Agenda Item No. 7

THE VALE OF GLAMORGAN COUNCIL

CABINET: 23RD JULY 2026

REFERENCE FROM GOVERNANCE AND AUDIT COMMITTEE: 20TH JULY, 2026

" FINANCIAL MANAGEMENT CODE 2025/26 UPDATE (HOF / S151O) –

The Financial Management Code (FM Code) was a code that had been introduced by CIPFA to support good practice in financial management and to assist Local Authorities in demonstrating their financial sustainability. It was prepared for the first time in February 2022 and attached at Appendix 1 to the report was the update for 2025/26.

For 2025/26, building on the approach adopted last year and as part of the update there had been further independent assessment by the Council's Internal Audit section reviewing a number of elements of the officer self-assessment. The aim of this approach was to enable a full independent review across a rolling four to five years.

Each Local Authority (and those bodies designated to apply the FM Code) had to demonstrate that the requirements of the Code were being satisfied. Demonstrating this compliance with the FM Code was a collective responsibility of Elected Members, the Chief Finance Officer (CFO) and their professional colleagues in the Leadership Team.

The updated review had been considered by the Council's Strategic Leadership Team and was being reported to Governance and Audit Committee for comment/ recommendations on to Cabinet.

The Council was required to evidence its assessment of compliance with the Code and identify any areas for further improvement.

The Committee requested that the same areas of improvement that had been identified through debate of the Draft Annual Governance Statement 2025/26 be considered for inclusion for the Financial Management Code. Those being:

- Greater involvement and engagement with the Youth Council, particularly in regard to Scrutiny;
- Focus and greater emphasis on Corporate Complaints following the shift in responsibility from C1V to Democratic Services to ensure that that function remains effective and to ensure timescales around responding to complaints are reviewed;
- Greater emphasis on Member involvement around Directorate self-assessments and budget setting processes.

In addition, Cabinet were requested to consider the creation of a Member Budget Working Group to provide greater scrutiny of the Council's budgets.

RESOLVED –

(1) T H A T the Statement on Compliance with the Financial Management Code and the Contents of the Review as set out in Appendix 1 to the report be noted and forwarded to Cabinet to its consideration.

(2) T H AT the following comments for areas for improvement be referred to Cabinet for consideration:

- Greater involvement and engagement with the Youth Council particularly in regard to Scrutiny;
- Focus and greater emphasis on Corporate Complaints following the shift in responsibility from CIV to Democratic Services to ensure that that function remains effective and to ensure timescales around responding to complaints are reviewed;
- Greater emphasis on Member involvement around Directorate self-assessments and budget setting processes.

(3) T H A T Cabinet be requested to consider the introduction of a Budget Working Group to allow Elected Members to delve deeper into budgetary and saving proposals.

<u>Reasons for decisions</u>

(1) Having regard to the contents of the report and discussions at the meeting.

(2) To allow Cabinet, the Chief Executive and the Section 151 Officer to consider the comments made by the Governance and Audit Committee.

(3) To ensure more robust scrutiny within the Council's budget setting process."