoring report presented to the Leadership Team and Cabinet Member on a monthly basis from month 3 and Cabinet Members on a periodic basis per the constitutional timetable (months 3, 6, 8 and 9 for 2021/22). The monitoring of the reserves (through the budget monitoring process) and any requirement to draw down more reserves than anticipated provides appropriate early warnings to officers and Members that there is financial pressure that needs to be reviewed.</p> <p>The Council has a Reserves Policy which sets out the procedure for requesting the use of a reserve which includes reporting to Members through the financial monitoring reports. The Reserves Policy is presented to the Audit Committee for consideration alongside the Statement of Accounts reflecting the outturn position for the previous financial year.</p>
<p>Management accounts include either a full balance sheet or an appropriate level of balance sheet information to meet business needs and evidence of monitoring of material items and risk</p>	<p>Full statements including the balance sheet are produced and reviewed on a monthly basis to highlight any miscoding and to ensure that the full suite of statements balance to the ledger. This is completed as part of the Council's ongoing year end process.</p> <p>A full mid-year close down is completed including all working papers. This ensures that balances aligned to working papers have been rolled forward correctly and the transactions to date are correct. Any issues arising from these reviews are initially addressed by the Director of Finance and if appropriate, included in monitoring reports firstly for senior managers and then Members (if required).</p> <p>See notes below on reserves, a key balance sheet indicator of financial resilience, reported in detail to senior managers and Members.</p>
	<p>An option for future consideration is the extent to which financial monitoring information is supplemented by either a full Balance Sheet or information on other key balance sheet elements (in addition to reserves). The benefit of this level of information is questionable. Balance Sheet detail was provided alongside financial monitoring reports several years ago but was found to be of limited use to those outside the Finance Team. The Director of Finance considers that the reviews undertaken by the Finance Service will highlight any issues and risks and that such issues will be brought to the attention of senior managers and Members as appropriate.</p>

	<p>It should be noted that the provision of specific information about the level of debtors/creditors is being considered. The Finance Team has initiated a review of the level of sundry debt in order to focus on reducing such debt (see comments below). Information on reserves is included in financial monitoring reports.</p>
Non-current fixed assets	<p>It is essential that the financial implications of the acquisition or disposal of fixed assets is understood and appropriate comments are included in reports setting out such transactions. Capital financing charges will be provided for arising from an acquisition and any capital receipts will be included within the level of resources available to support the overall capital programme. The Council has budget (both revenue and capital) to ensure that the physical assets of the Council are maintained to a suitable standard to enable service provision.</p> <p>Through the Creating a Better Place (CaBP) capital programme, the Council is reviewing its asset base to ensure it has the right assets mindful of the changes to the Councils operating environment. The asset base is being rationalised it to promote efficiency and reduce costs and, where possible, generate capital receipts.</p> <p>Significant revenue savings are built into the revenue budget in 2021/22 and future years arising from CaBP. Regular reports on progress are presented to senior officers and Members.</p>
Long and short term investments	<p>The Director of Finance undertakes monthly reviews with the Treasury Team to discuss all aspects of treasury management including investments opportunities for the Councils cash balances as well as monitoring investment returns. Recent activity has been limited to short term investment opportunities in line with Treasury Management practice. Information on the Treasury Management position is presented to the Management Board and Members via Treasury Management reports which are presented to the Audit Committee, Cabinet and Council.</p>
Debtors	<p>The presentation and review of financial information on debtors is a key development for 2021/22. The responsibility for income collection is split over a number of areas in the Council and requires improvement. A working group of Finance Officers has been tasked with improving debt management. It is planned that improved debt management information will be presented to Directorate Management teams alongside financial monitoring information.</p>

Cash management	Cash is managed through the application of recently updated Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes issued by CIPFA and the setting of appropriate treasury management policies (approved through the Treasury Management Strategy). There are regular meetings between the CFO and the Treasury Management team to review cash, investments and counterparties to be used. The need for any external borrowing is also discussed. Key issues are included in Treasury Management reports presented to the Audit Committee, Cabinet and Council.
Provisions	The requirement for and level of provisions is thoroughly reviewed as part of the final accounts process and on an on-going basis throughout the year as a call on a provision is made. This triggers a review of the overall level of provisions. The release of provisions if no longer required, or creation of new ones is managed by the Assistant Director of Corporate Governance and Strategic Financial Management and the Director of Finance informed by discussions with other senior Finance Service colleagues. Any key issues in relation to calls on provisions would be included in financial monitoring reports.
Long-term borrowing	There has been no recent requirement to undertake long term borrowing due to the cash position of the Council. This is reported through the Treasury Management reports. If there is any requirement to undertake long term borrowing, this would be on the recommendation of the Director of Finance and be actioned after consultation with the Cabinet Member and Chief Executive.
Monitoring of Performance against Prudential Indicators	As advised above the Director of Finance undertakes monthly reviews with the Treasury Team to discuss all aspects of treasury management including and challenges in relation to performance against prudential indicators. A key indicator, capital expenditure, is closely monitored as part of the monthly budget monitoring process (see above). The formal Treasury Management reports reviewed by senior officers, Cabinet Member, Audit Committee, Cabinet and Council detail performance in relation to the prudential indicators and would therefore highlight key risks and challenges.

Section 7	External Financial Monitoring
	Evidence of Compliance
<p>STANDARD P - The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom</p>	<p>The Councils accounts prepared by the Finance Service comply with the Code of Practice on Local Authority Accounting. The Finance Team has set high standards with regard to the preparation of its accounts. Completion of the accounts ahead of the statutory timeline with a clean audit opinion is a key performance indicator for the Finance Team. This has been achieved for many years.</p> <p>The CFO has monthly meetings with External Auditor throughout the financial year to update and discuss emerging issues and progress on key Corporate priorities. Meetings are more frequent at the financial year end to ensure the Code of Practice has been applied in accordance with specific requirements for Oldham.</p> <p>The performance of the CFO is monitored in relation to the standard of the completion of the accounts and compliance with Codes of Practice.</p>
	<p>The accounts for 2019/20 were completed ahead of the statutory deadline and signed off ahead of the statutory deadline with a good audit conclusion from the Council's Auditors. The audit of the 2020/21 accounts was completed to comply with the statutory deadline with four low priority recommendations for improvement. The Audit Findings Report for both years provide a good audit opinion.</p> <p>The narrative statement included in the financial statements provides a commentary how the Council has used its resources to achieve its desired outcomes and inform the user of the accounts of:</p> <ul style="list-style-type: none"> a) What the Councils services cost to deliver over the course of the year b) Where the money to fund the Council came from c) The Councils assets and liabilities at the end of the financial year. <p>The narrative statement aims to provide contextual information and explain the outturn to the users of the accounts, including officers and Members.</p>

STANDARD Q - The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions	<p>The final outturn figures are presented in the same format as that which is used during the financial year to report the forecast financial position to the Officer Leadership team and to Elected Members. This ensures that there is consistency when reporting so that officers and Members can compare, analyse and question any variances. Figures reported are also supported by reasons for variance, and where required, an explanation as to the movement between the last report and the outturn.</p> <p>In operating to an accelerated closedown timetable, the Finance Team ensures that timely and accurate information is available. Detailed information is presented on all key areas where there are variances.</p> <p>The monthly financial monitoring reports are used to highlight issues which need to be addressed in the following years budget. The month 8 monitoring report is a key document in budget setting for the following financial year.</p>
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