

Audit and Standards Committee

20 March 2025

CIPFA Financial Management Code – Warwickshire County Council Self-Assessment 2024/25

Recommendations

That the Audit and Standards Committee:

1. Notes the progress made on the delivery of the planned improvements in financial management during 2024/25; and
2. Considers and comments on the Council's assessment of its compliance with the CIPFA Financial Management Code and the improvements planned for 2025/26.

1. Purpose of the Report

- 1.1. In 2019, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued a Financial Management Code (the Code) designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code is a series of financial management standards that set out the professional standards needed if the Council is to meet the minimum standards for financial management acceptable to taxpayers, customers and lenders. CIPFA's judgement is that compliance is obligatory if an Authority is to meet its statutory responsibility for sound financial administration. Beyond that, CIPFA members must comply with it as one of their professional obligations.
- 1.2. The Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management such that compliance with the Code will help strengthen the framework that surrounds financial decision making. The broad headings in the Code are:
 - responsibilities of the Chief Financial Officer and Leadership Team;
 - governance and financial management style;
 - medium to long-term financial management;
 - the annual budget;
 - stakeholder engagement and business plans;

- monitoring financial performance; and
 - external financial reporting.
- 1.3 The extent of compliance with the Code will be one of the factors considered by the external auditors in reaching their judgement on the value for money provided by the Council.
- 1.4 The Council's first self-assessment was considered by this Committee in June 2021 and an annual reassessment is undertaken thereafter; the latest reassessment was reported to the Committee in March 2024.
- 1.5 This report provides an update on the progress made on the delivery of the planned improvements during 2024/25 (**Appendix A**) and provides an updated self-assessment to reflect the changes made and the improvements planned for 2025/26 (**Appendix B**).
- 1.6 As in previous years, our assessment remains that the Council already meets the standards set out in the Code and therefore any developments are from an on-going process of continuous improvement. As part of this process, to contribute to maintaining compliance with the Code, more detail on the areas where the council has improvement plans in place is provided in **Appendix B**.
- 1.7 Our assessment against the Financial Management Code is a partner document to the External Auditor's Value for Money assessment, reported as part of the 2023/24 Annual Audit Letter to the Committee on 28 November 2024. The Auditor's assessment rated the Council as "green" in all three categories of financial sustainability, governance and improving economy, efficiency and effectiveness. Our self-assessment is consistent with these ratings given the evidence of positive action being taken proactively where opportunities to improve performance are identified.
- 1.8 The auditors were satisfied that the Council has appropriate arrangements in place to ensure it can deliver economy, efficiency and effectiveness. Nevertheless, it is important to note the context of an extremely challenging financial year, with an indicative material overspend forecast earlier in the year which led to the implementation of a Financial Recovery Strategy including spending controls to bring the position back under control.
- 1.9 Full Council recently approved the 2025-30 Medium-Term Financial Strategy and 2025/26 budget, which are balanced and address the causes of this position, but they require delivery of challenging savings and that demand-driven services work within their increased budgets at a time when demand continues to increase at a much faster rate than the Council's resources.

2. Financial Implications

2.1. There are no financial implications arising from this report.

3. Environmental Implications

3.1. There are no environmental implications arising from this report.

4. Background Papers

4.1. None.

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Elected Members have not been consulted in the preparation of this report.