Slough Borough Council

Information needed	Details
Report To:	Audit and Corporate Governance Committee
Date:	22 July 2026
Subject:	CIPFA FM code self-assessment update
Chief Officer:	Ian O'Donnell, Chief Operating Officer
Contact Officer:	Vicki Palazon, Finance Consultant – FIP and Companies
Ward(s):	All
Exempt:	NO
Appendices:	Appendix A - Summarised year end position of CIPFA FM code Standards against self-assessment baseline Appendix B – Key Risks

1. Summary and Recommendations

1.1 This report provides an overview of the Council's self-assessment against the CIPFA Financial Management (FM) Code as at March 2026, highlighting the current assurance position, areas of improvement since previous reporting periods, areas of focus during the next financial year and residual risks.

Recommendations:

Committee is recommended to:

a) Note, challenge and monitor the progress towards become fully compliant with the CIPFA FM code and continuing areas of focus for 2026/27.

Commissioner Review

The CIPFA Financial Management (FM) Code is the professional code for general financial management in local authorities. It dictates that complying with financial standards is a collective responsibility shared equally among elected members, the Chief Finance Officer and the Senior Leadership Team. It is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability and evidence of compliance with a range of statutory and professional frameworks.

The report provides the internal self-assessment and demonstrates a robust monitoring framework and ongoing positive trajectory on the Council's journey to compliance. The Council has developed a set of actions for improvement which when implemented, will contribute to the Council's longer-term recovery and transformation. Achievements to date will need to be sustained and action plan appropriately resourced for success.

Commissioners welcome this report.

2. Report

Background and Update

2.1 CIPFA published a Financial Management Code (FM Code) which sets out the minimum standards that councils should meet in managing its finances and resources well. The FM Code became mandatory in the 2021/22 financial year. Councils should review their compliance with the FM Code periodically to confirm their compliance. There is no prescribed format for councils to self-assess, it is up to each council how they demonstrate self-assessment. The self-assessment is applicable to finance management across members and senior officers (hereafter referred to as leadership) and officers.

2.2 The approach to the self-assessment, outcome and action plan were reported to the Committee at their meeting held on 23 July 2025. This report noted that following a rigorous assessment against 236 criteria, the council was 38% compliant with 62% part compliance. This resulted in 146 recommendations consolidating into 70 actions to progress across the Finance Improvement Programme, Recovery and Improvement Programme and the Annual Governance Statement. To close a recommendation or action, evidence is collated from public reports, leadership reporting and processes, policies and procedures including systems reporting.

2.3 This report provides an update measuring progress up to 31 March 2026 and summarised in Appendix A against each standard within the FM Code. Members need assurance that:

- the council is improving financial governance;
- members have visibility of the areas of challenge and scrutiny are most needed; and
- supports members in discharging their responsibilities

2.4 The next table demonstrates a positive strengthening of assurance across the FM Code compared to the baseline position, with a clearer direction of travel to become fully compliant.

	Baseline - May 2025		March 2026	
	Criteria	**Compliance**	**Criteria**	**Compliance**
Substantial	89	38%	117	50%
Reasonable	89	62%	83	50%
Partial	52		34	
Minimal	6		2	
	236		**236**	

2.5 Whilst the majority of standards do contain substantial assurance following self-assessment and collation of evidence, confirming in part that leadership, governance, financial management and statutory compliance are operating broadly effectively, there remains improvement areas.

2.6 Areas of improvement include addressing residual weaknesses and risks, embedding maturity, delivering value for money, improving financial sustainability and resilience, integration of service planning, financial planning and transformation all of which will continue to be monitored during 2026/27.

Conclusion

2.7 The council has made significant progress with the overall direction being positive, the evidence led approach also emphasises that the council still needs to move from a council in recovery to the embedding of sustainable, business as usual financial management, enabling the council to make effective decisions and demonstrate value for money. Improvement activity has been summarised in Appendix A and will continue to be reviewed during 2026/27 with an expectation that the council will move away from recovery and into delivery. In turn, this will improve compliance further with the CIPFA FM code.

2.8 As at 31 March 2026, only two standards remain with minimal assurance, next steps and continued areas of focus are included within Appendix A:

- Standard A - The leadership team is able to demonstrate that the services provided by the authority provide value for money. This remains minimal overall due to the significant weaknesses that remain on statutory and key external audit recommendations; and

- Standard E - The financial management style of the authority supports financial sustainability. This remains minimal overall due to council's ability demonstrate that it achieves value for money in the use of its resources.

2.9 Finally, member oversight is important to:

- Provide scrutiny of value for money evidence;
- Challenge on MTFS robustness and delivery assumptions;
- Oversight of transformation and savings delivery;
- Review of how resident / stakeholder engagement informs budget decisions; and
- Assurance that financial, performance and risk reporting are integrated.

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 There are no direct financial implications included in this report. The action plan is resourced through the programme resource and activities already contained within the Recovery and Improvement Plan, the Transformation plan and Finance Improvement Plan.

3.2 Legal implications

3.2.1 The CIPFA Financial Management Code applies to all local authorities that are

defined in Part 1 of the Local Government Act 2003. Application of the FM Code became mandatory for all local authorities beginning in the financial year 2021/22.

3.2.2 Strong financial management and reporting, in accordance with the CIPFA Financial Management Code, running throughout the whole organisation is a positive characteristic of a well-functioning authority under the Best Value guidance.

3.3 Risk management implications

3.3.1 The CIPFA Financial Management Code promotes good practice in financial

Management including financial resilience and sustainability including demonstrating financial sustainability to members, residents and other stakeholders. The risk of non compliance means that the council is unable to demonstrate the principles and standards CIPFA outline as good practice in financial management.

3.3.2 Based on the latest self-assessment and evidence collated, the following key risks have been identified. Appendix B provides further detail of the risk, current position, mitigating actions in place and further mitigation focus for the Committee.

a) Medium Term Financial Sustainability
b) Financial Resilience & Use of Reserves
c) Savings Delivery & Value for Money (VfM)
d) Financial Capability
e) Risk Management Maturity
f) External Audit Recommendation Management
g) Procurement, Contract & Commercial Governance
h) Transformation Delivery

3.4 Environmental implications

3.4.1 There are no environmental implications.

3.5 Equality implications

3.5.1 There are no equality implications.

4. Background Papers

None

Appendix A – Summarised year end position of CIPFA FM code Standards against self-assessment baseline
NB – The criteria measure for substantive is based upon the assessment criteria within each standard and does not apply a weighting. The self-assessment uses the council's internal audit classification system for assurance as follows:

Substantial Assurance – The framework of governance, risk management and control is adequate and effective
Reasonable Assurance – Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control
Partial Assurance – There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective
Minimal – There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail

Officers will: deliver actions, strengthen controls, improve reporting
Members should: review, challenge, monitor, seek assurance, and track delivery

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
Standard A – Leadership and Value for Money The leadership team is able to demonstrate that the services provided by the authority provide value for money ***Leadership position at March 2026*** *Leadership is able to demonstrate that it is working on achieving value for money but recognises the journey it is continuing.* *Governance, scrutiny, performance reporting, equality impact assessments, and resident engagement are embedded.*	• **Governance structures & scrutiny:** has clear scrutiny and committee arrangements in place. Financial Procedure Rules refreshed moving from Partial to **Reasonable** • **Risk Management and Audit arrangements:** embedded systematic approach to corporate risk management in place and reported to leadership moving from Reasonable to **Substantial**. Improved audit coverage and pace in 2025/26, moving from Minimal/Reasonable to **Substantial**.	• **Audit arrangements:** discharging external audit recommendations and achieving suitable arrangements for value for money over the short, medium and longer term • **Service and financial planning:** integration of service / business planning with financial planning and other key strategies • **Procurement:** improving and strengthening procurement compliance, contract management and compliant contract register and delivering value for money • **Recovery and improvement:** focus of exiting government

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
Criteria Measure*: 63% substantial compliance but retains minimal due external audit recommendations*	• **Service and financial planning:** improved evidence of planning discipline; remains an improvement area where full integration is still developing. • **Companies:** oversight strengthened, with clearer governance, financial transparency and risk management moving from Minimal to **Reasonable** but recognising there remains weaknesses to address	intervention, delivering transformation • **Efficiency, peer and service reviews and benchmarking:** strengthening and driving value from efficiency reviews and benchmarking to embed value for money principles and a sustainable VfM culture • **Companies:** embed strong governance and oversight, address the discharge of external audit recommendations and determine future strategies for all entities
Standard B – Role of the Chief Financial Officer The authority complies with the CIPFA statement on the role of the Chief Financial Officer in Local Government ***Leadership position at March 2026*** *The CFO fully complies with the CIPFA Statement. The role is professionally qualified, influential, and embedded in leadership decision-making, with clear statutory and personal accountability.* *Deepening financial leadership, accountability and management across the council remains a focus*	• **Leadership influence:** sustained at **Substantial**, with stronger evidence of early involvement in decisions. Strong and maturing, with improved organisational reach • **Finance capacity and capability:** remains Reasonable but **Improving**, supported by recruitment and enhanced system tools.	• **Leadership:** deepen corporate financial leadership, not just oversight. Embed roles and responsibilities across the council • **Finance capacity and capability:** ensure CFO is supported by a stable, skilled finance function • **Training:** Develop and implement an effective training programme for Members and officers

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
Criteria Measure: 56% substantial compliance and 100% compliant substantial / reasonable		
Standard C – Governance and Internal Control The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control ***Leadership position at March 2026*** *Governance and internal control arrangements are improving. The Constitution, scheme of delegation, codes of conduct, audit and risk frameworks are largely operating effectively.* *Governance maturity led by the leadership within the council remains an area of focus.* **Criteria Measure:** 70% substantial compliance	• **Audit and assurance:** legacy audit recommendations largely closed; assurance upgraded to **Substantial**. Internal Audit Charter implemented in 2025/26 and approved for 2026/27 with the plan meeting the Global Internal Audit Standards (GIAS) • **Risk management:** risk reporting embedded at CLT and committee level. • **Culture and behaviours:** leadership demonstrates adherence to Nolan Principles	• Embed risk management consistently at directorate and service level. • **Partnerships:** implement and embed a clear governance and internal control for partnership governance • **External audit recommendations:** continuing to take corrective action and maintain high leadership visibility to work towards discharging the existing audit recommendations • **Culture and behaviours:** creating, maintaining and nurturing a culture of governance and internal control across the council. Strengthen linkage between risk, performance and financial impacts
Standard D – Delivering Good Governance Framework The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	There were no actions identified within the self-assessment. Periodic review will continue to ensure and maintain substantive compliance. The Annual Governance Statement and associated	

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
Leadership position at March 2026 *The authority fully applies the CIPFA/SOLACE framework. The AGS is approved, published, embedded in the accounts and supported by an active action plan.* ***Criteria Measure:*** *100% substantial compliance*	action plan continue to be reported to the Committee.	
Standard E – Financial Management Style The financial management style of the authority supports financial sustainability ***Leadership position at March 2026*** *Financial management increasingly supports financial sustainability, with improvements on budget management and reporting.* *There remains significant activity aligned to the Finance improvement Programme to improve financial management* ***Criteria Measure****: 17% substantial compliance but retains minimal due the council's ability demonstrate that it achieves value for money in the use of its resources*	• **Budget management and reporting:** the council has an approved budget for 2026/27, developed monthly reporting for budget monitoring and forecasting, workforce HR and financial monitoring and issued guidance and a timetable to strengthen roles and responsibilities. System controls are improving including the roles and responsibilities for budget holders and approvers within the finance system • **Enabling transformation:** the council has through the budget 2026/27 process secured resource and funding capacity to deliver the transformation programme over the medium term moving from Reasonable to **Substantial**	• **Budget management and reporting:** strengthening financial literacy, business partnering and budget holder accountability remains a key focus during 2026/27 • **Processes:** delivering accountability and system enhancements remains an area of focus within the Finance Improvement Programme and successful delivery will support financial management, regulatory compliance, financial health and financial sustainability • **Integration with service planning:** remains an improvement area, though foundations are stronger • **Reliance on interims:** reduce reliance on short term fixes and strengthening medium term discipline to support the embedding

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
	• **Financial accountability:** the council has strengthened its finance function at senior level and continues to recruit to key roles but recognises financial accountability across the council is still developing	of financial accountability across the council • **Financial accountability:** implement a financial competency framework, implement a strong finance business partner model and provide training and guidance to everyone in the council depending on their roles and responsibilities
Standard F – Financial Resilience The authority has carried out a credible and transparent financial resilience assessment ***Leadership position at March 2026*** *A credible resilience baseline is established through the Section 25 statement and supporting strategies. Resilience is better understood and will enable the council to actively manage and fully embed the principles of financial resilience.* ***Criteria Measure**: 40% substantial compliance and 96% compliant substantial / reasonable*	• **Resilience assessment:** resilience statements remain an emerging statement within budget monitoring reports. Laying the groundwork for improving financial resilience has been undertaken as part of the 2026/27 approved budget and detailed within the S25 statement. From April monitoring, the budget monitoring report will incorporate cashflow monitoring providing greater visibility to the leadership team • **Reserves and debt strategy:** now approved and available for monitoring against during 2026/27 • **Assets base:** monthly reporting is in place for measuring and	• **Resilience assessment:** embed resilience including financial risk management across the financial cycle of budget setting, monitoring and year end as a continual cycle. Undertake a financial resilience assessment • **Reserves and debt strategy:** reduce reliance on reserves to manage overspends, achieve savings and transformation programme including clears plans for delivery and reduce debt • **Getting routine information right:** continue to improve financial and performance data, including benchmarking and understanding demand / cost drivers to inform effective decision making

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
	reporting on progress for asset disposals • **Getting routine financial information right:** budget holders are provided with monthly reports and able to submit forecasts with variance narrative which is captured on the council wide report providing greater transparency for budget holders and the leadership team. Implementing a timetable has enabled finance reports to be shared within leadership meetings on time	
Standard G – Long-Term Financial Sustainability The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members ***Leadership position at March 2026*** *The current MTFS and budget for 2026/27 is balanced and acknowledges the positive direction of travel over the medium term and next steps.*	• **Medium Term Financial Strategy (MTFS):** approved a balanced budget for 2026/27 but relies heavily over the first two years of the medium term on exceptional finance support, and on delivering a successful transformation programme for long term sustainability.	• **Medium Term Financial Strategy:** maintain and refresh a strategy that is effective and robust, strengthening scenario planning and sensitivity and demonstrates achievement towards long term financial sustainability having considered a broad range of factors that influence the council's long term financial success • **Integration with service planning and other key strategies:** integrate with service planning and other key strategies • **Engagement with Members:** to facilitate long term success

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
An effective and robust MTFS for 2027/28 is critical for working towards long term financial sustainability. ***Criteria Measure**: 25% substantial compliance but retains partial due to the significant work to develop an effective and robust financial strategy integrated with business planning and other strategies*		
Standard H – Prudential Code and Capital Finance The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities ***Leadership position at March 2026*** *Full compliance with the CIPFA Prudential Code is demonstrated. Capital strategy, prudential indicators and treasury management are robust and approved by Full Council.* *Continuing to provide assurance of compliance, affordability, asset disposals and prudence remain an area of focus.*	• **Capital strategy:** approved by Full Council March 2026 and consistent with current longer term financial planning • **Capital Board**: regular meetings occur for monitoring of capital spend, project progression and asset disposals providing strong and stable stewardship.	**Capital strategy:** ensure this remains aligned as the MTFS evolves integrating with business planning and other key strategies **Affordability and prudence:** continue to demonstrate affordability and prudence alongside regeneration ambitions

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
***Criteria Measure**: 86% substantial compliance and 100% compliant substantial / reasonable*		
Standard I – The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans ***Leadership position at March 2026*** *Whilst the council has an approved MTFS (Full Council March 2026) there is still much more work to deliver a rolling multi year term financial plan consistent with service plans* ***Criteria Measure**: 0% substantial compliance due to the non-alignment integration with service planning*	• **Medium Term Financial Strategy (MTFS):** approved a balanced budget for 2026/27 but is not fully integrated with service planning	• **Medium Term Financial Strategy:** maintain and refresh a strategy that is effective and robust, strengthening scenario planning and sensitivity and demonstrates achievement towards long term financial sustainability having considered a broad range of factors that influence the council's long term financial success • **Transformation programme:** development and approval of business cases for the transformation programme. Ensure transformation savings are realistic and deliverable • **Asset management plan:** develop for Cabinet approval an Asset management plan • **Integration with service planning and other key strategies:** integrate with service planning and other key strategies. Establish a single, integrated corporate planning cycle • **Engagement with Members:** to facilitate long term success

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
Standard J – Statutory Budget Setting The authority complies with its statutory obligations in respect of the budget setting process ***Leadership position at March 2026*** *All statutory requirements are met, including Full Council approval and Section 25 reporting.* *Statutory compliance remains strong.* ***Criteria Measure**: 100% substantial compliance*	There were no actions identified within the self-assessment. Periodic review will continue to ensure and maintain substantive compliance. The budget for 2026/27 and MTFS were presented and approved by Full Council 2026 in advance of the statutory deadline of 11 March	
Standard K – CFO Assurance on the Budget 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 ***Leadership position at March 2026*** *Budget reports include explicit CFO assurance on robustness and reserves, with monitoring continuing throughout the year.* ***Criteria Measure**: 100% substantial compliance*	• **Assurance on the budget:** Components of the S25 statement and in particular reserves and savings have been routinely reported in the budget monitoring reports. It is recognised with the outturn position for 2025/26, reserves will be required to offset the overspend and was factored into the Reserves strategy approved for 2026/27 by Full Council in March 2026. Groundwork has been laid in setting the 2026/27 budget and associated strategies which will be reviewed and monitored against throughout 2026/27. This standard	• **Assurance on the budget:** maintain discipline to avoid reserves being used to support revenue. Improve quality and reliability of underlying estimates and assumptions. Strengthen transparency around uncertainty and risk. Monitor and take corrective action in year for variations to the robustness of estimates and adequacy of reserves

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
	has been met in preparing the 2026/27 S25 statement noting further opportunities for improvement in developing the MTFS 2027/28 and as part of the Finance Improvement Programme	
Standard L – Stakeholder Engagement The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget ***Leadership position at March 2026*** *Limited engagement was undertaken during 2026/27 due to engagement commencing later in the budget setting timeline.* *Earlier engagement to support budget development and supported by equality impact assessments is an area of focus.* ***Criteria Measure****: 18% substantial compliance and 100% compliant substantial / reasonable*	• **Resident engagement:** progressed as part of budget development in 2026/27 and more widely on the council's vision. Resident engagement strategy approved by Cabinet • **Transparency:** improved public reporting.	• **Resident engagement:** embed engagement earlier in financial strategy and budget development using appropriate engagement mediums and demonstrating how engagement supports decision making
Standard M – Options appraisal The authority uses an appropriate documented option appraisal	• **Options appraisals to support decision making:** several templates exist and in use to	• **Options appraisal tool:** develop and implement an options appraisal tool to strengthen options

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
methodology to demonstrate the value for money of its decisions ***Leadership position at March 2026*** *Several templates exist and have been developed to service specific purposes.* *There is an opportunity to implement an appropriate documented option appraisal methodology to demonstrate the value of money for its decisions.* ***Criteria Measure**: 0% substantial compliance and 100% compliant substantial / reasonable*	supporting different purposes, for example project management, procurement, capital projects, savings proposals. An opportunity exists to develop and implement an appropriate documented option appraisal methodology to demonstrate the value of money for its decisions	evaluation incorporating a value for money assessment
Standard N – The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability ***Leadership position at March 2026*** *Significant progress made during 2025/26 on improving decision making, receiving reports to support decision making and finance related reports.* *An area of focus is enhancing the finance related reports to align with best practice*	• **Decision making:** the weekly leadership meetings are now themed on a rolling weekly cycle to enable focus on specific functional areas and support more effective decision making (budget and financial strategy / corporate strategy and transformation / workforce people and culture / assurance performance and risk), Meetings are minuted and record decisions on a tracker for follow up • **Receiving reports about the right things, at the right time, in the right format and supports decision making:** Reports are	**Finance related reports:** Continue to develop financial reporting to align to best practice including improvements on commitment accounting and dashboards to present financial information alongside performance information

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
and integrate further with performance data and information. ***Criteria Measure****: 78% substantial compliance and 100% compliant substantial / reasonable*	now routinely provided based on leadership week, within timescales and an agreed format with leadership • **Finance related reports:** have moved forward, are presented timely and to the relevant Committee meeting. The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions or understand the current position. Budget variances understood and reflected into the approved MTFS 2026/27.	
Standard O – The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability ***Leadership position at March 2026*** *Significant discovery work and remedial action has been taken to understand financial risk and sustainability including improving grip on the balance sheet.* *The focus remains on the longer term requirement to develop balance sheet*	• **Balance sheet review and cash reconciliation review:** recommendations from both reviews undertaken by external consultants have moved from Partial to **Reasonable** enabling the council to reduce overall risk inherent on the balance sheet and contribute towards the longer term objective of unqualified accounts • **Strong financial grip on the balance sheet:** key control accounts are regularly reported to	• **Strong financial grip on the balance sheet:** focus on further improvements including lower value balance sheet items and developing working papers further. Implement the lessons learned from the most recent external audit report. • **Balance sheet risk**: focus on embedding financial grip, risk management and prevention and detection to improve budget strategy and financial health and financial sustainability

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
management and work towards an unqualified audit opinion. ***Criteria Measure**: 0% substantial compliance and 94% compliant substantial / reasonable*	Corporate Resources leadership, all balance sheet accounts have owners and work has progressed on improving working papers. • **Risk and financial sustainability:** balance sheet risk is now better understood and remedial actions still required	
Standard P – Statutory Accounts 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 ***Leadership position at March 2026*** *Whilst is it acknowledged that significant progress has been made in publishing final accounts up to and including 2024/25, there is still much more work to undertake over a longer term to work towards unqualified accounts. All backlog accounts received disclaimed opinions.* ***Criteria Measure**: 100% substantial compliance*	• **Backlog of accounts:** all accounts up to and including 2024/25 have now been approved and published • **2025/26 accounts:** timetable being followed and preparation work included workshops with finance officers and budget holders has been undertaken. System improvements for accruals including purchase orders introduced. Work is progressing well towards publishing the accounts by the statutory deadline. • **Capacity and controls:** strengthened, with clearer accountability and improved processes.	• **2025/26 accounts:** adhere to the statutory timetable to publish draft accounts, complete an audit, approve and publish. • **External auditors:** work with and respond to matters arising including lessons learned from 2024/25 audit and concerns. • **Capacity and controls:** continue activity on balance sheet grip and financial management grip, accountability and with quality working papers to produce compliant accounts and work towards the longer term goal of an unqualified opinion

Standard	Improvements (Against action plan)	Areas of focus (Within action plan)
Standard Q – The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions ***Leadership position at March 2026*** *Prior year outturn reporting was problematic and impacted by completing the backlog of accounts. For 2025/26, it is anticipated that outturn reporting will align to the timetable to present a report to leadership.* *An area of focus is enhancing the finance related reports to align with best practice and integrate further with performance data and information.* ***Criteria Measure**: 67% substantial compliance and 100% compliant substantial / reasonable*	• **Finance related reports:** have moved forward, are presented timely and to the relevant Committee meeting. The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions or understand the current position. Budget variances understood and reflected into the approved MTFS 2026/27 • **Finance and performance metrics:** early progression on creating dashboards, for example in demand led budgets has commenced, but further work is required to align data sets, present dashboards and inform decision making	• **Finance related reports:** Continue to develop financial reporting to align to best practice including improvements on commitment accounting and dashboards to present financial information alongside performance information • **Dashboard development:** enhance and embed decision making through alignment of finance and performance data

Appendix B – Key Risks

Key Risk	***Risk Description / Impact***	***Current Position (Mar-26)***	***Mitigating Actions in Place***	***Further Mitigation / Audit Committee Focus***
Medium-Term Financial Sustainability	Failure to secure a balanced and sustainable MTFS could result in structural deficits, increased reliance on reserves and escalation of statutory risk.	MTFS approved but not fully integrated with service, workforce, asset and transformation planning. Partial assurance remains.	• MTFS and budget approved by Full Council • Section 25 statements strengthen risk articulation • Transformation programme aligned to financial recovery	• Require evidence of a single integrated planning cycle • Monitor progress on closing future-year budget gaps • Request scenario and sensitivity analysis updates
Financial Resilience & Use of Reserves	Continued reliance on reserves to fund overspends weakens resilience and limits capacity to respond to shocks.	Reserves and debt strategies approved; reserves still used to manage overspends. Improvement trajectory but fragility remains.	• Reserves Strategy approved • Enhanced budget monitoring and reporting • Treasury and capital strategies strengthened	• Track reserves movements quarterly • Seek explicit recovery path for reserves • Monitor financial resilience metrics as part of in-year reporting
Savings Delivery & Value for Money (VfM)	Failure to deliver planned savings could exacerbate financial pressures and undermine confidence in financial plans.	Savings governance improved, but consistent delivery evidence remains limited; assurance is improving but not yet substantial.	• Design Authority oversight • Savings tracker established • Transformation workstreams aligned to savings	• Monitor milestone-based savings delivery • Request benchmarking and efficiency review evidence • Track delivery risk and remedial action

Key Risk	***Risk Description / Impact***	***Current Position (Mar-26)***	***Mitigating Actions in Place***	***Further Mitigation / Audit Committee Focus***
Financial Capability	Weak financial literacy and ownership by budget holders may lead to poor forecasts, late identification of pressures and weak accountability.	Organisational capability remains variable. Partial assurance.	• Revised budget monitoring guidance • Clearer accountability for budget holders • Finance Improvement Programme projects in place	• Monitor delivery of financial management training programme • Review effectiveness of finance business partnering • Seek assurance on budget holder compliance
Risk Management Maturity	Inconsistent identification and ownership of risks could limit early warning of financial and service pressures.	Corporate risk reporting improved; service-level embedding remains uneven.	• Regular reporting to CLT and Audit Committee • Revised corporate risk register framework • Strengthened internal audit input	• Seek assurance on directorate-level risk embedding • Monitor linkage between risk, finance and performance reporting
External Audit Recommendation Management	Failure to sustain progress on external audit recommendations could weaken the control environment and assurance framework.	Significant weaknesses remain based on internal assessment framework.	• Internal assessment undertaken on each recommendation • Regular reporting on recommendation progress Project plan in place to monitor progress for eventual discharge	• Continue oversight of recommendations and delivery in short, medium and longer term • Ensure recommendations inform organisational-wide improvement
Procurement, Contract &	Weaknesses in procurement and contract management	Improving, but assurance remains less mature	• Procurement diagnostics and improvement actions	• Monitor completion and use of contract register

Key Risk	***Risk Description / Impact***	***Current Position (Mar-26)***	***Mitigating Actions in Place***	***Further Mitigation / Audit Committee Focus***
Commercial Governance	could lead to non-compliance, value leakage and unmanaged commercial risk.	compared to other areas.	• Improved reporting to governance forums	• Seek assurance on contract ownership and performance management • Seek assurance on compliance with Procurement Act
Transformation Delivery	Failure to deliver transformation outcomes could compromise savings, service redesign and medium-term sustainability.	Direction of travel improving; reliance on future delivery remains a key risk.	• Transformation governance in place • External transformation partner being procured • Alignment with MTFS emerging	• Request benefits realisation reporting • Monitor alignment between transformation milestones and financial plans