

## **Report to Audit Committee**

# **Compliance with the CIPFA Financial Management Code**

**Portfolio Holder:** Cllr Abdul Jabbar MBE, Cabinet Member for Finance and Corporate Resources

**Officer Contact:** Anne Ryans, Director of Finance

**Report Author:** Anne Ryans, Director of Finance

**5 September 2023**

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## **Reason for Decision**

This report presents information which highlights the Council's compliance with the Financial Management Code issued by the Chartered Institute of Public Finance and Accountancy. This updates the position that was reported to the Audit Committee at its meeting of 17 January 2022.

## **Executive Summary**

In response to the financial challenges being faced by a number of Local Authorities, towards the end of 2019 the Chartered Institute of Public Finance and Accountancy (CIPFA) issued the CIPFA Financial Management Code (FM Code) which is designed to support good practice in financial management and to assist Councils in demonstrating financial sustainability. However, it was not until mid-2020 that the Guidance Notes to support this document were issued which provided a more comprehensive description of the requirements and how these could be demonstrated. Due to the timing of the issue of the documentation, the financial year 2020/21 was deemed a shadow year to allow time for Authorities to demonstrate how they were working towards full implementation of the Code. The first full year of compliance with the FM Code was therefore 2021/22 and in this regard, Members of the Audit Committee received a report outlining the Council's compliance with the FM Code at the meeting of 17 January 2022.

The FM Code applies a principles-based approach. It does not prescribe the financial management arrangements that Local Authorities should adopt. Instead, it requires that

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a Local Authority ensures, and is able to demonstrate, that it satisfies the principles of good financial management for an authority of its size, responsibilities and circumstances.

The Code has six underlying principles designed to focus on robust financial management as a way of achieving both short-term financial resilience and long-term financial sustainability.

CIPFA issued a further publication in May 2022, The Implementation of the Financial Management Code – Approaches and Lessons Learned. This draws on the experience of Authorities in working towards compliance with the FM Code and has been used to inform the Council's approach to applying its working practices to comply with the requirements of the FM Code.

Since the reporting in January 2022 of the original work to demonstrate compliance, the Finance Team has continued to review the Code and the Council's compliance (including having regard to the information contained in the May 2022 publication). The commentary on compliance with the FM Code included with this report uses the report of January 2022 as a starting point.

As outlined in this report, the up-to-date detailed position statement (at Appendix 1) shows the Council continues to be well placed with generally good Code compliance. The report sets out the requirements of the seven sections of the Code and its seventeen standards, and highlights where there is compliance and where some revisions and/or changes to practice are required in order to address the Code in full.

From a financial management perspective, there are three key issues about which Members may wish to have regard:

- a) the Draft Audit Completion Report for the 2021/22 Statement of Accounts issued on 23 March 2023 upon which the Audit Committee has been fully updated. This gives Members of the Committee assurance about the high standard of accounting practice and a commentary on the approach to Value for Money (VFM) work. It advised that in relation to the three VFM criteria examined, financial sustainability, governance and improving economy, efficiency and effectiveness, that no risk of significant weaknesses in arrangements had been identified and that there were no actual weaknesses in arrangements identified;
- b) The Audit Completion Reports and VFM commentaries on the accounts for previous financial years which are equally as good; and
- c) Where areas of development were identified in the last review of compliance with the FM Code, some progress has been made to demonstrate improvement. Also, where issues have been identified in this update report, plans are in place and work is already being taken forward to address them, where deemed appropriate..

## **Recommendation**

The Audit Committee is recommended to:

- 1) Note the level of compliance with the CIPFA Financial Management Code and the issues that require further development.
- 2) Agree to the presentation of a further update on compliance with the FM Code before 31 March 2025.

**The CIPFA Financial Management Code****1 Background**

- 1.1 In response to the financial challenges being faced by an increasing number of Local Authorities, towards the end of 2019, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued the CIPFA Financial Management Code (FM Code). This Code is designed to support good practice in financial management and to assist Councils in demonstrating financial sustainability. However, it was not until mid-2020 that the Guidance Notes to support the FM Code were issued which provided a more comprehensive description of the requirements and how these could be demonstrated. Due to the timing of the issue of the two documents, the financial year 2020/21 was a shadow year to allow time for Authorities to demonstrate how they were working towards full implementation of the Code. The first full year of compliance with the FM Code was therefore 2021/22.
- 1.2 Once the detailed guidance notes were issued, the Finance Team reviewed the Code and the Council's compliance on a number of occasions. Unfortunately, the COVID-19 pandemic slowed the initial work as attention has had to be focused on the response to the national emergency, however a comprehensive review was completed towards the end of 2021. A report presented the findings of the review to the Audit Committee at its meeting on 17 January 2022. This showed that the Council was well placed with regard to Code compliance. A detailed Appendix to the report sets out the requirements of the Code, highlighted where there was compliance and where some revisions and/or changes to practice were required in order to address the Code in full. Since January 2022, progress has been made in taking forward some of the issues identified in that report (where it was deemed appropriate).
- 1.3 Using the work undertaken in 2021 and 2022 as a baseline, over the last few months a further compliance review has taken place to assess working practices in relation to the FM Code. This report has been prepared to set out an up-to date assessment of compliance and areas for development. Appendix 1 of this report sets out the detailed evidence of compliance.

**2 Current Position**

- 2.1 The Financial Management Code (FM Code), sets out the principles by which Authorities should be guided in managing their finances and the specific standards that they should, as a minimum, seek to achieve. It is designed to be flexible to the nature, needs and circumstances of individual Authorities. It enables each Authority to determine the extent to which it complies with the FM Code and to identify any action it may wish to take to better meet the standards set out in the Code. It is CIPFA's intention is that the FM Code has the same scope as the Prudential Code for Capital Finance in Local Authorities (CIPFA, 2021), which promotes the financial sustainability of Local Authority capital expenditure and associated borrowing. Therefore, whilst the FM Code does not have legislative backing, it applies to all organisations in the Local Government sector.
- 2.2 The FM Code applies a principles-based approach. It does not prescribe the financial management arrangements that Local Authorities should adopt. Instead, the FM Code requires that a Local Authority ensures, and is able to demonstrate, that it satisfies the principles of good financial management for an Authority of its size, responsibilities and circumstances.

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- 2.3 The FM Code has six underlying principles, and these have been designed to focus on robust financial management as a way of achieving both short-term financial resilience and long-term financial sustainability. The principles are as follows:
- a) Organisational **leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture;
  - b) **Accountability** – financial management is based on medium-term financial planning, which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs;
  - c) Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported with appropriate frequency and with evidence of periodic officer action and elected member decision making;
  - d) Adherence to professional **standards** is promoted by the leadership team and is evidenced;
  - e) Sources of **assurance** are recognised as an effective tool mainstreamed into financial management and include political scrutiny and the results of external audit, internal audit and inspection; and
  - f) The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.
- 2.4 In order to test conformity with the six principles, the FM Code translates these principles into financial management standards. These address the aspects of an Authority's operations and activities that must function effectively if financial management is to be undertaken robustly and financial sustainability is to be achieved. In total there are seventeen standards which are presented in the seven sections of the Code as follows:
- 1) The responsibilities of the Chief Financial Officer and leadership team;
  - 2) Governance and financial management style;
  - 3) Medium to long term financial management;
  - 4) The annual budget;
  - 5) Stakeholder engagement and business plans;
  - 6) Monitoring financial performance; and
  - 7) External financial reporting.
- 2.5 Sections 1 and 2 address important contextual factors which need to be addressed in the first instance if sound financial management is to be possible. Sections 3 to 7 address the requirements of the financial management cycle starting with Section 3 which states the need for a long-term approach to the evaluation of financial sustainability and concluding with Section 7, which shows how high-quality financial reporting supports the financial management cycle by ensuring that it rests on sound financial information.
- 2.6 The Council should be able to provide evidence that financial management arrangements have been reviewed against the standards and that such action as may be necessary has been taken to comply with them. The CIPFA Guidance Notes aim to assist by exploring in more detail the themes addressed in the FM Code and by providing suggestions and ideas as to how it can be implemented in practice. These Guidance Notes have been used as a benchmark against which compliance has been demonstrated. Appendix 1 therefore sets out the seven sections and the seventeen standards within them (A to Q) together with a detailed commentary as to how the Council complies.
- 2.7 As can be seen, the detailed commentary of compliance shows the good practice in the Council. Some of the evidence provided appears in more than one area given the nature of the standards so there is some unavoidable repetition. A number of areas for
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improvement are also highlighted. The seven Sections and seventeen Standards are presented below together with a summary of key issues where some action is required.

## **1) Responsibilities of the Chief Finance Officer and the Leadership Team (Standards A to B)**

### **STANDARD A - The Leadership Team demonstrates that the services provided by the Authority provide Value for Money**

It is evident from Appendix 1 that there is general compliance with the Code. This is reinforced by the receipt by the Council on 23 March 2023 of the Draft Annual Completion Report (ACR) for the financial year 2021/22 from the Council's External Auditors (Mazars LLP). This included commentary on the audit of the financial statements as well an opinion on the Council's 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.

The ACR remains draft for 2021/22 due to challenges in determining the valuation of the Greater Manchester Pension Fund which impacts on the Councils Accounts. The completion of this valuation is outside the control of the Council.

Highlighted as an area for improvement, through the review of the Annual Governance Statement is the more effective use of frameworks for the procurement of goods and services. The Director of Finance will continue to work with Procurement Team colleagues to take forward some improvements across services. This work will continue over the remainder of 2023/24.

### **STANDARD B – The Authority complies with the CIPFA Statement on the Role of the Chief Finance Officer (CFO)**

The CFO is suitably qualified and experienced and reports directly to the Chief Executive a key requirement of the FM Code. The CFO is also a member of the Management Board (the current officer Leadership Team) with a status at least equivalent to other members. The CFO is not a member of the Executive Management Team, but is able to attend meeting of the Executive Management Team as required.

## **2) Governance and Financial Management Style (Standards C to E)**

### **STANDARD C - The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control**

Compliance in this area is generally good.

Major developments since the January 2022 update are that:

- In March 2023, the external inspection of the Internal Audit function took place to comply with Public Sector Internal Audit Standards (PSIAS). The outcome was that the Service "Generally Conforms to the Standard." As such the work undertaken by internal audit is in line with best practice as "Generally Conforms to the Standard" is the highest rating.
- Also in March 2023, the independent Chair of the Audit Committee assumed the role. Recruitment had proved a challenge, but was successful after several

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attempts. The matter has been discussed many times at the Audit Committee and work will continue to recruit two independent members of the Committee.

#### **STANDARD D - The Authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016**

The information contained in Appendix 1 advises full compliance with this requirement. In this regard, the production of a suitable Annual Governance Statement (AGS) provides a key piece of evidence that the Authority complies with the FM Code. As Members will be aware, the AGS of the Council is presented alongside the Statement of Accounts and provides details of how the Authority meets each element of the CIPFA/ SOLACE Framework. Regular updates on the AGS are provided to the Audit Committee.

#### **STANDARD E - The Financial Management Style of the Authority supports Financial Sustainability**

There is general compliance with this Standard but there are several areas for improvement that have been identified:

- There is a need for improvement in general financial skills across the organisation with the refreshing of financial skills training for non-finance officers at all levels of the Council. Some progress has been made, especially for officers within the Children's Social Care Service. A programme of activity is planned over the remainder of 2023/24 and will be reviewed annually;
- Whilst some specific training and advice and guidance has been provided to Members on scrutiny matters, general financial skills training for Members was last provided during June and September 2022 (externally facilitated). Further training is currently being organised;
- There is an opportunity to better align finance and performance reporting (this is a feature in several of the Standards), and work is taking place to move this forward but is proving challenging;
- Whilst some improvements have been made to payroll and pensions administration, the payroll function still requires further work. The Finance, Human Resources and Payroll teams are working through an improvement programme to address identified weaknesses. The Audit Committee has been updated as to the challenges and a progress report is programmed for the Audit Committee in January 2024;
- The overall level of income collection requires improvement. A particular area of focus is Council Tax and Business Rates where a number of initiatives have been implemented and improvement in performance is progressing. The Finance Team has also initiated a programme of action to try to improve the collection of sundry debt. Again, some progress has been made and the initiative is being monitored.
- Adult Social Care systems 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 for several years. The Director of Adult Social Care has reported on the planned improvement programme to the Audit Committee at its meeting on 20 July 2023 with a follow up planned for January 2024.

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### 3) Medium to long term financial management (Standards F to I)

#### **STANDARD F – The Authority has carried out a Credible and Transparent Financial Resilience Assessment**

There is general compliance with this Standard but there are several issues which require comment:

- 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 managers, Members, the Audit Committee and through budget and financial monitoring reports. However, an external review which looked at a number of issues including the Council's budget setting processes, has advised that the approach has been technically sound.
- A key requirement for the Council which has been highlighted by the CFO for several years is that the Council must reduce its reliance on the use of 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 2023/24 but more specifically the 2024/25 budget process.
- Another area requiring action is the continued overspending in the key services of Adult and Children's Social Care. This is particularly apparent given the £12.1m forecast overspending for 2023/24, the majority of which is caused by overspending in Children's Social Care.
- Also linked to this standard is the further development of the use of performance management information. Whilst there is some good practice, there are opportunities to widen the scope of the existing work and to align this more fully with financial management information in order to support improve efficiency and drive change.

#### **STANDARD G - The Authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members**

The information contained in Appendix 1 advises of full compliance with this requirement. Members are advised of the drivers of the financial challenge and the action required to maintain financial sustainability.

#### **STATEMENT H - The Authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities**

The information contained in Appendix 1 advises of full compliance with this requirement

#### **STATEMENT I - The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans**

There is general compliance with this Standard but there are several issues which require comment:

- The Council prepares a multi-year Medium Term Financial Strategy (MTFS) and the process employed has served the Council well. There are opportunities to develop this further by improving techniques and developing sensitivity analysis. This continues to be an area for further review and consideration in

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relation to balancing the potential resource requirements against potential benefits of employing different techniques.

- The MTFS has had to be reset in recent years as some of the anticipated savings upon which financial projections were built have not come to fruition, thus rolling forward existing planning targets proved impractical. A corporate challenge which requires further action has been the delivery in full of identified and approved budget reductions.
- There is the opportunity to make better use of benchmarking against other similar Councils and the use of data and comparative information is a corporate initiative that has not progressed as quickly as anticipated. Work is in train through the Business Intelligence Performance Strategy workstream of the change and transformation programme and other key system developments.
- As previously highlighted, the Council has used reserves to underpin the budget over recent years. The outturn for 2022/23 has reduced reserves and financial resilience and if the financial pressures forecast for 2023/24 cannot be offset, then the position will worsen. The Finance Team is constantly reviewing the continued availability of reserves to ensure financial resilience.

#### **4) The Annual Budget (Standards J and K)**

##### **STANDARD J - The Authority complies with its statutory obligations in respect of the budget setting process**

The information contained in Appendix 1 advises full compliance with this requirement

##### **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**

The information contained in Appendix 1 advises full compliance with this requirement

#### **5) Stakeholder engagement and business cases (Standards L and M)**

##### **STANDARD L - The Authority has engaged with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget**

There is general compliance although potential future developments include:

- engagement that enables stakeholders to influence any priority setting and the balance between the Council's service delivery aspirations and the level of available resources. In order to demonstrate full compliance, this will require further examination in the context of the Council's existing approach to priority-based budget setting and itself require the reprioritisation of scarce resources which may not prove practical in the short term.
- Using the Local Partnerships publication "Local Authority Company Review Guidance" (which was refreshed in July 2023) to undertake strategic and governance reviews of wholly or partly owned Council commercial entities to confirm that the operational arrangements in place will support and complement the budget process and MTFS and not be a cause of financial stress. A report on the findings of this review is included in the work programme of the Audit Committee.



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**STANDARD M - The Authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions**

Appendix 1 details the Council's processes for option appraisal which conforms to Code requirements. However, a refresh of documented option appraisal guidance is needed. This will be progressed as soon as possible.

**6) Monitoring Financial Performance (Standard N and O)**

**STANDARD N - The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability**

There is general compliance with this standard but again the issue of enhancing the linkage between performance data is highlighted as an area for corporate development to improve understanding, planning and efficiency.

**STANDARD O - The Leadership Team monitors the elements of its balance sheet which pose a significant risk to its financial stability**

Full compliance with this standard would require monthly financial monitoring information to be supplemented by either a full Balance Sheet or information on other key balance sheet elements (in addition to reserves which is already supplied and greater information on outstanding debt which has been developed since the last compliance assessment reported in January 2022). Balance Sheet detail has in the past been provided alongside financial monitoring reports. In practice this information 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.

Initiatives have been implemented to reduce the level of outstanding debt and some improvements have been made to the in-year collection of Council Tax and Business Rates and reducing aged debt. The reduction of outstanding Adult Social Care debt and corporate estates debt have been the subject of specific initiatives. Work continues to develop improved working practices in these areas.

**7) External Financial Reporting (Standards P and Q)**

**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**

The information contained in Appendix 1 advises of full compliance with this requirement, however, the delays in the completion of the External Audit of the accounts which is outside the control of the Council is noted.

**STANDARD Q – The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions**

The information contained in Appendix 1 advises of full compliance with this requirement.

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2.8 In summary, as is evidenced by Appendix 1 and the above commentary, FM Code compliance is generally good and there are no areas of significant concern. All key elements have full compliance and there is some latitude as to the adoption of the requirements based on local experience and practice.

2.9 From a financial management perspective, there are three key issues about which Members may wish to have regard:

- a) the Draft Audit Completion Report for the 2021/22 Statement of Accounts issued on 23 March 2023 upon which the Audit Committee has been fully updated. This gives Members of the Committee assurance about the high standard of accounting practice and a commentary on the approach to Value for Money (VFM) work. It advised that in relation to the three VFM criteria examined, financial sustainability, governance and improving economy, efficiency, and effectiveness, that no risk of significant weaknesses in arrangements had been identified and that there were no actual weaknesses in arrangements identified;
- b) The Audit Completion Reports and VFM commentaries on the accounts for previous financial years which are equally as good; and
- c) Where areas of development were identified in the last review of compliance with the FM Code, some progress has been made to demonstrate improvement. However, where issues have been identified in this update report, plans are in place and work is being taken forward to address them, where deemed appropriate.

### 3 **Options/Alternatives**

3.1 **Option 1** - that the Audit Committee notes the level of compliance with the CIPFA Financial Management Code, the issues that require further improvement and the proposal to report on continued compliance by 31 March 2025.

3.2 **Option 2** – the Audit Committee request further work to be done or an alternative approach to highlight compliance with the CIPFA Financial Management Code and the proposal to report on continued compliance by 31 March 2025.

### 4 **Preferred Option**

4.1 The preferred option is Option 1, that the Audit Committee notes the level of compliance with the CIPFA Financial Management Code, the issues that require further improvement and the proposal to report on continued compliance by 31 March 2025.

### 5 **Consultation**

5.1 Consultation has taken place with officers of the Council to ensure that all the key issues are highlighted to Members of the Audit Committee.

### 6 **Financial Implications**

6.1 There are no specific financial implications associated with the report. However, compliance with the CIPFA Code is a benchmark of good practice so the information outlined in the report should give Members confidence about the financial management practice in the organisation. There is work taking place to address areas for further development.

### 7 **Legal Services Comments**

7.1 None

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**8. Co-operative Agenda**

8.1 Compliance with the CIPFA FM Code demonstrates the Council's commitment to Value for Money and hence aligns to the co-operative ethos of the Council.

**9 Human Resources Comments**

9.1 None

**10 Risk Assessments**

10.1 Compliance with the CIPFA FM Code minimises the risk to the Council of financial failure as has been experienced by some other Local Authorities. The continued application of good practice provides assurance to Members about the financial resilience and sustainability of the Council.

**11 IT Implications**

11.1 None

**12 Property Implications**

12.1 None.

**13 Procurement Implications**

13.1 None.

**14 Environmental and Health & Safety Implications**

14.1 None.

**15 Equality, community cohesion and crime implications**

15.1 None.

**16 Implications for Children and Young People**

16.1 None.

**17 Equality Impact Assessment Completed?**

17.1 N/A

**18 Key Decision**

18.1 No

**19 Key Decision Reference**

19.1 N/A

**20 Background Papers**

20.1 The following is a list of the background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act

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1972. It does not include documents, which would disclose exempt or confidential information as defined by that Act.

File Ref: Background papers are contained with Appendix 1: and  
The CIPFA documents:

- CIPFA Financial Management Code
- Financial Management Code Guidance Notes
- The Implementation of the Financial Management Code – Approaches and Lessons Learned

Officer Name: Anne Ryans  
Contact No: 0161 770 4902

## 21 **Appendices**

21.1 Appendix 1 – CIPFA Financial Management Code – Evidence of Compliance –  
Updated August 2023

# **APPENDIX 1**

**CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY**

**FINANCIAL MANAGEMENT CODE – EVIDENCE OF COMPLIANCE**

**UPDATED AUGUST 2023**

| <u>Requirement</u>  | <u>Oldham Council Current Position</u>   |
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| <b>Section 1</b>  | <b>The Responsibilities of the Chief Finance Officer and the Leadership Team</b>   |
|   | <b>Evidence of Compliance</b>  |
| <p><b>STANDARD A – The leadership team demonstrates that the services provided by the authority provide value for money</b></p> <p><b>Key requirements for Compliance</b></p> | <p>The Council's auditor (Mazars LLP) is required, as part of the statutory audit, 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 Audit Completion Report issued by the External Auditor therefore includes a commentary on value for money arrangements.</p> <p>The audit value for money (VFM) requirements in Local Government from 2020/21 were developed by the National Audit Office (NAO) The audit review requires the demonstration of:</p> <ul style="list-style-type: none"> <li>- Financial Sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services</li> <li>- Governance - How the Council ensures that it makes informed decisions and properly manages its risks</li> <li>- 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.</li> </ul> <p>The Council received the Draft Audit Completion Report for the financial year 2021/22 from the External Auditor on 23 March 2023 and this was presented to the Audit Committee at its meeting on 28 March 2023 (this still remains draft as the technical issue regarding the accounting treatment of the valuation of the Greater Manchester Pension Fund has yet to be resolved although it is not expected to have any impact on the audit opinion).</p> <p>The Draft Audit Completion Report included commentary on the audit of the financial statements as well an opinion on the Council's VFM arrangements. In relation to each of the three areas examined to support the demonstration of VFM (outlined above), 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> |

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|   | <p>The four pillars of Value for Money (VFM) are:</p> <p><b>Economy</b> - 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><b>Efficiency</b> - spending well. The Council aims to use the minimum level of inputs to service delivery whilst maintaining quality.</p> <p><b>Effectiveness</b> - spending wisely. The aims of the expenditure are clearly articulated</p> <p><b>Equity</b> - spending fairly</p> <p>It is important to note that whilst Council's outturn position showed an underspend from 2019/20 to 2021/22, which maintained its financial resilience at the end of these financial years, this was not the case at the end of 2022/23. The Council reported an adverse variance compared to budget of £1.147m although this was close to the final forecast position reported to the 20 March 2023 Cabinet meeting. The overspending of £1.147m was charged to General Fund Balances (which were therefore reduced) and there was also a reduction in earmarked reserves.</p> <p>The audit of the 2022/23 Statement of Accounts is still in progress (deadline for completion is 30 September 2023) and therefore an opinion on the demonstration of value for money has not been produced as yet. As such there is a risk that the 2022/23 Audit Completion Report will comment upon the Council's reduced financial resilience at the end of 2022/23, although this was not a major cause for concern at the end of 2022/23.</p> |
| <p>The Council promotes economy, efficiency, effectiveness and equity</p> | <p>There is a governance structure, with well-defined roles for all senior officers of the Council (all officers at Director level and above are members of the Management Board). A key requirement of all senior officers is to strive for the achievement of VFM in service provision.</p> <p>Scrutiny arrangements are in place - the Scrutiny Committees (of which there was a review during the municipal year 2022/23 which was implemented for the 2023/24 municipal year) met regularly during 2022/23. From 2023/24 Scrutiny Boards are in place and also have a clear meeting schedule. All the Committees and the Scrutiny Boards (from 2023/24) had/ have clear terms of reference and work programmes.</p> <p>The role of the Audit Committee is well defined. The effectiveness of the Audit Committee was enhanced in 2022/23 with the recruitment of an Independent Chair from March 2023.</p>   |

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|  | <p>An effective Internal Audit team is in place (see later comments about the role of Internal Audit). External Audit is in place (see above regarding of the role of the External Auditor in the production of a commentary on VFM arrangements). The Council has opted into national arrangements for the appointment of the External Auditor (via Public Sector Audit Appointments) and the services of Mazars LLP has therefore been secured for a further 5 year period until 31 March 2028 (approved by Council on 15 December 2021).</p> <p>There is a clearly articulated Corporate Plan (2022-2027) in place (refreshed during 2022 and approved by full Council on 7 September 2022) setting out key deliverables for Oldham Council and key partners supplemented by the refreshed Oldham Plan (Our Future Oldham – A Shared Vision for 2030) and also endorsed by Council on 7 September 2022. The Corporate Plan sets 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 and Oldham Plan. The Business Planning progress was refreshed for 2022/23 with clear linkages in the setting of performance indicators and measures in individual Service Plans through to the Corporate Performance reports presented to Cabinet and also Scrutiny Committees (Scrutiny Boards from the municipal year 2023/24).</p> <p>There is a quarterly progress update on performance to Business Plan targets which is presented to Cabinet and the Scrutiny Committee/Board through a report highlighting Red, Amber and Green ratings identifying whether 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 increased its revenue financial planning timeframe for 2022/23 to five years (from three) and continued this for 2023/24. This was due to the greater certainty about the future as the impact of COVID-19 receded. However, the short term nature of Government funding announcements (Local Government Finance Settlement information for the 2021/22, 2022/23 and 2023/24 budget round was for one year only) has hindered longer term planning with certainty.</p> <p>The Spending Review 21 announced by Government on 27 October 2021 covered a three year period but this was superseded due to the national economic pressures experienced during 2022. The Autumn Statement of 17 November 2022 provided some clarity of funding intentions for 2023/24 with indicative</p> |
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|  | <p>information for 2024/25. The Local Government Financial Settlements for 2022/23 and 2023/24 have not facilitated the preparation of a Medium Term Financial Strategy (MTFS) that has certainty of Government funding intentions. The Council is therefore working to deliver VFM in the context of increasing demand, inflationary pressures and uncertainty about longer term Government funding intentions.</p>  |
|  | <p>Clearly evidenced are:</p> <p>Financial Regulations – these were refreshed in July 2022 (Council meeting of 13 July 2022) and have been refreshed during 2023 (scrutinised at the Audit Committee of 20 July 2023 and presented for approval to Council on 6 September 2023).</p> <p>Contract Procedure Rules – these were refreshed in July 2022 (Council meeting of 13 July 2022) and also in July 2023 (Council meeting 12 July 2023). A further revision of Contract Procedure Rules was considered by the Audit Committee on 20 July 2023 and presented for approved by Council on 6 September 2023.</p> <p>Risk Management Strategy – this was approved by Cabinet in December 2019 and refreshed in line with delegation in summer 2022 and 2023. The Audit Committee of 20 July 2023 reviewed the refreshed Risk Management Strategy and Framework.</p> <p>The Business Planning process (revised for 2021/22 and refined in 2022/23) directly embedded risk management into its framework and this is monitored on a quarterly basis.</p> <p>All major projects maintain risk registers which are regularly reviewed and updated. Where necessary, issues highlighted through risk management reviews are escalated through the organisation and remedial action taken as required. This is evidenced by the Creating a Better Place Programme Board that reports regularly on the programme risks.</p> <p>Highlighted as an area for improvement through the review of the Annual Governance Statement is the more effective use of frameworks for the procurement of goods and services. The Chief Finance Officer (CFO), the post holder in Oldham Council is the Director of Finance, has been working with Procurement Team colleagues to introduce some improvements across services. This is linked into the assurance role of the Director of Finance as required by the guidance issued by the Department for Levelling Up, Housing and Communities (DLUHC) for key grant programmes which makes the CFO accountable as the first line of defence in ensuring the grant funding resources are used in line with the grant conditions. A report to the Place, Economic Growth and Environment Scrutiny Board of 31 August 2023 sets out the requirements and a framework for ensuring and reporting compliance with DLUHC requirements.</p> |

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|  | <p>The Council uses benchmarking information to undertake comparative analysis with other Local Authorities. The Council subscribes to LG Inform 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>The improvement in the gathering of internal data has been acknowledged and is an active enabling workstream in the Council's transformation programme (Business Intelligence, Performance and Strategy) which underpins the MTFS as data and business intelligence will support the delivery of efficiencies across the Council.</p> <p>The Council is aware of the creation of the Office for Local Government (Oflog) and collects data in accordance with the Oflog data sets which are being developed. This includes information on financial resilience.</p> <p>Some specific benchmarking analysis has been coordinated by the Finance Service to demonstrate the delivery of best value, where appropriate.</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, not surprisingly, slower than originally planned. A report to the November 2021 Cabinet meeting outlined the Council's response. This was subsequently reviewed by the Scrutiny Committee. A further Peer Review is planned to take place in late October/early November 2023.</p> <p>During 2023/24 an Area Special Educational Needs and Disabilities (SEND) Inspection of the Local Area Partnership has been undertaken by the Office for Standards in Education, Children's Services and Skills (OFSTED) and the Care Quality Commission (CQC). The formal outcome of the review is awaited.</p> <p>During 2022/23 the Council undertook a review of its approach to transformation and the approach to identify and deliver future budget reductions – the aim is to deliver services more efficiently and effectively with less resources. Some recommendations for improvement in the embedding of the agenda for transformational change have been made and are being implemented. The programme of change is based around three main objectives:</p> <ul style="list-style-type: none"> <li>- Demand management - an essential element of controlling and reducing costs</li> <li>- Income Maximisation – taking forward the objectives of the income strategy, not only to increase the Council's income base, but to ensure improved income collection</li> </ul> |

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|  | <ul style="list-style-type: none"> <li>- Service Review – all services reviewing their budgets to identify potential savings and efficiencies including policy changes.</li> </ul> <p>The programme is managed through the Change and Transformation Board which is chaired by the Deputy Chief Executive and comprised of senior Council officers. The programme is based around six core themes and each of these is led by a Sponsor and a Senior Responsible Officer (SRO) with the Deputy Chief Executive taking overall responsibility for the initiative.</p> <p>The Budget Report (approved at Council on 1 March 2023) highlighted the refreshed approach and how this will support the delivery of the MTFs.</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 including Creating a Better Place, Adults and Children’s Social Care. Aligned to the budget process for 2023/24 was the Children’s Transformation Programme which was supported by £14.7m of investment to deliver change and efficiencies in the delivery of service (approved at Cabinet on 12 December 2022).</p> <p>The Council works extensively and successfully with the voluntary, community, faith and social enterprise (VCFSE) sector in Oldham. Voluntary sector leaders worked closely with the Council to respond to the challenge of COVID-19, helping and supporting vulnerable groups and individuals. This working relationship is being maintained and enhanced in the post-COVID period.</p> <p>Equality impact assessments (EIAs) are undertaken when considering new policies, activities and services to ensure they do not discriminate against certain groups. The processes around completing an EIA were revised during 2022 with a new format for EIAs being approved. These were used to support budget reductions for 2023/24 and are now prepared for Cabinet reports to support decision making.</p> <p>The Council launched the Big Oldham Conversation in 2021/22 to engage in meaningful dialogue with residents, businesses and partners. During October and November 2022, the Council rolled-out a whole-of-borough residents’ survey to build upon existing Big Oldham Conversation engagement work, providing valuable insight and helping ensure residents’ views steer policy direction, as well as providing a necessary baseline assessment of resident satisfaction to enable effective benchmarking and the planning of future engagement. The findings of the survey has informed the focus of the Council’s Residents First strategy linked to improving the experience of users of Council services.</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 mature wholly owned companies, the Unity Partnership Ltd (UPL), and MioCare</p>  |

Community Interest Company (CIC). Following on from the decision taken in 2018 where the Council changed the status of UPL from a joint venture partnership to a wholly owned company after a review of operating arrangements, this was further developed from 1 April 2022. During 2021/22, the Council undertook a review of the operating arrangements and determined that direct managerial responsibility for those services provided by UPL would be more effectively and efficiently undertaken by the Council. As such UPL staff were TUPE transferred to the Council with effect from 1 April 2022 and the functions formerly provided by UPL are now embedded within the Council's management structures. It was considered that there was no case to support a revision to the operating arrangements for MioCare CIC.

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) which from 1 July 2022 under the revised devolution arrangements was replaced by the Oldham Integrated Health Partnership operating under the control of the Greater Manchester Integrated Care Organisation, have had a pooled budget arrangement in place for several years (using the powers of Section 75 of the NHS Act 2006) allowing the utilisation of resources across the Oldham health and social care economy. This is aimed at driving a more efficient and effective use of resources across the health and social care system. The working arrangements are currently under continual review informed by legislative requirements and NHS regional policy.

There are regular meetings of CFOs of the Council, Oldham Integrated Health Partnership and two provider NHS Trusts to develop system working to deliver efficiencies and system wide savings.

During 2022/23 and 2023/24 Northern Roots (Oldham) Ltd., has continued to develop as a partner following its incorporation as a charitable company in November 2021 owned by the Council. The governance is under development and needs to balance the risks to the Council as shareholder against the requirements of the charitable company as an independent entity. This relationship is evolving as the facilities to support the development of the initiatives supported by the Northern Roots (Oldham) Ltd charity which are funded by Government grant, are in the process of being developed.

In response to challenges in the adult social care market and a key supplier failure, the Council has set up a wholly owned company, which is in the process of procuring a key service supplier out of administration, and the associated assets. As with Northern Roots (Oldham) Ltd, this has the potential to change the risk profile of the Council in its relationships with partner organisations.

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|   | <p>All services provided by Private Finance Initiative (PFI) &amp; Local Improvement Finance Trust (LIFT) arrangements have identified officers to review and monitor service delivery. A joint Member / Officer Board is in place to overview PFI/ LIFT schemes. As these schemes reach end of contract the Council will refine this oversight with appropriate expertise added to the monitoring.</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. If required a report on risk issues is prepared for the relevant Scrutiny Board.</p>                                   |
|   | <p><b>Evidence of Compliance</b></p>  |
| <p><b>STANDARD B – The Authority complies with the CIPFA Statement on the Role of the CFO in Local Government</b></p>   | <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 CFO reports to the Chief Executive. The CFO is a member of the Management Board (the wider officer Leadership Team) with a status at least equivalent to other members. The CFO is not a member of the Executive Management Team but is able to attend meeting of the Executive Management Team as required.</p> |
| <p><b>Five Principles for Compliance</b></p> <p><b>Principle 1</b> - 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> | <p>As advised above, the CFO 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 reflect emerging Council strategies and align to the future direction of the Council.</p>   |

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| <p><b>Principle 2</b> - 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 the organisation's financial strategy</p> | <p>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. The CFO also advises on any impact in relation to financial resilience.</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><b>Principle 3</b> - 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 Financial Procedure Rules were updated in July 2022 to reflect revised operational arrangements and developments and have been subject to a review in 2023 (proposed changes were scrutinised by the Audit Committee on 20 July and presented to Council for approval on 6 September 2023).</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. 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.</p> <p>Ensuring finance skills training is available for staff is a priority for the team and a programme of such training will be taken forward in the remainder of 2023/24 and into 2024/25.</p> <p>It is recognised that training should be initially targeted at those areas considered to be the most in need as evidenced by difficulties in controlling expenditure/budgets. Specific training has been provided for officers in the Children's Services Directorate in response to the financial challenges in that service area. Training is regularly provided given the high turnover of staff and follows a programme tailored to the needs of the service, covering general skills such as use of the Agresso financial system to understanding key reports, interpreting financial information and forecasting.</p> |

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|   | <p>General financial skills training for Members was last provided during June and September 2022 (externally facilitated). Further training is currently being organised. Training for Audit Committee members was held in July 2023 (following training in January 2022) Treasury Management skills training was provided for Audit Committee members in October 2021 and is programmed for September 2023.</p> <p>Presentations on the in-year financial position, budget setting and key factors influencing the financial environment to both officers and members are designed so that they include key elements of financial skills training to aid understanding as well as convey important messages.</p> <p>Following on from training in early 2022, training was provided on 23 January 2023 for Policy Overview and Scrutiny Committee Members on the budget process and risks to the financial resilience of Local Authorities, together with the role of scrutiny in the consideration of such key matters.</p> <p>The Finance Team facilitated the consideration at the first meeting of the Governance, Strategy and Resources Scrutiny Board on 22 June 2023 (following the revision to the scrutiny process from May 2023) of two publications from the Local Government Association aimed at providing insight and assistance to Members:</p> <ul style="list-style-type: none"> <li>- A Councillors Workbook on Scrutiny – this included explaining what scrutiny is and how it works in practice, describing the scrutiny review process, looking at who is involved in scrutiny and giving an overview of useful skills for carrying out scrutiny</li> <li>- A Councillors Workbook on Scrutiny of Finance – this included presenting the importance of financial scrutiny, the Councillors role in the scrutiny of financial affairs and overcoming the challenges of financial scrutiny</li> </ul> <p>There is a comprehensive on-line Members Development Programme aimed at general skills and knowledge required by an elected Member including cyber security and data protection. An enhancement would be the development of a finance module and this will be taken forward during 2023/24 and 2024/25.</p> <p>The External Audit opinion on the accounts has been good for many years with limited recommendations for improved practices.</p> |
| <p><b>Principle 4</b> - The Chief Finance Officer must lead and direct a finance function that is resourced to be fit for purpose</p> | <p>The Accountancy and Audit teams within the Finance Service structure have been reviewed regularly to ensure that they are fit for purpose, align with organisational requirements and can support its broader development agenda. The most recent review was completed in July 2023 with the revised structure currently being implemented.</p>   |

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|  | <p>The Finance Service has delivered budget reductions and efficiencies via staffing reorganisations to support the budget process.</p> <p>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 Accountancy and Audit teams cannot be further reduced, indeed, the most recent review increased senior management capacity.</p> <p>From April 2022, and the TUPE transfer of staff from UPL to the Council, the Revenues and Benefits Service is now under the direct management of the Director of Finance. Now that the Service has become embedded within the Council, working arrangements have been subject to review with a programme of change and improvement planned.</p>  |
| <p>- 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> | <p>An annual review is completed to ensure compliance with CIPFA, the Chartered Institute of Management Accountants, Consultative Committee of Accountancy Bodies and Association of Accounting Technicians (AAT) accreditation requirements.</p> <p>The Council operates a Let's Talk framework which gives staff members an opportunity to discuss what is working well and time to reflect on recent experiences to ensure that there is an environment where staff continue to learn, improve and grow, and feel supported to do so. It provides time and space to discuss priority areas of work. With regular check-in meetings, this allows performance in relation to key targets to be reviewed.</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 as well as team meetings. Meetings also take place as required to deal with specific issues.</p> <p>Staff are encouraged to attend relevant CIPFA, AAT, Institute of Revenues, Rating and Valuation (IRRV) and other relevant accountancy and financial skills training courses to enhance skills and to comply with Continuing Professional Development (CPD) requirements.</p> |



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| <p>- The ratio of qualified staff as a proportion of total finance staff ensures that the finance function has the necessary financial competence</p>                          | <p>The latest review of the Accountancy Division shows the following in relation to current staffing:</p> <p>31% are full Members of a Consultative Committee of Accountancy Bodies (CCAB) accredited organisation e.g., CIPFA<br/> 4% have passed all CCAB accredited exams but require portfolio completion to become full members<br/> 4% have passed some of the CCAB accredited exams<br/> 4% are current CCAB students<br/> 4% hold relevant degrees<br/> 31% are full Members of the Association of Accounting Technicians (AAT)<br/> 4% are current AAT students</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>There are also members of CCAB accredited organisations and the AAT 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>After an exercise to support officers to improve skills and to provide career development, several staff from within the Revenues and Benefits team are about to be enrolled on IRRV professional training courses.</p> |
| <p><b>Principle 5</b> - The Chief Finance Officer must be professionally qualified and suitably experienced</p>  | <p>The Director of Finance is a CIPFA Fellow and has over 35 years post qualification experience and has been in the role of CFO for over 9 years. Fellowship of CIPFA can be evidenced by the CIPFA membership register.</p>  |
| <p><b>Other Key Requirements for Compliance</b></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 Local Government Association, the Department for Levelling Up, Housing and Communities (DLUHC), other Government Departments, treasury management advisers and accountancy firms e.g., Mazars LLP, Grant Thornton LLP. The Greater Manchester Association of Municipal Treasurers also provides a monthly opportunity to discuss key developments with peers.</p>   |

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| <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 and Final Local Government Finance Settlements.</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 officers and Council Members as appropriate.</p> <p>Regular briefings are provided to the Cabinet Member with responsibility for Finance 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 to support decision making on complex capital investments 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>A statement (a separate report up to 2022/23 budget setting) is prepared to comply with Section 25 of the Local Government Act 2003 setting out the robustness of the estimates. This is presented with the annual Budget Papers. This considers the risk associated with the financing of the capital strategy and the CFO provides comments as appropriate.</p> <p>The Council prepares a Capital Strategy and Capital Programme report considered at Budget Council which includes a commentary on risk and is closely aligned to the Treasury Management Strategy.</p>   |

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|  | <p>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 and there has been significant reprofiling of the capital programme.</p> <p>Each year there is a mid-year review of the capital programme. This includes a major review of the CaBP programme. This review is undertaken to report to the Council's Capital Investment Programme Board (CIPB) and in the lead up to the preparation of the Capital Strategy and Capital Programme which is approved at Council alongside the Revenue Budget Report. The Finance Team is fully engaged in considering the affordability of the CaBP programme as well as the wider capital strategy and 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. Risk registers including a corporate risk register are maintained and regularly reviewed.</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 Department for Levelling Up, Housing and Communities (DLUHC) and CIPFA announcements with regard to the Prudential Code and has contributed to consultations on the Prudential and Treasury Management Codes. Updated Codes of Practice were issued on 20 December 2021 and the Council's Capital and Treasury Management Strategies meet these requirements and this is demonstrated in the reports that are presented to Council alongside the Revenue Budget report (most recently 1 March 2023)</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 contracts in place 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. Reports to Cabinet are presented at months 3, 6, 8 and 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 Management Board, Audit Committee and Cabinet throughout the year.</p>  |

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|  | 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.   |
| Professionally qualified staff should evidence ongoing benchmarking against the principles of objectivity, integrity professional behaviour, professional competence, due care and confidentiality | <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 Council's values and behaviours as well as professional standards are promoted and demonstrated.</p> <p>The Let's Talk framework also provides managers and staff members the opportunity to discuss professional standards, competencies and compliance.</p> |
| <b>Section 2</b>   | <b>Governance and Financial Management Style</b>  |
|  | <b>Evidence of Compliance</b>   |
| <b>STANDARD C – The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control</b>  | 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 Council's values and behaviours and the officer Code of Conduct.   |
| <b>Key Requirements for Compliance</b>   | <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 (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 with updates approved by full Council on 24 May 2023 and 12 July 2023 and a planned update at the 6 September 2023 Council meeting. Training on key elements of the Constitution is provided.</p>   |

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|  | <p>Governance Structure – there is a formal governance structure including Committees/ Scrutiny Boards and reporting lines. This includes the provision for scrutiny of actions of the leadership team.</p> <p>Terms of Reference – all Committees and Boards etc. have clear terms of reference which are regularly reviewed. All Committee/ Boards have defined membership, a meeting and work plan.</p> <p>Conduct of Meetings – all Committee / Scrutiny Boards / Company Board meetings / Joint Boards meetings etc. 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. It also includes guidance on the production/ documentation of decisions undertaken under delegation. The Scheme of Delegation was refreshed within the review of the Constitution approved by Council on 24 May 2023.</p> <p>Robust processes and controls – these are in place for all key activities of the Council and are subject to regular review, including by Internal and External Audit. 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 is continuing to develop as the partnership risks to the Council evolve.</p> |
| <p>Establishing clear arrangements for assurance and accountability</p> <ul style="list-style-type: none"> <li>- The Authority has an Internal Audit function that complies with the requirements of Public Sector Internal Audit Standards (PSIAS)</li> </ul> | <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 was undertaken in March 2023, provided a good opinion on the activity of the Internal Audit Team with limited areas for improvement. The outcome was that the Service “Generally Conforms to the Standard.” As such the work undertaken by internal audit is in line with best practice as “Generally Conforms to the Standard” is the highest rating. All recommendations have been addressed. The PSIAS report and the Council’s response to it was reported to the Audit Committee on 27 June 2023.</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 2028. The Assistant Director of Corporate Governance and Strategic Financial Management, prior to the formal inspection in 2023, continued to conduct the internal “self–assessment” every year, in line with good practice. The outcome of this self-assessment was also reported to the Council’s Audit Committee.</p>   |

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| <p>- The Head of Internal Audit is able to fulfil their role effectively</p> | <p>The Council's CFO can confirm that the Head of Internal Audit and Counter Fraud 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>   |
| <p>- Internal Audit planning, reporting and resourcing</p>                   | <p>The structure of the Internal Audit Team was last reviewed in 2020 along with a revised structure for the whole Finance Service which was implemented from 1 April 2021. The most recent review of Finance Team structure (July 2023) did not propose any changes to the Internal Audit Team. Following the 2021 restructure, the team was strengthened by the external appointment of a new Head of Internal Audit and Counter Fraud 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 Management Board 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 with responsibility for Finance 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 Risk Management Strategy and Framework report to Cabinet which refreshed the previous strategy and set out how risk management and business planning were to be interlinked. This strategy was most recently refreshed under delegation in the spring of 2023 and reported to the Audit Committee on 20 July 2023. 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 managers and project boards. Key challenges are reported through to programme boards (including the CaBP Board as appropriate), senior managers and Cabinet Members</p>   |

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|   | <p>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 monitoring 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 Corporate Risk Register is updated on a quarterly basis and reported to officers and Members. The most recent update of the corporate Risk Register was reported to the Audit Committee on 20 July 2023 alongside the update on the Risk Management Strategy and Framework.</p> <p>The Section 25 assurance which is an integral part of budget setting, 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 Council's Reserves Policy e.g., insurance reserve, flood protection reserve, emergency incident, threat, or hazard reserve.</p> |
| <p>- The Authority maintains an effective Audit Committee</p> | <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 which has recently been updated. 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 on the role of the Audit Committee took place in early July 2023 following on from that provided in January 2022 (externally commissioned from CIPFA).</p> <p>The Council has now been able to recruit an independent Chair and is considering the further recruitment of independent members to the Audit Committee. Further efforts will be made during 2023 to recruit additional independent members. This matter is continually discussed at the Audit Committee.</p> <p>A recent improvement is the developing of links with the Scrutiny Board Chairs with the Chair of the Audit Committee invited to agenda setting meetings so the work of key internal regulators is aligned.</p>   |

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| <ul style="list-style-type: none"> <li>- The Audit Committee receives and monitors the implementation of internal and external audit recommendations.</li> <br/> <li>- 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</li> </ul> | <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 Governance, Strategy and Resources Scrutiny Board (formerly the Performance Overview Scrutiny 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. Revenue and capital monitoring reports are now presented to the Audit Committee.</p> <p>Following on from training provided for 2022/23 budget setting, in the financial year 2022/23 (23 January 2023), the Policy Overview and Scrutiny Committee (replaced by the Governance, Strategy and Resources Scrutiny Board from 2023/24) 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 Council's response) are highlighted and reported to the leadership team, Audit Committee, Cabinet and to Council, together with the Council's response to the recommendations. Progress on any action required to address the recommendations is discussed with the Audit Committee</p> <p>A recent improvement is the developing of links with the Scrutiny Board Chairs with the Chair of the Audit Committee invited to agenda setting meetings, so the work of key internal regulators is aligned.</p> |
| <ul style="list-style-type: none"> <li>- The Council welcomes and seeks out peer challenge and inspection</li> </ul>  | <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 not surprisingly impeded by the pandemic. However, the formal response to the report was presented to Cabinet in November 2021 (the delay in formal reporting was due to the pandemic). The Council response was also subject to detailed Scrutiny overview. The next Peer Review is planned for October/November 2023.</p>   |



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| <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"> <li>- 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</li> <li>- 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.</li> <li>- Constructive Challenge to all decisions and activities in that appropriate mechanisms have been developed and implemented – this is demonstrated through the engagement with the Authority’s Internal Audit Team, engagement with relevant Audit and Scrutiny Boards, 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.</li> <li>- Clearly there are always opportunities for wider consultation and different approaches to public consultation and engagement but the Council has a good track record in this regard, see comments about the Big Oldham Conversation.</li> <li>- 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, Human Resources and Organisational Development Services as well as risk, property comments and an equality impact assessment).</li> </ul> <p>There is balanced decision making using options appraisal, especially with regard to budget decisions and new policy implementation informed by clear and detailed financial implications.</p> |
| <p>The Council creates and maintains a nurturing a culture of governance and internal control</p> | <p>The revised officer leadership team of the organisation became embedded from the second half of the calendar year 2022 and this has enabled a greater focus on performance and accountability and refreshed the leadership culture of the Council. However, the key principles surrounding the approach to the leadership of the Council have remained unchanged with:</p> <ul style="list-style-type: none"> <li>- The requirement for the leadership team to demonstrate the highest standard of governance and internal control in all its activities, leading by example and “walking the talk.”</li> </ul>   |

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|  | <ul style="list-style-type: none"> <li>- 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.</li> <li>- 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 (the Let's Talk process) has been introduced, however, good governance remains a key area that continues to develop.</li> <li>- The requirement to ensure compliance with new Codes of Practice as they are issued by relevant public or professional bodies</li> <li>- Where there is evidence of poor governance and internal control, this is proactively challenged and addressed.</li> </ul> <p>Having regard to the findings of the report of the Inspectors appointed by Government to review the events at Thurrock Council that led to the issuing of a Notice under Section 114(3) of the Local Government Finance Act 1988 (a S114 Notice), one of the recommendations is that the Accounts and Audit Regulations 2015 are amended to better support the relationship between the three key Statutory Officers. Working arrangements in Oldham are being reviewed so that working practices anticipate any legislative changes.</p> |
| <p><b>STANDARD D - The Authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework 2016</b></p> | <p><b>Evidence of Compliance</b></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 regular basis in accordance with the agreed meeting cycle. 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>  |

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|  | <p>The AGS for 2022/23 was presented to the Audit Committee on 27 June 2023 as part of the review process for the draft 2022/23 Statement of Accounts. The national issues resulting in the delay in auditing accounts means that the AGS for 2021/22 has yet to be reported to both the Cabinet and Council. In accordance with requirements, the AGS includes:</p> <ul style="list-style-type: none"><li>- An acknowledgement of the requirement for responsibility for ensuring that there is a sound system of governance</li><li>- Reference to and assessment of the effectiveness of key elements of the governance framework</li><li>- An opinion on the level of assurance that the governance arrangements can provide and confirmation that the arrangements are fit for purpose</li><li>- An agreed action plan showing actions taken or proposed to deal with significant governance issues</li><li>- A conclusion on the governance arrangements and a commitment to monitoring maintaining appropriate standards.</li></ul> <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 on 2 June 2023. The Committee was content to approve the refreshed Code.</p> <p>The seven core principles of good governance are encompassed in the values and behaviours of the Council which underpin all the work of the Council and its staff and Members.</p> |
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| <b>STANDARD E - The Financial Management Style of the authority supports financial sustainability</b> | <b>Evidence of Compliance</b>   |
| <b>Key Requirements for Compliance</b>  |   |
| Delivering Accountability   | <p>Financial capability is regarded as integral to supporting the delivery of the Authority’s objectives as determined by the Corporate Pan. As is highlighted above, the CFO is an active member of the wider leadership team and reports directly to the Chief Executive and so 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. Whilst training has taken place, 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 during 2023/24 and will be reviewed annually.</p>  |
|   | <p>The organisation has an effective framework of financial accountability that is clearly understood and applied throughout, from 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 (FPR) alongside the Contract Procedure Rules (CPR) 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 are included in Part 4 of the Constitution. Both FPRs and CPRs are subject to regular updates (most recently in July / September 2023 as previously advised).</p> |

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|  | <p>The annual budget setting process provides the Council's leadership team with the opportunity to align resources to services and initiatives in accordance with Council priorities and estimated resources. There is detailed financial monitoring and reporting throughout the year to ensure that overall, the Council manages within its agreed budget (2022/23 reported a £1.147m overspend). Any areas of variance are reviewed, and action taken to address challenges. The 2023/24 Quarter 1 (to month 3) Financial Monitoring report presented to Cabinet on 21 August 2023 shows a forecast overspend for 2023/24 of £12.1m. Whilst this is clearly of concern, management action is being taken to reduce the overspending across the Council. 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 which it is anticipated will link into the development of the Office for Local Government.</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"> <li>- Budgets are accrual-based and calculated robustly.</li> <li>- Financial information systems (Agresso was successfully updated to the latest version in November 2022) enable the consistent production of comprehensive, accrual-based, accurate and up-to-date data.</li> <li>- The Finance Service has an 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 is on-going, building upon the increased functionality introduced from the November 2022 upgrade.</li> <li>- The Council's 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 Council's prudent strategy has ensured that it is not exposed to some of the risks reported elsewhere in the public domain.</li> <li>- 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</li> <li>- 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.</li> <li>- There is a corporate process to acknowledge and manage risk and to ensure appropriate reporting of risk through internal control governance responsibilities.</li> </ul> |

- 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 arrangements for Adult Social Care, sundry debt collection, payroll, and pensions administration, there remain areas for development with programmes of action in place to address identified challenges.

The overall level of income collection for Council Tax and Business Rates has been a cause for concern for a number of years. A range of initiatives have been implemented to improve performance initially with limited success. However, a programme of change, including digitisation and automation of standard tasks is in train. Whilst there is still room for improvement, progress has been steady and in-year collection is being maintained despite the challenges of the cost of living crisis and inroads are being made into outstanding debt from previous years. The Finance Team has initiated a programme of action to try to improve the collection of sundry debt and work is taking place with officers in the Adult Social Care and Place and Economic Growth Portfolios. This aligns to the income maximisation theme of the transformation programme supporting the MTFS. Progress is being monitored. These 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 payroll system implemented in early 2021 has addressed some of the challenges but there is still work to be done to maximise the benefits of the system. A joint initiative is in train with officers of the Finance, HR and Payroll Services working together to resolve the key issues that have been identified. Progress is being closely monitored and reported to the Director of Finance and the Assistant Director (Human Resources and Organisational Development). It is planned to present a report to the Audit Committee in January 2024 detailing the progress made.

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 has worked with the GMPF and has addressed highlighted weaknesses. Work continues aligned to the work on improvements to the payroll function.

Adult Social Care systems weaknesses have been highlighted in Fundamental Financial Systems reviews undertaken by the Internal Audit team and reported through the Annual Governance Statement

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|                        | <p>and separately to the Audit Committee. The Director of Adult Social Care has reported on the planned improvement programme to the Audit Committee at its meeting on 20 July 2023 with a follow up planned for January 2024.</p>   |
|                        | <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"> <li>- the continued timely production of the draft Statement of Accounts and Annual Governance Statement for audit in accordance with statutory requirements and Codes of Practice</li> <li>- the receipt of a good audit opinion on the accounts for many years (albeit the 2021/22 opinion is still only available as a draft)</li> <li>- submission of a range of Government returns and grant claims to Central Government in accordance with the timeline required without follow up or query</li> <li>- a positive statement about financial management in the most recent LGA Peer Review</li> </ul>   |
|                        | <p>Each report, business plan, development plan or other documentation with regard to initiatives, which 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"> <li>- A Medium Term Financial Strategy (MTFS) that aims to ensure financial resilience based on addressing local priorities but also on the best estimate of the impact of local and national issues. As advised elsewhere, although linkages are made, the Council should undertake further to work to fully integrate performance information and financial planning</li> <li>- The key aim of the Finance Team is to ensure efficiency and effectiveness in its operations and through its interaction with Council Services.</li> <li>- 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.</li> </ul> |

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|                         | <ul style="list-style-type: none"> <li>- 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.</li> <li>- The MTFS process underpins the achievement of strategic priorities and supports the delivery of Council services.</li> <li>- Forecasting processes and reporting are well-developed and linked into operational management decision making.</li> <li>- 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 currently in train as identified in the 2023/24 MTFS. It is expected that this will support the 2024/25 budget setting process.</li> <li>- 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.</li> </ul> <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 draft Audit Completion Report on the 2021/22 Statement of Accounts includes a commentary on the delivery of VFM by the External Auditor and advises that based on the range of areas that were considered, no risk of significant weaknesses in arrangements had been identified and that there were no actual weaknesses in arrangements identified.</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. The CFO is a member of the Change and Transformation Board which is overseeing the programme which supports the delivery of the MTFS.</p>   |
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| <b>Section 3</b>   | <b>Medium to Long Term Financial Management</b>   |
| <b>STANDARD F - The authority has carried out a credible and transparent Financial Resilience Assessment</b> | <b>Evidence of Compliance</b>   |
| <b>Key Requirements for Compliance</b>   | <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 Management Board, Members, the Audit Committee and through budget and financial monitoring reports.</p> <p>An external review organisation, engaged to support the 2022/23 budget setting process and the transformation and change programme, 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. This is consistent with the findings of the Peer Review in 2020.</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 2023/24 but more specifically the 2024/25 and future years budget process.</p> <p>The Council received the Auditors 2021/22 Draft Audit Completion Report from the External Auditors on 23 March 2023 and it was presented to the Audit Committee on 28 March 2028. This included commentary on the audit of the financial statements as well an opinion on the Council's VFM arrangements for 2022/23. 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 based on the range of areas that were considered, no risk of significant weaknesses in arrangements had been identified and that there were no actual weaknesses in arrangements identified.</p> |

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| <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 as set out in the report presented to Council on 1 March 2023. This report set 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 reduction requirement is presented for the forthcoming financial year and for a further 4 financial years.</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. The detailed examination of the proposed budget by the Policy Overview and Scrutiny Committee is also a key element of the challenge process (Governance, Strategy and Resources Board for the 2024/25 budget).</p>   |
|  | <p>The financial position of the two wholly owned companies included within the Council's Group Accounts is monitored with any challenges to the financial position incorporated within the review of the Council's own financial position. The risk in relation to UPL has substantially reduced with the Council taking over the direct management of the services previously provided by UPL from April 2022. The Senior Officer of MioCare CIC is a member of the Management Board of the Council (as was the Senior Officer of UPL until April 2022).</p> <p>The Council's Scrutiny Committees examine the financial position of the companies. 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 only MioCare CIC is now incorporated (from 2022/23) into the Council's Year End Group Accounts position, which is then subject to audit by Mazars LLP, the Council's External Auditors.</p>  |

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|   | <p>Key governance documents are in place including the Annual Governance Statement, the Corporate Risk Register and Partnership Dashboard outlining the Council's involvement in and risks associated with partnership arrangements. These are reported to Members and senior officers as part of the scrutiny and review process to ensure Members are fully informed and have an opportunity for a robust challenge.</p> <p>During 2022/23 there was work to progress and develop the facilities of Northern Roots (Oldham ) Ltd which is a 100% owned Council Charitable Company. In future financial years the operation of this company has the potential to change the future risk profile of the Council.</p> <p>Also, during 2023/24 a new Council owned company, Oldham Total Care Ltd., is acquiring a Care Home from administration. This also has the potential to change the Council's risk profile in relation to partnerships in future financial years.</p>   |
| <p>The Council's own assessment of its future financial prospects</p>               | <p>As has been demonstrated, the financial resilience position of the Council is understood and action is being taken to address identified risks. The key assessment is set out in the Revenue Budget Report which also presents the Medium Term Financial Strategy together with the approach to address the identified multi-year budget gap. This is informed by the issues and documents referred to in the section above and the professional assessment of the CFO.</p>  |
| <p>The extent to which the Council understands the symptoms of financial stress</p> | <p>The symptoms of financial stress applicable to Oldham are evident and are understood. The main issue has been the increased and continued reliance on reserves to support the budget in the absence of the required level of budget reduction proposals and in order to support the implementation of change and transformation activities. This has been highlighted by the CFO to officers and Members and is a key feature of all budget presentations and budget reports. In some areas of the Council there was a significant overspend in 2022/23. Adults and Children's Social Care were a source of financial pressure pre-COVID and these pressures have increased as the country has emerged from the pandemic. Action has been introduced to address overspending including agreed investment within the 2023/24 budget, but this still remains a work in progress and continued pressures are being reported in the first quarter of 2023/24 particularly in Children's Social Care.</p> <p>An added pressure during 2022/23 and 2023/24 has been the impact of inflation often referred to as the Cost of Living Crisis. Certain costs including energy have shown significant increases outside the control of the Council. This has increased financial stress in both 2022/23 and 2023/24.</p> |

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| <p>The extent to which the Council assesses its financial resilience</p> <ul style="list-style-type: none"> <li>- gets routine financial management right</li> <li>- plans and manages capital resources well</li> <li>- uses performance information effectively</li> <li>- has clear plans to deliver savings</li> <li>- manages reserves well</li> </ul> | <p>The officers and Members of the Council receive a full suite of financial management information to allow informed decision making. The regular financial monitoring reports present accurate and timely financial information which can be relied upon for decision making. Variances at the year-end are very much in line with those reported throughout the financial year. There are regular updates on financial forecasts to senior officers and Members.</p> <p>There is effective planning for the use of capital resources. The Council has a well-developed Capital Strategy reflecting the priorities of the Council which aligns to the MTFS and complies with the requirements of the Prudential Code for Capital Finance in Local Authorities and the Treasury Management Code of Practice.</p> <p>A challenge to the delivery of the capital programme has been the underspending in relation to planned activity in accordance with the timeframe envisaged which for some grant programmes is fixed. This matter is regularly reported to officers and Members in formal reports. The budgetary impact of the consequent re-phasing of the Capital Programme is incorporated into financial plans and 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 assets the Council has. This plan was agreed at Cabinet and is due to be refreshed at an appropriate time. This refresh was originally delayed by the pandemic, but the pandemic has changed the approach to asset management through changed office working patterns which impact on the current and future demand for property and therefore the Creating a Better Place Strategy.</p> <p>Included within the Creating a Better Place programme is a specific strand of work that is examining the use of the Council's 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 Council's future operating requirements is in place.</p> <p>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 the comparative costs of Adult and Children's Social Care to other Local Authorities but there is scope for a more formal series of benchmarking reviews. However, the Council subscribes to LG Inform Plus which is consistent with the likely requirements to be specified by the Office for Local Government. 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.</p> <p>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</p> |
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|   | <p>terms the Council has performed well in the delivery of budget reductions, although there has been some under delivery which has impacted on the 2022/23 reported outturn and current projections for the financial year 2023/24.</p> <p>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 take forward specific initiatives is supported, especially those leading to planned efficiencies and the achievement of the change and transformation programme. 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 has continued this in 2023/24 with a commitment to use reserves to support the 2024/25 budget process. This is 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 firstly by senior managers and then on the recommendation of the CFO, prior to Member approval.</p> <p>Although there has been use of reserves, there has previously been the opportunity to replenish reserves at the year-end and therefore the financial resilience of the Council has been maintained. This has been evidenced through the publication of the CIPFA Financial Resilience Index. Given the revenue outturn reported for 2022/23, the Council will be shown to have a reduced financial resilience at the start of 2023/24. The use of reserves to support the 2023/24 budget has further reduced financial resilience although there is currently an adequate level of earmarked reserves and balances.</p> <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. The scope for reliance on the use of reserves has declined as the level of reserves and balances has reduced.</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 plan to use reserves is considered acceptable and appropriate but only on the basis of the delivery of the planned savings informed by the change and transformation agenda. The requirement to use reserves and balances to support the in-year 2023/24 financial position is being considered in the context of the expected budget challenge for 2024/25 and future years.</p>   |

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| <p>The authority uses independent objective quantitative measures to assess the risks to its financial sustainability</p>  | <p>The Council's External Auditors 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. Part of this consideration is financial sustainability. For 2021/22, the Council's auditor's concluded that "we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability".</p> <p>The Council received the Auditors draft Audit Completion Report on the financial year 2021/22 from the External Auditors in March 2023. This included commentary on the audit of the financial statements as well a commentary on the Council's VFM arrangements. In relation to each of the three areas examined for the VFM opinion, the comments were positive. The findings were:</p> <ul style="list-style-type: none"> <li>- Financial sustainability – as set out above</li> <li>- Governance – based on the range of considerations "we are satisfied there is not a significant weakness in the Council's arrangements in relation to governance"</li> <li>- Improving economy, efficiency and effectiveness - based on the range of considerations "we are satisfied there is not a significant weakness in the Council's arrangements in relation to improving economy, efficiency and effectiveness."</li> </ul> <p>The most recent CIPFA Financial Reliance Index issued in December 2022, highlighted that the Council was not considered "at risk" from a financial resilience perspective but financial resilience was beginning to reduce.</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 Council's financial resilience and sustainability did not highlight any key concerns. The next Peer Review in October/ November 2023 will give specific consideration to financial resilience given the changes in the Local Government financial environment.</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. The 2023/24 budget process incorporated the refreshed</p>  |

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|   | <p>approach to the preparation of equality impact assessments. All Cabinet reports now include an equality impact assessment to support decision making.</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 Corporate Risk Register is updated on a quarterly basis and is reported to senior officers and the Audit Committee.</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><b>STANDARD G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members</b></p> | <p>The Medium Term Financial Strategy was refreshed at full Council on 1 March 2023 and set out information on the Council's financial sustainability. Detailed briefings were prepared for Members outlining the key issues. The MTFS was subject to scrutiny by the Policy Overview and Scrutiny Committee.</p> <p>Using the work undertaken in preparing the MTFS at March 2023, the Council is currently updating its budget estimates for 2024/25 and MTFS for the period to 2028/29.</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. The 2023/24 month 3 financial monitoring report highlighted the current challenges being faced given the pressures being experienced by Children's Social Care services. The potential impact on financial resilience was outlined in the report.</p> <p>The preparation of the MTFS incorporates a review of:</p> <ul style="list-style-type: none"> <li>- all income sources and assessment of volatility</li> <li>- the cost base including overhead costs</li> <li>- the impact of demand and demographics</li> <li>- changes in assets and liabilities of the Council</li> <li>- staffing related pressures</li> <li>- the impact of financial policies, systems and processes</li> <li>- relationships with stakeholders</li> <li>- the future aims and objectives of the Council and how these can be achieved</li> <li>- transformation plans and the initiatives that will support efficiency savings and hence support future financial resilience.</li> </ul> |

For 2023/24 budget setting a range of scenarios were tested, however, whilst the Finance Team has presented best, worst and likely scenarios to aid financial planning, the FM 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 with single year financial settlements for five years (exacerbated by uncertainty as to when multi-year settlements linked into the Fair Funding Review will be implemented), the value of any modelling, given the nature of the organisation and the external factors, is considered to be limited. It is, however, a development which can be taken forward for consideration in 2024/25 as the Finance Team incorporates new leadership, revised working practices and greater efficiency aligned to the long-term requirements and vision of the Council.

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.

Also, as part of the budget setting process, the Authority produces as part of the Revenue Budget Report, a Statement of Robustness in line with the requirements of Section 25 of the Local Government Act 2003, which analyses its financial sustainability over the MTFs period. This is presented to Members and agreed by Council at its annual Budget Council meeting

The Council has a comprehensive Capital Strategy which is fully compliant with The Prudential Code for Capital Finance in Local Authorities.

Briefings to senior officers and Members have been provided on financial sustainability and potential 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 has been incorporated into the work programme based around with three main objectives:

- Demand management - an essential element of controlling and reducing costs;
- Income Maximisation – taking forward the objectives of the income strategy, not only to increase the Council's income base, but to ensure improved income collection; and
- Service Review – all services reviewing their budgets to identify potential savings and efficiencies including policy changes



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|  | <p>The work programme has six core themes focused around the areas set out below:</p> <ul style="list-style-type: none"> <li>- Children's Change Programme including Social Care Demand Management;</li> <li>- Adult Social Care Change and Improvement Programme and Integration with the NHS;</li> <li>- The CaBP Programme;</li> <li>- Place Based Integration to create stronger communities;</li> <li>- Commissioning, Procurement and Contract Management; and</li> <li>- Income Maximisation.</li> </ul>  |
| <p><b>STATEMENT H - The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities</b></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. From 2023/24, a Quarter 1 and Quarter 3 Treasury Management progress report will also be produced.</p> <p>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 reported regularly.</p> <p>The prudential indicators are:</p> <ul style="list-style-type: none"> <li>- Estimates of capital expenditure, actual capital expenditure, estimates of the capital financing requirement, the actual capital financing requirement</li> <li>- Authorised limit, operational boundary, actual external debt and gross debt</li> <li>- Estimates of financing costs to the net revenue stream and actual financing costs to net revenue stream</li> </ul> <p>The Treasury Management Strategy is presented to the Audit Committee for scrutiny, to Cabinet and Council for approval, as are all other Treasury Management reports</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"> <li>- an overview of governance processes for approval and monitoring of capital expenditure</li> <li>- a long term view of capital expenditure plans</li> </ul> |

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|   | <ul style="list-style-type: none"> <li>- an overview of asset management planning including the cost of past borrowing, maintenance requirements and planned disposals</li> </ul> <p>Debt, borrowing and treasury management linkages:</p> <ul style="list-style-type: none"> <li>- a projection of external debt</li> <li>- the Authority's approach the treasury management</li> </ul> <p>Knowledge and Skills</p> <ul style="list-style-type: none"> <li>- a summary of knowledge and skills available to the Authority and confirmation that these are commensurate with the Authority's risk appetite</li> </ul> <p>The Strategy also includes:</p> <ul style="list-style-type: none"> <li>- an overview of how the associated risk is managed; and</li> <li>- the implications for future financial sustainability.</li> </ul> <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 and subsequent years Capital Strategies have incorporated the intention of Government to limit commercial investment for yield. The prudent approach to Treasury Management before the Government and CIPFA considered it necessary to introduce controls to commercial investment has protected the Council from the impact experienced by some other Authorities (reduced asset value, falling income and increased financing costs).</p> |
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| <p><b>STATEMENT I - The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans</b></p>   | <p>The Council produces an annual Medium Term Financial Strategy which is approved by Council as part of the formal budget setting process. Following 2021/22, where the timeframe was reduced to 3 years given the uncertainties arising from the COVID-19 pandemic, the timeframe has returned to 5 years.</p>   |
| <p><b>Key requirements for compliance</b></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. Until 2023/24 this was maintained within the Council's corporate performance management software application. The recording process has changed for 2023/24 but the discipline and review of business planning remains strong. All plans are reviewed and approved by Management Board members 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>  |

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| <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 incorporated 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. The information included in financial monitoring reports is a key source of intelligence about current and future pressures.</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 years, but this analysis is not currently produced. It was not considered to be the most effective 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 future 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.</p> <p>Included within, the Creating a Better Place programme is a specific strand of work that is examining the use of the Council's 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 Council's future operating requirements is in place. The implications of this strategy are aligned to specific budget reductions and capital financing costs, all of which are built into the MTFS.</p>  |

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| <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"> <li>Oldham Corporate Plan / Oldham Plan (Our Future Oldham – A Shared Vision for 2030)</li> <li>Cooperative Council</li> <li>Capital Strategy/Programme</li> <li>Treasury Management Strategy</li> <li>Income Strategy</li> <li>Medium Term Property Strategy</li> <li>Creating a Better Place Programme</li> <li>Procurement Policy</li> <li>Housing Strategy</li> <li>Get Oldham Working</li> <li>Oldham Work and Skills Strategy</li> <li>Education Provision Strategy</li> <li>Oldham Education Partnership</li> <li>People Strategy</li> <li>ICT Strategy</li> <li>Green New Deal Strategy</li> <li>Fair Tax Authority</li> <li>DLUHC Accountable Framework for Grant Programmes</li> <li>Change and Transformation Programme</li> </ul> <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 LG Inform 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>  |

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|   | <p>The Children's Transformation Board initiated a review spending in Children's Social Care services has undertaken comparative analysis across other Councils 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. Extensive work was done to complete the Governments Fair Cost of Care exercise together with a comparison of other Local Authority's proposals.</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>Until 2023/24, the Council managed all planned savings / budget reductions through its corporate performance management software solution which had controlled access by individual. All planned savings were 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>In 2023/24 there continues to be close monitoring of individual budget reductions and this is reported to officers and Members through the financial monitoring process.</p> <p>The Change and Improvement Board monitors the overall progress of the transformational activities as approved in the MTFS element of the 2023/24 Revenue Budget report. Each of the six core themes (as outlined above) has its own Board that monitors detailed progress in the delivery of the work programme and reports up to the Change and Improvement Board. The Council's Transformation Team supports the work of each of the Boards together with the Change and Improvement Board.</p> |
| <p>The Authority publishes its plans for the use of reserves over the period of the Medium Term Financial Plan</p>  | <p>The most up to date MTFS which is a 5 year forward look includes and assessment of the use of reserves to underpin the financial position. This covers the period 2023/24 to 2027/28.</p> <p>There is a regular and on-going review of reserves usage and creation to support the review of financial resilience which is aligned to the budget process.</p> <p>Each financial monitoring report presented to Cabinet details overall in-year use of or creation of reserves.</p>  |

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| <p>The level of reserves at 31st March in any one year should not be fall below the level previously agreed</p>           | <p>As advised above, 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 aligned to the statement 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 finally determined at the year-end and there is flexibility for the CFO around reserves management.</p> <p>The financial challenges in 2022/23 including a £1.147m overspend led to a variation in the expected balances position for 2022/23. Overall, reserves were also reduced impacting on financial resilience. Even with the planned future use of reserves, the overall position can be managed so that financial resilience can be maintained.</p> <p>The Council also has balances which have been calculated using a risk based approach to support financial resilience. These are at a slightly reduced level at the end of 2022/23 impacted by the modest overspend (as advised above).</p> |
| <p><b>Section 4</b></p>   | <p><b>The Annual Budget</b></p>  |
|   | <p><b>Evidence of Compliance</b></p>   |
| <p><b>STANDARD J - The authority complies with its statutory obligations in respect of the budget setting process</b></p> | <p>The Council receives a detailed annual Revenue Budget Report which includes a five year Medium Term Financial Strategy, a Treasury Management Strategy, a Capital Strategy &amp; Programme, a Housing Revenue Account Budget Report, and a Council Tax Reduction Scheme. In terms of the Statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves, whilst a separate report until 2022/23, from the 2023/24 budget, this was incorporated into the detailed Revenue Budget Report.</p>  |
| <p><b>Key Requirements for Compliance</b></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, the business community, Trades Union and staff consultation regarding proposed budget reductions. 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 (1 March 2023).</p>   |

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|   | <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 provides a clear audit trail in case of any future queries.</p> <p>Budgets are agreed with Directors before the start of the financial year.</p>  |
| The setting of a robust and sustainable budget                    | <p>The S151 Officer uses professional judgement to ensure that the budget is robust and sustainable. A key element of the Revenue Budget Report (up to and including 2022/23 budget setting this was a separate 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.</p>   |
| Responsibility for setting the budget                             | <p>The responsibility for setting a balanced budget is that of the Director of Finance, working with the rest of the Management Board and Members. 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 (a separate report for 2022/23) but for 2023/24 this was part of the Revenue Budget Report. The MTFS is based on best information available.</p> <p>The Finance Team is constantly reviewing and revising estimates to inform future years budget setting and to ensure the MTFS is based on robust and up to date estimates. The Director of Finance worked closely with the Chief Executive and Cabinet Members in budget setting for 2022/23 and 2023/24 and work is in train to support the budget setting process for 2024/25 and future financial years.</p> |
| The requirement for spending controls is understood and supported | <p>In response to substantial financial challenges in part linked into increased residual demand arising from the COVID-19 pandemic, the Council implemented spending controls during 2022/23 (including to the recruitment of staff). This was supported by senior officers and Members. This requirement has been reviewed in the light of the significant forecast overspending projected in 2023/24 and is being reinforced.</p>   |

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| <p>The Section 114 Notice process is understood</p>  | <p>The S151 Officer (Director of Finance) is aware of the requirements, under Section 114(3) 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 2023/24 although this cannot be discounted in the future should the financial resilience position justify such a course of action.</p> <p>During 2021/22, 2022/23 and again in 2023/24 there have been discussions at officer and Member level of the S114 process and reports have been prepared for the Audit Committee members in 2022/23, continuing in 2023/24 outlining developments elsewhere where Authorities had either issued a S114 notice or were contemplating issuing such a notice (e.g., London Borough of Croydon, Slough Borough Council, Thurrock Council, Woking Borough Council).</p>   |
| <p><b>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</b></p> | <p>A statement, now integrated into the main Revenue 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. It also includes a recommendation of the level of balances required by the Council to support the budget process.</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). Cabinet Members are briefed on the importance of maintaining the adequacy of reserves and strong financial resilience.</p> <p>The Council prepares a Reserves Policy (reviewed at least annually and reported to the Audit Committee) which informs the use of and creation of reserves.</p> |
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| Section 5  | Stakeholder engagement and business cases   |
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| <b>STANDARD L - The Authority has engaged with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget</b> | <b>Evidence of Compliance</b>   |
| <b>Key Requirements for Compliance</b>   |   |
| Identification of Key Stakeholders   | The Council is aware of its key Stakeholders including its wholly owned companies, Oldham Integrated Health Partnership (formerly Oldham CCG), Council Tax and Business Rate payers, the VCFSE sector and other GM Councils/Greater Manchester Combined Authority (GMCA) and other Local Authorities.   |
|  | The wholly owned operational companies include MioCare CIC, Northern Roots (Oldham) Ltd. and the Unity Partnership Ltd. are, where appropriate, integrated into budget decision making processes (much reduced with regard to UPL since the change in company operating arrangements in April 2022).  |
|  | <p>Until mid-2021 the Council's Chief Executive was also the Accountable Officer for the Oldham Clinical Commissioning Group with other officer joint appointments. This structure has changed over the past two financial years linked into national reforms with the CCG being replaced by the Oldham Integrated Health Partnership. In line with the substantial change, there has been and remains full engagement with this major stakeholder. The NHS Place Based Lead for Oldham has a reporting line to the Council's Chief Executive and attends the Executive Management Team meetings and the Management Board.</p> <p>Budget reduction proposals are shared with partners 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> |
|  | GMCA and 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.  |
|  | The VCFSE 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.   |

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|  | <p>As in 2022/2, there was specific public consultation on the 2023/24 budget proposals with a full analysis of the results of the consultation taken 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 for 2023/24 in November 2022 and again in January 2023. Discussions will take place with Trades Union representatives on the budget process for 2024/25.</p> <p>There was extensive consultation with staff on budget proposals for 2023/24 (some of which had implications for 2024/25) 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.</p> <p>As previously advised, the Council launched the Big Oldham Conversation in 2021/22 to engage in meaningful dialogue with residents, businesses and partners. In this regard, the Leader of the Council and the Chief Executive undertook engagement sessions with Oldham citizens and business to facilitate their views being heard and to be considered in the context of political priorities.</p> <p>During October and November 2022, the Council rolled-out a whole-of-borough residents' survey to build upon existing Big Oldham Conversation engagement work, providing valuable insight and helping ensure residents' views steer policy direction.</p> <p>A development required to fully meet the requirements of the FM Code is to expand the 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.</p> <p>Representatives of the local business community are also consulted about the budget, budget proposals and MTFs as standard on an annual basis.</p> <p>In July 2023, Local Partnerships (an organisation funded by the Government) issued an updated publication "Local Authority Company Review Guidance." This provides a toolkit for undertaking strategic and governance reviews of wholly or partly owned Council commercial entities. Work will be undertaken in 2023/24 to confirm that the operational arrangements in place will support the and complement the budget process and MTFs and not be a cause of financial stress.</p> |
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| <p><b>STANDARD M - The authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions</b></p>  | <p><b>Evidence of Compliance</b></p>   |
| <p><b>Key Requirements for Compliance</b></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 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, and 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 2023/24.</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>   |
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| <b>Section 6</b>   | <b>Monitoring Financial Performance</b>   |
| <b>STANDARD N - The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability</b>  | <b>Evidence of Compliance</b>   |
| <p><b>Key requirements for compliance</b></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 fortnightly basis.</p> <p>Budget monitoring information is aggregated into a corporate report from month 3 to 9 and reported to the senior managers forum (Management Board), the Cabinet Member with responsibility for Finance 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 Governance, Strategy and Resources Scrutiny Board (previously the Performance Overview and Scrutiny Committee) on a regular basis.</p> |

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| <p>All financial monitoring reports present information including:</p> <ul style="list-style-type: none"> <li>- The name of the budget holder responsible for the budget</li> <li>- Accruals based financial information</li> <li>- The approved budget against which monitoring is taking place</li> <li>- A forecast for the remainder of the budget period</li> </ul> | <p>Responsibility and accountability for budgets is clear. Budget managers receive budget monitoring information for each cost centre for which they are responsible. This information provides original and revised budgets, profiled budgets against actuals and commitments plus year-end forecasts. Where applicable this is supplemented by additional bespoke information to drill down into key areas and to facilitate the budget monitoring meetings referenced below. The Agresso Financial System Development Plan includes actions to improve this reporting and the overall financial management information available to managers during 2023/24 and early 2024/25.</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 with the budget manager and amend in the financial system as required.</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 achievement of budget reductions is also completed. An explanation of variances by service is then included by analysing the data.</p> <p>These dashboards form the basis of the revenue budget monitoring report which is presented to the 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 from month 3 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:<br/> - 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:<br/> - Received by budget holders on a monthly basis<br/> - 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 placed on those high risk budget areas. These tend to be Adult and Children's Social Care budgets and progress in delivering the Creating a Better Place agenda. The financial monitoring information is discussed with Directorate Management Teams and with the Creating a Better Place Programme Board.</p> <p>The monthly revenue budget monitoring report is presented to the Management Board and also through to Cabinet on a cyclical basis. The revenue report shows the Portfolio financial performance, the Portfolio budget and the Council budget as a whole and highlights any variances. Areas of significant risks 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.</p> <p>As also detailed above, all budgets are scrutinised by the Management Board. As in 2022/23, for 2023/24 reports will be prepared from month 3 to 9. Particular attention is paid to high risk budgets detailing any management actions being taken or required. Regular discussions take place with the Cabinet Member with responsibility for Finance and 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>   |

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|  | <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 meets with the Managing Director of the MioCare CIC on a regular basis and monthly financial information is available for review. 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. Whilst during 2021 and 2022, the role of the lead Finance Officer for MioCare was realigned so it was a joint post across the Council and MioCare providing a closer working arrangement. This changed in late 2022 but members of the Adult Social Care Finance team liaise with officers from MioCare CIC on a very regular basis ensuring a good understanding of MioCare CIC finances.</p> <p>The processes in relation to Northern Roots (Oldham) Ltd. and most recently Oldham Total Care Ltd are currently in the process of development.</p>  |
|  | <p>The Council and the Oldham Integrated Health Partnership work together under an agreement set up using powers of Section 75 of the NHS Act 2006. This Section 75 pooled funding agreement was expanded in 2022/23 and now brings together adult social care budgets and other Council budgets deemed to be determinants of health together with related NHS 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 Chief Finance Officer of the Oldham Integrated Health Partnership (formally the Oldham CCG) to discuss any issues. Given the close working relationship with NHS partners, there are regular meetings between the Council CFO, and CFO's of Oldham Integrated Health Partnership, Pennine Care NHS Foundation Trust and the Northern Care Alliance NHS Foundation Trust (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 took place to support the requirements of the new Integrated Care System for Oldham, effective from 1 July 2022 and to continue the collaboration between NHS partners and the Council.</p> |

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|  | <p>A Section 75 Agreement is also in place to support the provision of 0-19 Children's Community Services in Oldham. This Agreement is between the Council and the Northern Care Alliance NHS Foundation Trust. A Board made up of senior Council and NHS officers oversees the operation of this Agreement, meeting on a monthly basis. The enables key strategic decision making and a full understanding of the financial position with regular financial updates to the Board. There is a formal governance structure reporting up to the Board.</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 (mid-year) of the capital programme is completed. 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 Executive Director for Place and Economic Growth. The CIPB is chaired by the Cabinet Member for Finance and Corporate Resources and is attended by the Leader and other Deputy Leaders. The CFO is the lead Finance Officer for the CIPB and attends all meetings.</p> |



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|   | <p>The Corporate Property Board, which reports to the CIPB meets regularly to discuss corporate property related schemes including asset sales and acquisitions. The monitoring of major property related grant funded programmes is also reported to the Corporate Property Board</p> <p>The Governance, Strategy and Resources Scrutiny Board will consider a report on 31 August on the Local Authority Assurance Board for specific capital Government grant funded projects.</p>  |
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| <p><b>STANDARD O - The Leadership Team monitors the elements of its balance sheet which pose a significant risk to its financial stability</b></p>  | <p><b>Evidence of Compliance</b></p>   |
| <p><b>Key Requirements for Compliance</b></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 Management Board 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 2022/23 and 2023/24). 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 draft 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 preparation.</p> <p>A full mid-year close down of the accounts is no longer completed. This is in part due to increased workloads but also because the year-end procedures and preparation of working papers are considered sufficiently robust. However, work is undertaken to ensure that balances aligned to working papers have been rolled forward correctly.</p> <p>See notes below on reserves, a key balance sheet indicator of financial resilience, is reported in detail to senior managers and Members.</p>  |

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|                                 | <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. Any findings would be included in budget monitoring reports.</p> <p>It should be noted that the provision of specific information about the level of debtors is issued to Directorate Management Teams. The Finance Team has initiated a review of the level of sundry debt in order to focus on reducing such debt (see comments below). This aligns to the Income Maximisation theme of the transformation programme.</p> <p>Information on reserve usage 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 CaBP capital programme, the Council is reviewing its asset base to ensure it has the right assets mindful of the changes to the Council's operating environment. The asset base is being rationalised to promote efficiency and reduce costs and, where possible, generate capital receipts.</p> <p>Significant revenue savings are built into the revenue budget in 2023/24 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 Management Team to discuss all aspects of treasury management including investment opportunities for the Council's 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>  |

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| Debtors             | <p>The presentation and review of financial information on debtors has been improved for 2023/24. The responsibility for income collection is split over a number of areas in the Council and this requires some improvement in terms of accountability for income collection. A working group of Finance Officers has been tasked with improving debt management. Revised debt management information is being presented to Directorate Management teams alongside financial monitoring information.</p>  |
| Cash management     | <p>Cash is managed through the application of the principles outlined in the 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.</p>   |
| Provisions          | <p>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 is included in financial monitoring reports.</p> <p>The 2021/22 external audit of the accounts put forward a recommendation to improve the evidencing of the value of the Council's insurance provision which was based on a valuation from an external expert. This was immediately addressed for the 2022/23 accounts and the Council's Finance Team took the necessary action to obtain a more detailed valuation from the external expert and during the 2022/23 financial year, conducted a detailed review of the provisions held to ensure there were clearer working papers for the 2022/23 Statement of Accounts</p> |
| Long-term borrowing | <p>There has been no recent requirement to undertake long term borrowing due to the cash position of the Council as 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 for Finance and Corporate Resources and Chief Executive. Borrowing would be reported retrospectively to the Audit Committee, Cabinet and Council.</p> <p>Due to recent increases in interest rates the position in relation to the possible opportunity to redeem Lender Option Borrower Option (LOBO) loans is being monitored.</p>   |

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| 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 any 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 are reviewed and approved by senior officers, Cabinet Member, Audit Committee, Cabinet and Council. The reports detail performance in relation to the prudential indicators and would therefore highlight key risks and challenges.   |
| <b>Section 7</b>  | <b>External Financial Monitoring</b>  |
|   | <b>Evidence of Compliance</b>   |
| <b>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</b> | <p>The Council's 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 draft statutory accounts for the financial year 2022/23 in line with previous practice were completed and submitted for audit in accordance with the statutory deadline which has now returned to the target date set pre-pandemic (31 May). The audit for the financial year 2021/22 has not yet been formally signed off by the External Auditor although a draft Audit Completion Report was issued in March 2023 and reported to the Audit Committee of 28 March 2023. The includes a positive audit conclusion from the Council's Auditors on the standard of the accounts. The finalisation of the audit relies on the addressing of national technical accounting issues related to pension valuations which are not under the control of the Council.</p> <p>The formal Audit Completion Certificate for the 2020/21 accounts was issued on 7 August 2023 following the sign off by the National Audit Office (NAO) of the Whole of Government Accounts. Again, this delay was outside the control of the Council.</p> |

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|   | <p>The challenges encountered by External Auditors in completing the audits in accordance with the statutory deadline has been widely reported and is not something the Council can control.</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"> <li>- what the Council's services cost to deliver over the course of the year</li> <li>- where the money to fund the Council came from</li> <li>- the Council's assets and liabilities at the end of the financial year.</li> </ul> <p>The Narrative Statement aims to provide contextual information and explain the outturn to the users of the accounts, including officers and Members.</p>   |
| <p><b>STANDARD Q - The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions</b></p> | <p>The final outturn figures (revenue and capital) are presented in the same format as that which is used during the financial year to report the forecast financial position to the Management Board and to Elected Members (most recently to the Audit Committee of 27 June 2023). 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> <p>Any variations from budget in the outturn are reviewed to inform future policy, investment requirements for future budget setting and any in-year budget adjustments that might be required to address variations not already included in financial plans.</p> |