

Wednesday, 17 July 2024

Tel: 01993 861000

e-mail: democratic.services@westoxon.gov.uk

AUDIT AND GOVERNANCE COMMITTEE

You are summoned to a meeting of the Audit and Governance Committee which will be held in Council Chamber, Council Offices, Woodgreen, Witney, Oxfordshire OX28 1NB on **Thursday, 25 July 2024 at 6.00 pm.**



Giles Hughes
Chief Executive

To: Members of the Audit and Governance Committee

Councillors: Carl Rylett (Chair), Ruth Smith (Vice-Chair), Joy Aitman, Andrew Beaney, Jane Doughty, David Jackson, Edward James, David Melvin, Elizabeth Poskitt, Nigel Ridpath and Sandra Simpson

Recording of Proceedings – The law allows the public proceedings of Council, Executive, and Committee Meetings to be recorded, which includes filming as well as audio-recording. Photography is also permitted. By participating in this meeting, you are consenting to be filmed.

As a matter of courtesy, if you intend to record any part of the proceedings please let the Democratic Services officers know prior to the start of the meeting.

AGENDA

1. **Apologies for Absence**
To receive any apologies for absence. The quorum for the Audit and Governance Committee is 4 Members.
2. **Declarations of Interest**
To receive any declarations from Members of the Committee on any items to be considered at the meeting.
3. **Minutes of Previous Meeting and Actions Arising (Pages 5 - 24)**
To approve the minutes of the meetings held on 19 March 2024 and 22 May 2024.

To note previous actions.

To approve the minutes of the meeting of Standards Sub-Committee held on 15 March 2024.
4. **Participation of the Public**
To receive any submissions from members of the public, in accordance with the Council's Rules of Procedure.
5. **Audit Plan for 2023/2024 – Bishop Fleming (Pages 25 - 42)**
Purpose:
To present Members with the draft Audit Plan for the year ended 31 March 2024.

Recommendation:
That the Audit and Governance Committee resolves to:
 1. Note the content of the report and the annex.
Invited:
Bishop Fleming
Madhu Richards, Director of Finance
6. **2023/24 Statement of Accounts Update and Accounting Policies (Pages 43 - 66)**
Purpose:
This report presents the accounting policies to be included in the 2023/24 Statement of Accounts. This provides Members with the opportunity to review and approve the policies in advance of the preparation of the Statement of Accounts 2023/24. Approving the accounting policies in advance of the preparation of the accounts represents best practice.

Recommendation:
That the Audit and Governance Committee resolves to:
 1. Consider and approve the draft accounting policies for 2023/24 included at Annex A;
 2. Note that further necessary amendments to the policies set out at Annex A (occurring subsequent to this meeting) are included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.

Invited:

Madhu Richards, Director of Finance

Georgina Dyer, Chief Accountant

7. **Internal Audit Annual Opinion 2023/24 (Pages 67 - 96)**

Purpose:

To present a summary of the work undertaken by Internal Audit during 2023/24 and to give an overall opinion on levels of assurance resulting from this work.

Recommendation:

That the Audit and Governance Committee resolves to:

- I. Consider the report and comments as necessary.

Invited:

Madhu Richards, Chief Finance Officer

Lucy Cater, Assistant Director, SWAP Internal Audit Services

8. **Treasury Management Outturn Quarter 4 (Pages 97 - 116)**

Purpose:

To advise members of treasury management activity and the performance of internal and external fund managers for 2023/24

Recommendation:

That the Audit and Governance Committee resolves to:

- I. Note the Treasury Management and performance of internal and external funds for 2023/24.

Invited:

Madhu Richards, Chief Finance Officer

Georgina Dyer, Chief Accountant

9. **Strategic Risk Register (Pages 117 - 124)**

Purpose:

The report brings to members the current version of the Strategic Risk Register for information and assurance that risks to the Council are being managed and appropriate actions are being taken to mitigate risk.

Recommendation:

That the Audit and Governance Committee resolves to:

- I. Note the Strategic Risk Register.

Invited:

Cheryl Sloan, Business Manager for Governance, Risk and Business Continuity

10. **Annual Governance Statement for 2023/24 and Action for 2024/25 (Pages 125 - 152)**

Purpose:

The report provides the Audit Committee with an updated Annual Governance Statement for 2023/24 and an Annual Governance Action plan for 2024/25.

Recommendation:

That the Audit and Governance Committee resolves to:

1. Approve and agree the updated Annual Governance Statement for 2023/24 and Annual Governance Action plan for 2024/25;
2. Receive updates on the progress against the key actions at future meetings.

Invited:

Andrea McCaskie, Director of Governance, Monitoring Officer

Cheryl Sloan, Business Manager for Governance, Risk and Business Continuity

11. **Audit and Governance Committee Work Programme 2024/25 (To Follow)**

Purpose:

Committee to note the Work Programme 2024/25.

Recommendation:

That the Audit and Governance Committee resolves to:

1. Note and update where necessary the Work Programme 2024/25.

(END)

WEST OXFORDSHIRE DISTRICT COUNCIL

Minutes of the meeting of the **Audit and Governance Committee**

Held in the Council Chamber, Council Offices, Woodgreen, Witney, Oxfordshire OX28 1NB
at 6.00 pm on **Tuesday, 19 March 2024**

PRESENT

Councillors: Andrew Beaney (Chair of Overview and Scrutiny Committee), Rachel Crouch, Edward James, Liz Leffman, Michele Mead (Leader of the Conservative Group), Elizabeth Poskitt (Vice-Chair of West Oxfordshire District Council), Sandra Simpson, Wilson and Thomas Ashby.

Officers: Lucy Cater (Assistant Director SWAP), Cathcart (Head of Service, Counter Fraud and Enforcement Unit), McCaskie (Director of Governance), Richards (Director of Finance), Thompson (Senior Democratic Services Officer), Dyer (Chief Accountant) and Chorlton (Chief Technology Officer), and Andrew Turner (Business Manager - Assets & Council Priorities)

Guests: Jason Granger, Grant Thornton, Katie Whybray, Grant Thornton (virtual via Teams)

38 Apologies for Absence

Apologies for absence were received from Councillors Joy Aitman, Colin Dingwall, Jane Doughty (Thomas Ashby substituted for Jane Doughty), David Jackson (Julian Cooper substituted for David Jackson), Dan Levy, and David Melvin.

Councillor Geoff Saul was recorded as absent.

39 Declarations of Interest

There were no declarations of interest.

40 Minutes of Previous Meeting 23 November 2023

The minutes of the meetings held on 23 November 2023 were approved by the Committee.

41 Participation of the Public

There was no participation of the public.

42 Interim Auditor's Annual Report 2022/23 (Value for money arrangements and recommendations)

Jason Granger, Grant Thornton introduced the report that provided Members with details of the auditor's findings with regards to the Council's value for money arrangements for 2022/23.

The report explained that under the National Audit Office (NAO) Code of Audit Practice ("the Code") external auditors were required to consider whether the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

It was to be noted that there were no significant weaknesses in arrangements identified and the improvement recommendations had been made with management responses to each of these included in the report. The report also included a "Follow-up of previous recommendations" section (page 38 of the report). The appendix also contained the Interim Auditor's Annual Report on West Oxfordshire District Council 2022/23 – March 2024.

Furthermore, Jason Granger confirmed that the direction of travel was positive and the recommendations within the report were only improvement recommendations. Members

19/March2024

thanked Officers and wished to congratulate the team and auditors on their hard work. It was also explained that no change was anticipated and therefore the report could be changed in title from interim to final without coming back to the Committee. There would also be a further report brought to Executive with a briefing on savings and better use of resources.

RESOLVED that the Audit and Governance Committee **AGREED** to:

1. Note the contents of the report and appendix.

43 The Audit Findings Report for 2022/23 (ISA260)

Katie Whybray, Grant Thornton, introduced the report that provided Members with an update on the findings of the external audit of the 2022/23 financial statements.

Katie explained that the auditors had completed approximately 90% of their work as of 11 March 2024. The work to date had not identified any material errors or adjustments to the financial statements. The appendix to this report contained the Draft Audit Findings Report (ISA260) for West Oxfordshire District Council – March 2024. Pages 76-99 were discussed, and any possible issues were highlighted.

Furthermore, it was concluded that it was unlikely that there would be any further material errors or adjustments. However, if any material errors or adjustments were found the report would come back to the Committee. If no material errors or adjustments were found, then the report would be signed off by delegated authority and the final report would be circulated to the Committee.

A Member commented on staffing as listed on page 98 of the Agenda Pack under the heading of Issues and Risk Previously Communicated. Therefore, it was thought that staff retention within the finance team was a priority.

Katie Whybray thanked the Committee for all their input and wished them luck in all future endeavours as this was likely her last meeting due to Grant Thornton having been interim auditors.

RESOLVED that the Audit and Governance Committee **AGREED** to:

1. Note the contents of the report and appendix.

2. To delegate authority for sign off of the final report to the Director of Finance in consultation with the Executive Member for Finance and the Chair of the Audit and Governance Committee, provided there were no material errors or adjustments. The final report would then be circulated to all Members and not just the Committee.

44 Internal Audit Progress Report

The Assistant Director SWAP introduced the report that presented a summary of the audit work concluded since the last meeting of the Committee.

The report explained that the progress report (Annex A) enabled the Audit and Governance Committee to monitor the work of the Internal Audit Service and ensure that it remained effective. It also provided the Committee with assurance opinions over areas reviewed within the reporting period, details of audit recommendations and the outcome of follow-up reviews conducted on previous audit recommendations.

The plan remained flexible to respond to requests for audits or ad hoc reviews and follow up on all agreed actions would be continued. A report (Annex B) showing all open agreed actions and those that had been actioned during 2023/24 was included for Members' information.

19/March2024

Questions were asked regarding actions and a further phrase that suggested Officers were not following advice. It was explained that there were yellow highlighted risks whereby those actions would be followed up with those specific teams and Members would be updated with a further report next year showing an update on those actions. In reference to the advice not followed query, the Business Manager for Assets & Council Priorities gave assurance that in relation to Asset Management Plans, there was a plan that was produced via a framework; the report on the of allocation of funds was going to the Executive. Risk assessments and standard information was being uploaded to the new Uniform Platform.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Note the contents of the report and appendix.

45 **Internal Audit Plan 2024/25**

The Assistant Director of SWAP introduced the report that provided a summary of the Proposed Internal Audit Plan for 2024/25 and was included in the Annex 'A'. The report also listed the risk-based assurance and consultancy work planned for the year. Counter fraud related audit work was included.

The report outlined a programme of work for 2024/25 as developed throughout January and February 2024 but due to the pace of change within Local Authorities, it was becoming increasingly difficult to accurately predict longer-term key organisational risks. The approach to internal audit planning recognised this through a strategic 12 month rolling plan, whereby an agile, risk assessed work plan containing key areas of coverage would be produced. The approach would ensure auditing was being conducted in the right areas, with the correct scope, at the right time.

The programme of work on at least a quarterly basis would be revisited and adjusted to ensure alignment with the changing risk profile of the organisation's operations, systems and controls and with regard to sector risks.

The regular input of Senior Management and the Chief Financial Officer, and review of the Authority's risk register would be considered in this process. Furthermore, the audit plan contained an element of contingency in order that the plan could remain flexible and respond to new and emerging risks as and when they are identified and may also include unannounced activity.

Concern was raised whether climate change risks were included and it was explained that these risks were on page 144 and climate change risks were considered.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Approve the proposed Internal Audit Plan 2024/25.

46 **Counter Fraud and Enforcement Unit Update Report (RIPA and IPA Annual Update)**

The Head of Service, Counter Fraud and Enforcement Unit, introduced a report that provided the Committee with assurance over the counter fraud activities of the Council.

It was explained that direct updates would continue to be provided biannually. Work plans would be presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area. The report also provided the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's existing authorisation arrangements.

Various fraud risks were considered including various types of grants fraud and a tool kit was implemented to help Officers with applying for grants and ensuring monies had been received

19/March2024

by the correct person. Other risks included polyamorous working whereby employees were working for various Councils. Attendance to both the Gloucester and Thames Valley groups for MMAF were attended with advice and multiple topics covered. Work was undertaken with various teams and explanations around Whistleblowing and RIPA were provided. Further information would be circulated around Fly tipping.

Members asked questions around coverage for MMAF, multiple jobs, verification checks for small business grants and how falsified time sheets were dealt with. Officers explained that the MMAF groups were covered, and communications were going out as normal. In terms of multiple jobs, it was not a policing exercise and it did not mean Officers could not hold part time jobs with more than one Council; it was purely to ensure employees disclosed multiple full time contracts. Verification checks were specific to each project and when dealing with falsified time sheets it was dependant on various factors. For example, if they were fraud cases, then that was different; however, the problem was in proving they were falsified.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Consider and note the report and work plan at Annex A.

47 Corporate Risk Register Update

The Director of Governance presented a report that brought Members the current version of the Strategic Risk Register for information and assurance that risks to the Council were being managed and appropriate actions were being taken to mitigate risk.

The report outlined all updates to the commentary since the November Audit and Governance Committee which were shown in red, along with a direction of travel column, that showed if the risk had either increased / red (got worse), decreased / green (reduced in risk) or stayed the same since the last time it was reported to Audit and Governance Committee.

Various risks were drawn to the attention of the Committee and after questions received from Members, it was explained that uncertainties were added to the risk register and ensured that they were not missed; this could be seen in the example on E4 around refugees (page 160). In relation to Carbon neutrality and whether climate neutrality figures were inclusive of all Oxfordshire districts, and therefore out of West Oxfordshire District Council's control would be queried with the Climate Team. **Action Point: The Climate Team would be notified and confirm this and whether in turn it should be then a WODC corporate risk.** In regards, to leisure and its movement from red to amber; it was suggested that working collaboratively with marketing etc. was the reason for the movement.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Note the Strategic Risk Register.

48 Annual Governance Statement Action Plan Update

The Director of Governance introduced the report that provided the Audit and Governance Committee with an update on progress against the Annual Governance Statement Action Plan for 2023/24.

The report explained that there were 14 key actions which were colour coded, within the 2023/24 Annual Governance Action Plan and identified the specific tasks that would be undertaken in the respective areas of focus and set timescales for their completion, along with any progress up to March 24. The Action Plan also included a RAG rating to show whether the actions were on target, off target but action being taken to ensure delivery or off target and no action has yet been agreed to resolve the situation. All actions were either complete

19/March2024

or on target except for Financial Management which would carry over into the next financial year due to the Publica review and Business Continuity Plans, where significant progress had been made but some of the proposed changes would carry over. Any actions which remained open or in progress would transfer into the new Action Plan for 24/25 which would be developed shortly and brought to the Audit and Governance Committee for sign-off.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Note the action plan and associated progress updates.

49 **Audit and Governance Committee Effectiveness Review**

The Director of Governance presented the report which provided a summary of the findings / conclusions resulting from the Audit and Governance Committee Effectiveness Survey responses.

The report outlined how eleven Members of the Audit and Governance Committee had completed the survey, along with three non-Audit and Governance Committee Members.

The key areas included in the survey included Organisational knowledge, Audit and Governance Committee role and functions, governance, internal audit, financial management and reporting, external audit, risk management, counter fraud, values of good governance, treasury management. Respondents were also asked about their skills i.e. professional qualifications, previous committee experience and whether they felt able to challenge and evaluate data. Three additional questions were added to the survey.

- CIPFA's suggested size of an Audit Committee is between 6 and 8 Members.
Audit and Governance Committee currently has 17 Members. What is your opinion on the size of the Audit and Governance Committee, and does it hinder your ability to contribute to discussions?
- CIPFA recommends that Independent Members (not Councillors) who have knowledge and experience of Audit are introduced to the Audit and Governance Committee? What is your view on this?
- CIPFA discourages Executive Members sitting on the Audit Committee. What is your view on this?

Members commented that having an Independent Member on the Committee was a good idea as it would bring expertise to the Committee. It was also to be noted that the recommendations were chosen due to what CIPFA had recommended and that other steps could be looked at. Queries were raised over whether the Independent Member would be purely a consultee position who was unable to vote on recommendations and whether a meeting would be able to be held in their absence. The Independent Member would be found through posting an advert, and it would be paid in accordance with the Members' Allowances Scheme.

Action Point: The Director of Governance would investigate the voting and attendance issues and come back to the Members on this query. A comparative analysis would be done on other local authorities look to see if they had Independent Members. The recommendations would then go to the Annual Council meeting in May.

RESOLVED that the Audit and Governance Committee **AGREED** to:

1. A reduced Audit and Governance Committee of 11 Councillors.
2. A recruitment exercise for up to 2 Independent Persons.
3. No Members of the Executive to sit on Audit and Governance Committee.

19/March2024

4. A programme of training to be developed to ensure Members of the Audit and Governance Committee are able to discharge their responsibilities confidently.

50 Employee Code of Conduct

The Director of Governance presented the report that outlined a recommendation of the Constitution Working Group relating to the adoption of the Employee Code of Conduct and the Corporate and Individual Gifts, Hospitality and Sponsorship Process for the West Oxfordshire District Council workforce.

The report explained that as part of the review of the Council's Constitution, it had been identified that there was a requirement to adopt an Employee Code of Conduct which was up to date with current legislation, policy, and guidance. At its meeting on 9 January 2024, the Constitution Working Group agreed to recommend that the Council adopt the Employee Code of Conduct and the Corporate and Individual Gifts, Hospitality and Sponsorship Process as part of the Council's Constitution.

Publica had recently rewritten its Business Code of Conduct which had been consulted on by all relevant officers including the Monitoring Officer, Head of Legal Services, Head of the Counter-Fraud and Enforcement Unit, Communications, IT and HR and adopted a Corporate & Individual Gifts, Hospitality and Sponsorship Process. The Business Code of Conduct had also been approved by all recognised Trade Unions across the partner Councils and Publica. Therefore, it was recommended that the Publica Code of Conduct and Corporate and Individual Gifts, Hospitality and Sponsorship Process were used as a basis for the West Oxfordshire District Council Employee Code of Conduct and Corporate and Individual Gifts, Hospitality and Sponsorship Process and the other partner Councils. Decisions relating to the Officer Employee Code were part of the delegation to the Audit and Governance Committee, and therefore the Committee had responsibility for approval of the Code and Gifts & Hospitality Process.

Annex A contained the Employee Code of Conduct and the Corporate and Individual Gifts, Hospitality and Sponsorship Process for the West Oxfordshire District Council workforce was in Annex B. To ensure it covered what was required, other Council Code of Conducts had also been reviewed and all retained staff of the Council had been individually consulted on both documents.

Members commented that this was good practice for both Council staff and Councillors. It was confirmed that it was not only for paid work but for voluntary work because it needed to be all encompassing and any conflict of interests identified.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Adopt the Employee Code of Conduct and the Corporate and Individual Gifts, Hospitality and Sponsorship Process.

51 Treasury Management Performance

The Director of Finance introduced the report that outlined the quarter three Treasury Management Indicators as required by the CIPFA Treasury Management Code.

The report explained that the overall performance of investments in the 9 months to 31 December 2023 was positive, with a total return of £1,243,599 or 5.31% against an annual revenue budget of £1,102,228 and generating an unrealised capital gain of 3.26% or £403,652 in the year to date.

The capital value of pooled funds continued to be affected by prevailing economic conditions in the world markets. Pooled funds were intended to be long term investments where short-

19/March2024

term fluctuations in the capital value were expected. These funds were being monitored closely by the Council's Treasury Management adviser (Arlingclose) and they continued to forecast that the capital values would recover over the next 2-3 years as gilts and bond revenue rates start to decline again.

The Council had continued to benefit from higher revenue returns due to regular increases in the Bank of England Bank Rate to combat high levels of inflation. The Bank base rate reached 5.25% in August 2023 and had remained there to date.

The Council complied with most of the Prudential Indicators for 2023/24 as set out in the budget approved by full Council in February 2023. Further details could be found in the report with the exception to the Prudential Indicators being explained in 8.7.

At the Audit and Governance Committee meeting in November 2023, where the Treasury Management Mid Term Report was presented, the Committee requested information with regards to how ethical the Council's investment portfolio was. This information was now included in Annex A.

Questions were raised by Members around ethical investments, particularly about ensuring the Council did not hold any Tobacco and Fossil Fuels investments. There was an understanding that this was a balancing between financial returns and ESG ratings.

It was therefore decided that a more comprehensive report on what sectors and companies' investments that were held by the Council would come back to the Committee in a stepped and balanced approach. Once the information was brought back to the Committee, Members would make recommendations to the Executive if they felt it was necessary. **Action Point:** A more comprehensive report would be brought back to the next Committee meeting providing a stepped approach of what investments the Council held and what the probable financial impact could be.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Note the contents of the report.

52 Provisional Member Induction and Training Programme

The Director of Governance introduced a report that provided an update on the plans for Member training for the post-election period.

The report explained the plans for inducting new Members post-election and wider plans for Member training and development. It also sought feedback from the Committee on how the Council may better engage Members in Member training and development so that sessions would be well attended and beneficial going forward.

The Audit and Governance Committee had a responsibility to promote, maintain and assist the achievement of high standards of conduct by councillors and co-opted Members in accordance with the Council's Code of Conduct for Members. This included a responsibility to secure adequate and appropriate training of councillors and co-opted members on the Code of Conduct for Members.

The Audit and Governance Committee on 30 March 2023 received a report on Member training and resolved to agree that training on equality and diversity awareness, the use of social media, and the Members' Code of Conduct are strongly encouraged for all councillors and should be undertaken at least once in a councillor's term of office, within six months of their election. The Committee was not in favour of making training mandatory, and in practice mandatory attendance was not something that could be enforced by officers.

Audit and Governance Committee

19/March2024

Member attendance at a number of training sessions over the last year had tended to be very low including at sessions that had been delivered by external trainers at a cost to the Council, i.e. equality and diversity and chairing skills training. This had been reflected in the External Auditor's Value for Money Recommendations for 2022/23 presented elsewhere on the Committee agenda. Further Member training opportunities were listed in the report and the Committee was invited to provide feedback on how the Council may better engage Members in Member training and development.

Comments included the following:

- Members expressed that a timetable like the meetings schedule was desirable. Video recordings for basic training.
- Link up training for before/after meetings so more Members attend.
- Exams every term for important matters such as Safeguarding and then top-ups as required which would make it less arduous.
- More creative ways of delivering such as bar charts of correct and incorrect questions.
- Follow up of Cyber Ninja training, which was important for all
- Find ways to track who has undertaken what training.

The Director of Governance thanked Members for their feedback and explained that she would like to develop analysis and gateways around who needs what training without having to monitor or police Members. She wished to strike a balance of learning development that was flexible and efficient; ideally composing a list of which Councillors wanted/required which specific training. **Action Point:** The Director of Governance further explained that she would take all comments onboard. It was reiterated that Cyber Security training was currently available online and Members were asked to undertake that training as soon as possible.

RESOLVED that the Audit and Governance Committee **AGREED** to:

1. Note the report;
2. Provide feedback on how the Council may better engage Members in Member training and development.

53 Matters Exempt from Publication

The Committee resolved to exclude the press and public in accordance with the provisions of section 100A of the Local Government Act 1972 on the grounds that their presence could involve the likely disclosure of exempt information as described in paragraph 7 of Schedule 12A of the Local Government Act 1972, with the public interest in maintaining the exemption outweighing the public interest in disclosing the exempt information.

54 Cyber Security Update

The Committee received a briefing from the Chief Technology Officer on Cyber Security including the risks to local authorities and action undertaken to mitigate those risks.

The Meeting closed at 8.13 pm

CHAIRMAN

WEST OXFORDSHIRE DISTRICT COUNCIL

Minutes of the meeting of the **Audit and Governance Committee**

Held in the Council Chamber, Council Offices, Woodgreen, Witney, Oxfordshire OX28 1NB
at 2.40 pm on **Wednesday, 22 May 2024**

PRESENT

Councillors: Andrew Beaney, Rachel Crouch, Jane Doughty, David Jackson, Edward James, Liz Leffman, Dan Levy, Michele Mead, Elizabeth Poskitt, Geoff Saul, Sandra Simpson and Alex Wilson,

I Election of Chair

The Chair of the Council, Councillor Elizabeth Poskitt, opened the meeting.

The Committee would be comprised of the following Members:

Councillor Carl Rylett;

Councillor David Jackson;

Councillor Nigel Ridpath;

Councillor Elizabeth Poskitt;

Councillor David Melvin;

Councillor Andrew Beaney;

Councillor Jane Doughty;

Councillor Edward James;

Councillor Joy Aitman;

Councillor Ruth Smith;

Councillor Sandra Simpson.

The Chair of the Council, Elizabeth Poskitt, requested nominations for the position of the Chair of the Audit and Governance Committee for the municipal year of 2024/2025. Councillor Carl Rylett was nominated and the vote was carried.

Council **Resolved** to:

- I. Appoint Councillor Carl Rylett to the position of Chair of the Audit and Governance Committee for the municipal year of 2024/2025.

2 Appointment of Vice Chair

The Chair of the Audit and Governance Committee, Councillor Carl Rylett, requested that the Vice Chair for Audit and Governance be nominated for the municipal year of 2024/2025. Councillor Ruth Smith was nominated and the vote was carried.

Council **Resolved** to:

- I. Appoint Councillor Ruth Smith to the position of Vice Chair of the Audit and Governance Committee for the municipal year of 2024/2025.

3 Apologies for Absence

Apologies were received from Councillors Joy Aitman and David Melvin.

Audit and Governance Committee

22/May2024

4 Appointment of Sub-Committee

The Chair or the Committee, Councillor Carl Rylett, proposed that Council agree the appointment to the Standards Sub – Committee and it was unanimously agreed by Council.

The Audit and Governance Committee **resolved** to:

- I. Appoint the following Councillors to the Standards Sub – Committee:
 - Councillor Elizabeth Poskitt;
 - Councillor David Jackson;
 - Councillor Edward James;
 - Councillor Joy Aitman;
 - Councillor Sandra Simpson.

The Meeting closed at 2.42 pm

CHAIRMAN

Actions arising from previous meetings of the Audit and Governance Committee

July 2024



WEST OXFORDSHIRE
DISTRICT COUNCIL

Outstanding Actions			
Meeting date	Minute	Action Owner	Update
19.03.24 Corporate Risk Register Update	Action Point: In relation to Carbon neutrality and whether climate neutrality figures were inclusive of all Oxfordshire districts, and therefore out of West Oxford Council's control would be queried with the Climate Team. The Climate Team would be notified and confirm this and whether in turn it should be then a WOC corporate risk.	Hannah Kenyon Climate Change Manager	<p>A revision to the wording on the climate emergency risk contained in the risk register was modified. Existing control, mitigation or contingency: The Council has approved the Carbon Action Plan 2024-2030. External funding would be secured as far as possible to deliver carbon reduction projects. Follow on action (if required): Focussed delivery of key projects would be embedded in refreshed Service Delivery Plans.</p> <p>West Oxfordshire District Council has committed to becoming carbon neutral by 2030, which this relates to the Council's own operations and is not countywide. The Carbon Action Plan 2024-2030 sets out the carbon neutrality pathway for the Council and a set of actions to achieve the 2030 target.</p> <p>The UK Government also requires West Oxfordshire to be net zero by 2050 so some responsibility for achieving this districtwide target lies with the Council. The Climate Change Strategy 2021-2025 includes carbon reduction measures that the Council will facilitate. The strategy will be refreshed this year to encompass all the climate action which is underway.</p>

	Action Point: In regards, to leisure and its movement from red to amber; it was suggested that working collaboratively with marketing etc. was the reason for the movement.	Andy Barge Assistant Director - Communities	It was confirmed that by Andy Barge that this was correct and it was also due to the Sport England Swimming Pool Support Fund.
19.03.24 Audit and Governance Committee Effectiveness Review	Members commented that having an Independent Member on the Committee was a good idea as it would bring expertise to the Committee. However, queries were raised over whether the Independent Member would be purely a consultee position who was unable to vote on recommendations and whether a meeting would be able to be held in their absence. The Independent Member would be found through posting advert and it would be paid through the allowance scheme. Action Point: The Director of Governance would look into the voting and attendance issues and come back to the Members on this query. A comparative analysis would be done on other local authorities look to see if they had Independent Members. The recommendations would then go to the AGM in May.	Andrea McCaskie Director of Governance, Monitoring Officer	The Independent Persons would be non-voting co-opted members and would not affect the quorum.
19.03.24 Treasury Management Performance	It was therefore, decided that a more comprehensive report on what sectors and companies' investments that were held by the Council would come back to the Committee in a stepped and balanced approach. Once the information was brought back to the Committee, they would make recommendations to the Executive if they felt it was necessary. Action Point: A more comprehensive report would be brought back to the next Committee providing a stepped approach of what investments the Council held and what the probable financial impact could be.	Georgina Dyer Chief Accountant	Confirmed
19.03.24	Comments included the following:	Andrew Brown	Comments considered

<p>Provisional Member Induction</p>	<ul style="list-style-type: none"> • Members expressed that a timetable like the meetings schedule was desirable. Video recordings for basic training. • Link up training for before/after meetings so more Members attend. • Exams every term for important matters such as Safeguarding and then top-ups as required which would make it less arduous. • More creative ways of delivering such as bar charts of correct and incorrect questions. • Follow up of Ninja training. • Find ways to track who has taken what training. • Cyber-security was important for all. <p>The Director of Governance thanked Members for their feedback and explained that she would like to develop analysis and gateways around who needs what training without having to monitor or police Members. She wished to strike a balance of learning development that was flexible and efficient; ideally composing a list of which Councillors wanted/required which specific training. Action Point: The Director of Governance further explained that she would take all comments onboard.</p>	<p>Business Manager, Democratic Services</p>	
-------------------------------------	---	--	--

This page is intentionally left blank

WEST OXFORDSHIRE DISTRICT COUNCIL

Minutes of the meeting of the **Standards Sub-Committee**

Held in the Council Chamber, Council Offices, Woodgreen, Witney, Oxfordshire OX28 1NB
at 10.00 am on **Friday, 15 March 2024**

PRESENT

Councillors: Joy Aitman, Michele Mead, David Jackson and David Melvin

Officers: Andrea McCaskie (Director of Governance), Andrew Brown (Democratic Services Business Manager), Helen Blundell (Interim Head of Legal Services), Kate Seeley (Investigation and Enforcement Manager) and Anne Learmonth (Strategic Support Officer, Democratic Services)

Independent Person: Andrew Colling

Other attendees: Subject Member representatives, witnesses, complainants.

18 Election of Chair

The Democratic Services Business Manager opened the meeting and sought nominations for the position of Chair of the Standards Sub-Committee for the remainder of the 2023/24 Council year.

Upon being proposed and seconded and there being no other nominations, the Sub-Committee voted to elect Councillor Joy Aitman as Chair of the Standards Sub-Committee for the remainder of the 2023/24 Council year.

The Chair asked attendees to introduce themselves and asked everyone present to remain respectful and follow normal meeting etiquette.

19 Apologies for Absence

Apologies were received from Councillor Andrew Beaney and Councillor Elizabeth Poskitt. Councillor David Melvin Substituted for Councillor Elizabeth Poskitt.

All members of the Sub-Committee confirmed that they had undertaken the standards training.

20 Declarations of Interest

There were no declarations of interest.

21 Minutes of Previous Meeting

The Sub-Committee agreed to refer the minutes of the previous meeting to the Audit and Governance Committee since none of the Members present had been in attendance at the previous meeting.

22 Standards Sub-Committee Procedure Rules

The Chair referred to the Sub-Committee Procedure Rules and stated that the Sub-Committee would stick to the procedure rules as closely as possible while allowing, in response to a request from the Subject Members' representative, the complaints to be heard together as a single hearing.

23 Exclusion of the Press and Public

The Chair asked whether anyone present would like to make representations as to whether agenda items 7 and 8 should be taken in public or private session.

The Investigating Officer requested that the Sub-Committee resolve to enter into private session as the public interest in maintaining the exemption outweighed the public interest in disclosing the exempt information, specifically information that could be used identify current and former employees of the Town Council.

The Subject Members' representative supported the Investigating Officer's request.

Councillor David Jackson proposed the exclusion of the press and public for the remaining items of business. This proposal was seconded by Councillor David Melvin and was put to a vote which was carried.

The Sub-Committee resolved to exclude the press and public from the meeting on the grounds that their presence could involve the likely disclosure of exempt information as described in paragraphs 1 and 2 of Schedule 12A of the Local Government Act 1972, with the public interest in maintaining the exemption outweighing the public interest in disclosing the exempt information.

24 Determination of Allegation of Breach of the Code of Conduct by Town Councillor #1

The Chair and the Legal Advisor reiterated the procedure to be followed whereby the two complaints would be heard together while sticking as closely as possible to the Standards Sub-Committee Procedure Rules. There were no questions on the procedure.

The Chair invited the Investigating Officer to present the reports into the allegations against the Subject Members and to make representations to substantiate the conclusion that the Subject Members had failed to comply with the Town Council's Code of Conduct.

The Investigating Officer presented their reports. The Investigating Officer was then asked a series of questions by the Subject Members' representative. There were no questions to the Investigating Officer from the Sub-Committee or the Independent Person.

The Investigating Officer called on their witnesses in turn and played an audio recording. The Subject Members' representative then asked a series of questions which the witnesses responded to. The Sub-Committee then asked a number of questions which the witnesses responded to. The Independent Person also asked a question to a witness. The Investigating Officer was then given the opportunity to ask any questions of their witnesses.

The Sub-Committee adjourned for a lunch break at 12.55pm and reconvened at 13.55pm.

15/March2024

The Chair then invited the Subject Members' representative to present the Subject Members' case in relation to the Investigating Officer's findings and to make representations about why the Subject Members consider that they had not failed to comply with the Code of Conduct.

The Subject Members' representative presented their case. The Subject Members' representative then responded to a series of questions from the Investigating Officer. The Sub-Committee asked questions and then the Independent Person asked questions, which the Subject Members' representative or the Subject Members responded to. The Subject Members' representative then directed some questions to the Subject Members.

The Subject Members' representative called on the Subject Members' character witnesses to provide their statements. Two witnesses addressed the Sub-Committee in person and another addressed the meeting remotely. A number of other witness statements were taken as read.

At the invitation of the Chair, the Investigating Officer summed up the case in relation to the findings in their reports.

The Chair then invited the Subject Members' representative to sum up the Subject Members' case.

The Chair then asked the Independent Person to provide the Sub-Committee with their views.

After hearing the summing up from both sides and the views of the Independent Person, the Sub-Committee retired with the Legal Advisor at 4.00pm to make a determination as to whether, on the balance of probabilities, the Subject Members had breached the Town Council's Code of Conduct.

The Sub-Committee returned at 4.40pm and the Chair relayed the decision of the Sub-Committee. The conclusion of the Sub-Committee was that the Subject Members had not breached the Town Council's Code of Conduct. The reason for the decision was that there were insufficient findings of fact to conclude that the Subject Members had, on the balance of probabilities, breached the Town Council's Code of Conduct.

The Sub-Committee Resolved to:

1. Agree that the Subject Member, Town Councillor #1, had not breached the Town Council's Code of Conduct.
2. Delegate authority to the Director of Governance (Monitoring Officer), in consultation with the Members of the Standards Sub-Committee and the Independent Person, to agree any recommendations to be submitted to Town Council, for example in relation to the Town Council's policies, protocols and arrangements for Member training.

25 Determination of Allegation of Breach of the Code of Conduct by Town Councillor #2

The Chair and the Legal Advisor explained the procedure to be followed whereby the two complaints would be heard together while sticking as closely as possible to the Standards Sub-Committee Procedure Rules. There were no questions on the procedure.

The Chair invited the Investigating Officer to present the reports into the allegations against the Subject Members and to make representations to substantiate the conclusion that the Subject Members had failed to comply with the Town Council's Code of Conduct.

Standards Sub-Committee

15/March2024

The Investigating Officer presented their reports. The Investigating Officer was then asked a series of questions by the Subject Members' representative. There were no questions to the Investigating Officer from the Sub-Committee or the Independent Person.

The Investigating Officer called on their witnesses in turn and played an audio recording. The Subject Members' representative then asked a series of questions which the witnesses responded to. The Sub-Committee then asked a number of questions which the witnesses responded to. The Independent Person also asked a question to a witness. The Investigating Officer was then given the opportunity to ask any questions of their witnesses.

The Sub-Committee adjourned for a lunch break at 12.55pm and reconvened at 13.55pm.

The Chair then invited the Subject Members' representative to present the Subject Members' case in relation to the Investigating Officer's findings and to make representations about why the Subject Members consider that they had not failed to comply with the Code of Conduct.

The Subject Members' representative presented their case. The Subject Members' representative then responded to a series of questions from the Investigating Officer. The Sub-Committee asked questions and then the Independent Person asked questions, which the Subject Members' representative or the Subject Members responded to. The Subject Members' representative then directed some questions to the Subject Members.

The Subject Members' representative called on the Subject Members' character witnesses to provide their statements. One witness addressed the Sub-Committee in person and a further two witness statements were taken as read.

At the invitation of the Chair, the Investigating Officer summed up the case in relation to the findings in their reports.

The Chair then invited the Subject Members' representative to sum up the Subject Members' case.

The Chair then asked the Independent Person to provide the Sub-Committee with their views.

After hearing the summing up from both sides and the views of the Independent Person, the Sub-Committee retired with the Legal Advisor at 4.00pm to make a determination as to whether, on the balance of probabilities, the Subject Members had breached the Town Council's Code of Conduct.

The Sub-Committee returned at 4.40pm and the Chair relayed the decision of the Sub-Committee. The conclusion of the Sub-Committee was that the Subject Members had not breached the Town Council's Code of Conduct. The reason for the decision was that there were insufficient findings of fact to conclude that the Subject Members had, on the balance of probabilities, breached the Town Council's Code of Conduct.

The Sub-Committee Resolved to:

1. Agree that the Subject Member, Town Councillor #2, had not breached the Town Council's Code of Conduct.
2. Delegate authority to the Director of Governance (Monitoring Officer), in consultation with the Members of the Standards Sub-Committee and the Independent Person, to agree any recommendations to be submitted to Town Council, for example in relation to the Town Council's policies, protocols and arrangements for Member training.


Standards Sub-Committee

15/March2024

The Meeting closed at 4.45 pm

CHAIR

This page is intentionally left blank

 WEST OXFORDSHIRE DISTRICT COUNCIL	WEST OXFORDSHIRE DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 25 JULY 2024
Subject	EXTERNAL AUDIT PLAN FOR YEAR ENDED 31 MARCH 2024
Wards affected	ALL
Accountable member	Councillor Alaric Smith, Executive Member for Finance Email: Alaric.Smith@westoxon.gov.uk
Accountable officer	Madhu Richards, Director of Finance Email: Madhu.Richards@westoxon.gov.uk
Report author	Madhu Richards, Director of Finance Email: Madhu.Richards@westoxon.gov.uk
Summary/Purpose	To present Members with the draft Audit Plan for the year ended 31 st March 2024.
Annexes	Annex A – Draft Audit Plan for Year Ended 31 st March 2024
Recommendation(s)	That the Audit and Governance Committee resolves to: I. Note the content of the report and the annex.
Corporate priorities	Internal Audit supports all Council Corporate Priorities <ul style="list-style-type: none"> • Putting Residents First • A Good Quality of Life for All • A Better Environment for People and Wildlife • Responding to the Climate and Ecological Emergency • Working Together for West Oxfordshire
Key Decision	NO
Exempt	NO
Consultees	Not Applicable

1. BACKGROUND

1.1 Each year the external auditors are required to provide the Audit and Governance Committee with an:

- i) Overview of the nature and scope of the audit and
- ii) Bring to their attention the key aspects of the audit.

2. MAIN POINTS

2.1 The annex to this report contains the Draft Audit Plan for the year end 31st March 2024.

2.2 Charlie Martin, from Bishop Fleming, will be joining the meeting remotely and presenting the plan.

3. ALTERNATIVE OPTIONS

3.1 None.

4. CONCLUSIONS

4.1 The Audit and Governance Committee are requested to note the draft Audit Plan 2023-24.

5. FINANCIAL IMPLICATIONS

5.1 None.

6. LEGAL IMPLICATIONS

6.1 None.

7. RISK ASSESSMENT

7.1 None.

8. EQUALITIES IMPACT

8.1 None.

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

None.

(END)

Contents

1. General Audit Information	4
2. Audit Team	10
3. Timetable	10
4. Audit Fees	11
5. Ethical Issues	12

Appendices

1. Required communications with the Audit and Governance Committee

Welcome

The purpose of this report is to give you an overview of the nature and scope of our audit work and bring to your attention the key aspects of the audit. The document also ensures that there is good communication between us, as auditors, and you.

If you have any queries regarding the Audit Plan, including the arrangements noted below, then please do not hesitate to contact us.

This Audit Plan has been prepared for the sole use of the management and those charged with governance of West Oxfordshire District Council ('the Council'). Except where required by law or regulation, this report should not be made available to any other parties without our prior written consent. No responsibilities are accepted by Bishop Fleming towards any party acting or refraining from action as a result of this Audit Plan.

We are issuing our 2023/24 Audit Plan now to ensure that there is timely discussion of the key areas of focus. There may be some further changes to our approach, depending on the outcomes from ongoing consultations across the sector. We will communicate any changes with you as our audit progresses.

Alex Walling, Key Audit Partner
T: 0117 235 8838
E: AWalling@bishopfleming.co.uk

1. General Audit Information

1.1. Engagement objectives and scope

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (the Code) and the International Standards on Auditing (ISAs) (UK). Our work is planned to provide a focused and robust audit. We are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Throughout the audit we will also ensure that, in line with the latest Auditing Standards, we communicate on a regular basis with those charged with governance.

We are also required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024. The Code of Audit Practice requires us to report on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- 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.

The respective responsibilities of the audited body and the auditor are summarised in The Code. They are also set out in the PSAA Statement of Responsibilities of auditors and audited bodies issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as your external auditor.

At the time of writing this Audit Plan, there are a number of consultations ongoing. A Joint statement explaining the package of measures and how the various elements are intended to interact has been published on the Department for Levelling Up, Housing and Communities website. In addition CIPFA/LASAAC Local Authority Code Board has issued a consultation on short term measures in the Code of Practice on Local Authority Accounting. The proposals are to aid the recovery of local authority reporting and audit. The outcomes of these consultations may impact on our Audit Plan and we will discuss any changes to our proposed work and timetable with management and the Audit and Governance Committee as events become clearer.

1.2. Audit reports

Financial statements

On completion of our audit work on the financial statements, we will issue our Audit Completion Report to the Audit and Governance Committee, which will set out our findings.

In our auditor's report we will report on the basis under which the financial statements have been prepared and whether they give a true and fair view. The audit report will also:

- report on whether other information presented with the audited financial statements (for example, the Narrative Report and Annual Governance Statement) is materially consistent with the financial statements or our knowledge obtained in the audit; and
- conclude on the appropriateness of management's use of the going concern basis of accounting.

The form and content of our auditor’s report may need to be amended in light of our audit findings.

We are required to report to you by exception the following matters, if:

- the Annual Governance Statement does not comply with “Delivering Good Governance in Local Government: Framework 2016 Edition” published by CIPFA/SOLACE; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

Where no matters are identified, this will also be confirmed.

Value for Money arrangements

On the completion of our work on whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we will issue our Auditor’s Annual Report to the Audit and Governance Committee. This will provide a commentary on the Council’s arrangements under the three specified criteria. The report will also set out whether any significant weaknesses were identified and any relevant recommendations.

1.3. Audit materiality

In planning and performing our audit work we will consider whether the financial statements are free from ‘material misstatement’.

Materiality is an expression of the relative significance of a particular matter in the context of the financial statements as a whole. In general, misstatements, including omissions, are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The assessment of whether a misstatement is material in the context of the financial statements is a matter of professional judgement and will have regard to both the size and the nature of the misstatement, or a combination of both. It is also affected by our perception of the financial information needs of users of the financial statements. Thus, different materiality levels may be appropriate when considering different aspects of the financial statements.

If there are any areas of specific concern in which you would like us to pay particular attention to then we will be pleased to discuss this with you, and whether our audit approach can be readily adapted to accommodate such a level in that area, or whether it will be more appropriate for a special exercise to be carried out on the area.

Our basis of materiality has been set as follows:

Entity	Basis of materiality	Overall materiality	Triviality
West Oxfordshire District Council	2% of gross expenditure on provision of services	£1,271k	£63k

Whilst the level of materiality is applied to the financial statements as a whole, we must also address the risk that any identified unadjusted audit differences are material when considered in aggregate. To reduce the risk of this being the case, we apply a lower level of materiality which

we utilise within our work, known as Performance Materiality. This is set at a lower level than overall materiality and is determined by our assessment of the element of audit risk that pertains to the internal control environment of the Council.

1.4. Risk assessment and significant risks

Financial statements

When planning our audit work, we will seek to minimise the risk of material misstatements occurring in the financial statements. To do this, we consider both the risk inherent in the financial statements themselves and the control environment in which the Council operates. We then use this assessment to develop an effective approach to the audit.

This risk assessment directs our testing towards the balances and transactions at the greatest risk of material misstatement so as to minimise the risk of undetected material misstatements. However, we do not test every group of transactions or balances but carry out sample testing of balances and transactions.

Therefore, there is an inherent and unavoidable risk that some material misstatements may not be detected and therefore audit procedures should not be relied upon to detect all material misstatements, fraud, irregularities or instances of non-compliance.

Based on our knowledge of the Council, we have identified the following as significant risk areas to be addressed during the audit. At the time of writing this report, we are aware that CIPFA LASAAC are consulting on temporary changes to the Code of Practice on Local Authority Accounting to reduce burdens on those who prepare and audit local body accounts. These proposed changes include extending overrides on infrastructure assets, simplifying the professional revaluation of operational property, and reducing disclosure requirements around net pension assets and liabilities for at least 2 years. This may affect the significant risks we have currently identified and the approach we have proposed to address these risks. This is our initial assessment of audit risk based upon our work completed to date. Our conclusions may change and additional risks may be identified as we complete additional planning procedures. We will provide the Audit and Governance Committee details of any changes in our risk assessments.

Risk	Audit Approach
Management override of controls (required under the ISAs)	<p>We are required by auditing standards (ISA 240) to consider fraud and management override of controls to be a significant risk for all audits as no matter how strong a control environment, there is the potential for controls to be overridden or bypassed. To address this risk, we will:</p> <ul style="list-style-type: none"> • Review the reasonableness of accounting estimates and critical judgements made by management; • Test material journals processed at the year-end; and • Test other journals with key risk attributes. <p>In testing journals, we will use data analytics tools to interrogate the whole population of journals posted in the year and focus on those with key risk factors.</p>
Fraud in revenue recognition (required under the ISAs)	<p>There is also a rebuttable presumption under auditing standards that revenue may be misstated due to improper recognition of revenue. This presumption may be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud in revenue.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams of the Council, we have concluded that the risk of fraud arising from revenue recognition can be rebutted because our initial assessment is that:</p> <ul style="list-style-type: none"> • There is little incentive to manipulate revenue recognition; • Opportunities to manipulate revenue recognition are very limited; and

Risk	Audit Approach
	<ul style="list-style-type: none"> The culture and ethical framework of local authorities, including West Oxfordshire District Council, mean that all forms of fraud are seen as unacceptable.
Fraud in expenditure recognition	<p>Practice Note 10: Audit of Financial Statements and regularity of public sector bodies in the United Kingdom sets out that the risk of fraud related to expenditure is also relevant. We therefore need to consider whether we have any significant concerns about fraudulent financial reporting of expenditure which would need to be treated as a significant risk for the audit.</p> <p>Our initial assessment is that we do not consider this to be a significant risk for West Oxfordshire District Council because:</p> <ul style="list-style-type: none"> Our work to date has suggested that expenditure is well controlled, and the Council has a strong control environment; and The Council has clear and transparent reporting of its financial plans and financial position.
Valuation of land and buildings	<p>There is a risk over the valuation of these assets due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions and judgements. To address this risk, we will:</p> <ul style="list-style-type: none"> Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls; Review the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert; Write to the valuer to confirm the basis on which the valuation was carried out; Confirm that the basis of valuation for assets valued in year is appropriate based on their usage; Review the appropriateness of assumptions used in the valuation of land and buildings. For assets not formally revalued in the year we will assess how management has satisfied itself that these assets are not materially different from the current value at the year-end; Review accuracy and completeness of information provided to the valuer, such as floor areas; Test a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register; and Form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual.
Valuation of investment properties	<p>There is a risk over the valuation of these assets due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions and judgements. To address this risk, we will:</p> <ul style="list-style-type: none"> Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls; Review the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert; Write to the valuer to confirm the basis on which the valuation was carried out; Confirm that the basis of valuation for assets valued in year is appropriate based on their usage;

Risk	Audit Approach
	<ul style="list-style-type: none"> • Review the appropriateness of assumptions used in the valuation; • Review accuracy and completeness of information provided to the valuer, such as floor areas; • Test a sample of revaluations made during the year to ensure that they have been input correctly into the Council’s asset register; and • Form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council’s financial statements, following up valuation movements that appear unusual.
Valuation of the pension fund net liability	<p>There is a risk over the valuation of the pension fund net liability due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions. To address this risk, we will:</p> <ul style="list-style-type: none"> • Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls; • Review the instructions provided to the actuary and the actuary’s skills and expertise, in order to determine if we can rely on the management expert; • Consider the accuracy and completeness of the information provided to the actuary; • Ensure that the disclosures in the financial statements in respect of the pension fund liability are consistent with the actuarial report from the actuary; • Carry out procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor’s expert) and performing any additional procedures suggested within the report; and • Obtain assurances from the auditor of Oxfordshire County Council Pension Fund in respect of the controls around the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

We will report back to you as part of our completion audit work, on the outcome of our work addressing these areas.

Value for money arrangements

As part of our planning work, we have also considered whether there are any risks of significant weakness in the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources that we need to perform further procedures on.

We have not identified any risks of significant weakness at this stage.

We will keep our risk assessment under continual review and any changes will be communicated to those charged with governance.

1.5. Control environment

Through our audit planning procedures, we will continue to develop our understanding of the control environment in which the Council operates.

At the time of issuing our Audit Plan we have concluded that the control environment in which the Council operates is effective and we will tailor our audit approach accordingly.

Although we consider that the Council operates effective and formalised controls, we will not incorporate controls-based testing into our audit approach. Therefore, our work will focus on substantive procedures.

1.6. Adjusted and unadjusted items

Of the potential audit adjustments that we identify during our audit work, some may require adjustment. The decision to make an adjustment to the financial statements is one that the Council will need to make.

At the conclusion of the audit, we shall provide you with a schedule of potential adjustments that we identified during our audit work.

We will require you to confirm that you have considered the items and whether you have decided to adjust them in the financial statements; this will be included in the letter of representation.

We shall also provide you with a schedule, detailing those items that we identified during our audit work, which have not been adjusted for in the financial statements. This summary will not include errors that are 'clearly trivial', defined by us as those errors which individually account for no more than 5% of our materiality level.

We will require you to confirm that you have duly considered these unadjusted errors and that you have decided not to adjust for them in the financial statements; this will also be included in the letter of representation.

1.7. Fraud

While the Council has the ultimate responsibility for the prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit approach includes the consideration of fraud throughout the audit, including making enquiries of management and those charged with governance.

1.8. Prior year recommendations

We will follow up on the progress made by the Council in addressing the recommendations made by the Council's previous auditor in respect of deficiencies reported in their ISA260 Audit Report.

2. The Audit Team

Responsible individual: Email:	Alex Walling AWalling@bishopfleming.co.uk
Manager: Email:	Charlie Martin CRMartin@bishopfleming.co.uk
Team leader: Email:	Sam Flowers SFlowers@bishopfleming.co.uk

3. Timetable

A high-level audit timetable has been included below:

West Oxfordshire District Council YEAR END: 31 March 2024	
Date	Requirement
February 2024	Initial planning meeting between Bishop Fleming and management
February to March 2024	Planning procedures, examining systems and controls in place.
May 2024	<ul style="list-style-type: none">• Review of predecessor auditor's files• Meetings with management
June 2024	Meeting with Chair of Audit and Governance Committee
August 2024 to September 2024	Audit fieldwork to be undertaken, completing work on significant risk areas and other material balances.
October 2024	Audit completion meeting Audit Completion Report
November 2024	Audit and Governance Committee
November 2024	Accounts to be approved

4. Audit Fees

West Oxfordshire District Council, in line with most other local government bodies, opted into the national scheme run by Public Sector Audit Appointments (PSAA) for the appointment of its external auditor for the five-year period with effect from 2023/24. PSAA set the scale fee for the audit of West Oxfordshire District Council under the contract. The audit scale fee (excl. VAT) set by PSAA for the Council and our proposed variations are set out below:

PSAA scale fee 2023/24	£139,375
Proposed fee variations:	
• ISA 315*	TBC

**ISA 315*

The proposed fee variation in relation to ISA 315 is in respect of a significant change to auditing standards that applied for the first time for your audit for the year ended 31 March 2023. Due to the timing of the tender process, the impact of this has not been built into the audit scale fees. In summary, the main changes were as follows:

- The introduction of five new inherent risk factors to aid in risk assessment; subjectivity, complexity, uncertainty, change, and susceptibility to misstatement due to management bias or fraud.*
- The introduction of a new spectrum of risk, at the higher end of which lie significant risks.*
- The requirement for “sufficient, appropriate” evidence to be obtained from risk assessment procedures as the basis for the risk assessment.*
- The introduction of more requirements in relation to gaining an understanding of the entity’s IT environment, including requirements to identify and assess risks of material misstatement arising from the use of IT related to the IT application and other aspects of the entity’s IT environment.*

The scale fees set by PSAA:

- are based on the expectation that complete and materially accurate financial statements, with supporting working papers, will be available within agreed timeframes (as set out in [PSAA’s Statement of Responsibilities document](#)); and
- reflect as far as possible the predecessor auditor’s previous assessment of audit risk and complexity.

Where work was substantially more or less than envisaged by the scale fee, we will propose that the fees should be varied. PSAA determine the outcome of any fee variations. Any proposed fee variations set out above reflect issues that were not reflected in the scale fee when it was set by PSAA.

As the individual responsible for the project management of the audit, Charlie Martin will monitor the position in relation to any issues that could potentially give rise to a fee variation and discuss them with the Director of Finance at the earliest opportunity.

There are no non-audit fees proposed at the planning stage.

5. Ethical Issues

In order to comply with professional and ethical standards we are required to communicate to you all significant facts and matters that, in our professional judgement, may affect the firm's independence. This is for reference only, and unless you wish to make any comments, there is no need to respond.

5.1. **Threats & safeguards**

The standards require us to consider the perceived potential threats to our objectivity and independence in carrying out the audit. We are not providing any other audit related or non-audit related services. We have not identified any threats to the firm's independence.

5.2. **Overall assessment**

We can confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. There are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

5.3. **Maintaining objectivity & independence**

As a firm we have policies and procedures in place to monitor auditor objectivity and independence on a regular basis. If any additional threats are identified, we will of course advise you immediately.

We also perform an annual review of completed audit engagements for quality control purposes.

If you would like to discuss any of the above, please contact us.

Appendices



1. Required communications with the Audit and Governance Committee

Under the auditing standards, there are certain communications that we must provide to the Audit and Governance Committee as those charged with governance. These include:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Plan
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Plan
With respect to misstatements: <ul style="list-style-type: none"> • uncorrected misstatements and their effect on our audit opinion; • the effect of uncorrected misstatements related to prior periods; • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> • enquiries of those charged with governance to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud. 	Audit Completion Report Discussions at audit and governance committees
Significant matters arising during the audit in connection with the entity's related parties.	Audit Completion Report
Significant findings from the audit including: <ul style="list-style-type: none"> • our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • significant difficulties, if any, encountered during the audit; • significant matters, if any, arising from the audit that were discussed with management; • written representations that we are seeking; • expected modifications to the audit report; and • other matters significant to the oversight of the financial reporting process or otherwise identified during the audit that we believe will be relevant to the Committee when fulfilling their responsibilities. 	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations	Audit Completion Report Discussions at audit and governance committees
Significant matters in relation to going concern.	Audit Completion Report
Indication of whether all requested explanations and documents were provided by the entity.	Audit Completion Report
Confirmation of independence and objectivity of the firm and engagement team members.	Audit Plan Audit Completion Report




This document is confidential to: West Oxfordshire District Council

© Bishop Fleming. All rights reserved.

Bishop Fleming is a trading name of Bishop Fleming LLP, a limited liability partnership registered in England and Wales No. OC391282, and Bishop Fleming Bath Limited, a limited company registered in England and Wales No. 07869428. Registered offices: Stratus House, Emperor Way, Exeter Business Park, Exeter, Devon, EX1 3QS. A list of members' names for the LLP is available at the above address.



This page is intentionally left blank

 <p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>	<p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>
<p>Name and date of Committee</p>	<p>AUDIT AND GOVERNANCE COMMITTEE - 22 MAY 2024</p>
<p>Subject</p>	<p>STATEMENT OF ACCOUNTS 2023/24 - ACCOUNTING POLICIES</p>
<p>Wards affected</p>	<p>NONE</p>
<p>Accountable member</p>	<p>Cllr Alaric Smith, Executive Member for Finance Email: Alaric.Smith@westoxon.gov.uk</p>
<p>Accountable officer</p>	<p>Madhu Richards, Director of Finance Email: Madhu.Richards@westoxon.gov.uk</p>
<p>Report author</p>	<p>Andrew Moran, Finance Business Partner Email: Andrew.Moran@publicagroup.uk</p>
<p>Summary/Purpose</p>	<p>This report presents the accounting policies to be included in the 2023/24 Statement of Accounts. This provides Members with the opportunity to review and approve the policies in advance of the preparation of the Statement of Accounts 2023/24. Approving the accounting policies in advance of the preparation of the accounts represents best practice.</p>
<p>Annexes</p>	<p>Annex A – Draft Statement of Accounting Policies – 2023/24</p>
<p>Recommendation(s)</p>	<p>That the Audit and Governance Committee resolves to:</p> <ol style="list-style-type: none"> 1. Consider and approves the draft accounting policies for 2023/24 included at Annex A; 2. Further necessary amendments to the policies set out at Annex A (occurring subsequent to this meeting) are included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.
<p>Corporate priorities</p>	<p>Working Together for West Oxfordshire</p>
<p>Key Decision</p>	<p>NO</p>
<p>Exempt</p>	<p>NO</p>

Consultees/ Consultation	None. The draft policies presented in this report have been prepared in accordance with latest CIPFA Code of Practice on Local Authority Accounting.
-----------------------------	--

1. EXECUTIVE SUMMARY

- 1.1** This report presents for approval, the draft Statement of Accounting Policies to be applied in closing the Council's accounts for 2023/24. The policies are included at Annex A.
- 1.2** The policies outline the relevant accounting principles, bases, conventions, rules and practices applied by the authority in preparing and presenting its financial statements.
- 1.3** The policies have been reviewed to ensure they align with the latest CIPFA Code of Practice on Local Authority Accounting (The Code) supported by International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs).

2. BACKGROUND

- 2.1** The Council's External Auditor, Bishop Fleming, recommend that Members formally approve the draft Statement of Accounting Policies to be included in the Statement of Accounts before the closedown process is undertaken.
- 2.2** Such approval demonstrates that those charged with governance have had the opportunity to consider and review the draft policies and are aware of the policies to be applied in closing the Council's accounts for 2023/24 in advance of the process.
- 2.3** The Committee will approve the Statement of Accounts, receive the Audit Findings Report, and sign the letter of Representation as those charged with governance at a future Audit and Governance Committee meeting.

3. MAIN POINTS

- 3.1** The 2023/24 financial year ended on 31 March 2024. Finance colleagues are currently preparing the draft Statement of Accounts, subject to audit for 2023/24. It is considered best practice for those charged with governance to review and approve the accounting policies prior to the meeting at which the Statement of Accounts will be approved.
- 3.2** The draft Statement of Accounting Policies are included at Annex A. They are prepared largely from the CIPFA guidance, adjusted as appropriate to be suitable for the Council. There may be certain matters arising during preparation of the Statement of Accounts which will require the draft accounting policies to be updated. For example, CIPFA may issue updates to the guidance. Further necessary amendments to the policies set out at Annex A (occurring subsequent to this meeting) will be included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.
- 3.3** The Council prepares its Statement of Accounts in accordance with proper accounting practices and regulations in accordance with The Code supported by International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs).
- 3.4** The Statement of Accounting Policies outlines the relevant accounting principles, bases, conventions, rules and practices applied by the Council in preparing and presenting its financial statements. They aid understanding of the Statements and facilitate comparison with other organisations.
- 3.5** There is only one proposed amendment to the accounting policies for 2023/24 which removes reference to 'infrastructure assets' included in Section xvii (Property, Plant and

Equipment) at Annex A. This is because the Council does not own any infrastructure assets which are typically associated with Upper Tier/County service functions.

- 3.6 The policies set out in Annex A have been fully reviewed to ensure they align with The Code guidance notes. There are no material changes to previous Accounting Policies.

4. ALTERNATIVE OPTIONS

- 4.1 The draft policies presented in this report have been prepared in accordance with latest version of The Code. Consequently, no alternative options have been prepared.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no direct financial implications arising from this report.

6. LEGAL IMPLICATIONS

- 6.1 There are no direct legal implications arising from this report, except to the extent that compliance with the latest Accounting Code of Practice under which the accounts are prepared is mandatory.

7. RISK ASSESSMENT

- 7.1 If the Council's accounting policies are not followed during preparation of the Statement of Accounts, external audit may decide that the Statement of Accounts is misstated. Officer training in advance of preparation of the Statement of Accounts and an associated Annual review of these policies mitigates the risk.

8. EQUALITIES IMPACT

- 8.1 None.

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 9.1 None.

10. BACKGROUND PAPERS

- 10.1 None.

(END)

Draft Statement of Accounting Policies – 2023/24

i) General principles

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the 31st March year-end. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, those regulations which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

These accounts have been prepared on the basis that the Council is a going concern.

ii) Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories (stock) on the Balance Sheet, where the value is material.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income that might not be collected (doubtful debts).
- The council has set a de-minimis level for accruals of creditors and debtors that are calculated manually in order to avoid additional time and cost in estimating and

recording accruals. This level is set at £500 with the exception of any grant where applying the de-minimis level would affect a grant claim and any accruals included therein.

iii) Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable, without penalty, on notice of not more than 24 hours. This includes bank call-accounts, Money Market Funds (MMF) and any other 'overnight-type' investments.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv) Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v) Charges to revenue for non-current assets

Services, support services and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the relevant service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible assets attributable to the service

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an

amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance - Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vi) Council tax and non-domestic rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for council tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

vii) Employee benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual for the cost of holiday entitlement (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end is not provided for in the accounts. This is because the Council TUPE-transferred the majority of its staff to Publica Group (Support) Limited in 2017/18. Due to the vastly reduced number of staff employed by the Council, a balance is no longer maintained for the cost of untaken annual leave, as the amount involved is not material to the accounts.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, in exchange for those benefits and are charged on an accruals basis to the appropriate service segment, or where applicable, to a corporate service segment within the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or the employee in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pension reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

viii) Post-employment benefits

Employees of the Council are permitted to join the Local Government Pension Scheme, administered by Oxfordshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Oxfordshire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the gross redemption yield on the Iboxx Sterling Corporate Index, AA over 15 years, at the IAS19 valuation date. This is a high quality corporate bond of equivalent term and currency to the liability.
- The assets of the Oxfordshire County Council Pension Fund attributable to the Council are included in the balance sheet at their fair value.

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - past service cost- the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
 - net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurements comprising
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the pensions reserve as other comprehensive income and expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure
 - contributions paid to the Oxfordshire County Council Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises

on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

ix) Events after the reporting period

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events, but where such a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

x) Financial instruments

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Any borrowing that the Council may undertake would be presented in the Balance Sheet at the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the

term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, where material. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets (i.e. why we are holding the asset) and their cash flow characteristics. There are three main classifications:

- Amortised cost
- Fair value through other comprehensive income (FVOCI), and
- Fair value through profit or loss (FVPL)

The Council primarily holds investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Any gains and losses that arise on the de-recognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Expected credit loss model

The Council recognises material expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis except for those where the counterparty is central government or another local authority, where relevant statutory provisions prevent default. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors).

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets that are measured at fair value through other comprehensive income are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

Financial assets measured at fair value through profit or loss (FVPL)

Financial assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement.

The Council has chosen to apply statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds as directed in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018 (SI 2018/1207) subsequently amended by SI 2023/241. This allows (where relevant criteria are met) for fair value gains and losses on Pooled Investment Funds to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.

This statutory provision ceases on 31 March 2025.

Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

xi) Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community infrastructure levy

The Council does not currently charge a Community Infrastructure Levy (CIL) but may do so in future. When in place, the levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council will be responsible for charges and collecting the levy, which is a planning charge. Future income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

When charged, the CIL is recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement as a contribution without outstanding conditions. CIL charges, once introduced, will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue

expenditure. A share of the charges which are due to be payable to the County, Town or Parish Councils will remain in creditors (receipts in advance) until due.

xii) Heritage assets

Heritage assets are those assets that are held and maintained principally for their contribution to knowledge and culture.

The Council owns several public artworks. These items meet the classification of Heritage Assets adopted by the Code (FRS102).

Where assets have been purchased or recently obtained, information on their cost or value will be available. The Code allows that where this information is not available or cannot be obtained at a value which is commensurate with the benefits to users of the financial statements, that the assets need not be recognised in the Balance Sheet.

When purchased or where a value is available, heritage assets are recognised on the balance sheet at historic cost. Assets within the Council's ownership are deemed to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation on those heritage assets on the Council's balance sheet. Due to the nature of the type of assets held, the Council's heritage assets are not subject to revaluation and will only be impaired if there is clear reason to suspect the assets have become impaired.

xiii) Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Intangible assets are measured initially at cost.

The depreciable amount of an intangible asset is amortised over its useful life (usually 5 years) to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. The Council carries no internally generated intangible assets on its balance sheet.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account or (for any sale proceeds greater than £10,000) the capital receipts reserve.

xiv) Inventories and long-term contracts

Inventories (stocks) are included in the Balance Sheet at cost.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

xv) Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account or (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xvi) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The council as lessee

Finance leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value, measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is

matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The council as lessor

Finance leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the "Other Operating Expenditure" line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset (if material) and charged as an expense over the lease term on the same basis as rental income.

xvii) Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does

not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

The Council's capitalisation de minimis is £10,000, except for where the sum of a group of assets is significant, such as waste collection bins and boxes or ICT equipment.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance sheet using the following measurement bases:

- Community assets and assets under construction – depreciated historical cost
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both) depreciated historical cost basis is used as an approximation of current value.

Assets included in the balance sheet at current value are revalued to ensure that their carrying amount is not materially different from their value at year-end. All land and buildings are revalued at least every 5-years as part of a rolling programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services within the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where items or property plant and equipment are revalued, and the valuer identifies an asset which has component parts that have significantly different useful lives, where one or more parts represent a significant proportion of the overall asset, then the asset may be componentised. With componentisation, one or more constituent parts may be identified, and the component parts separately valued for the accounts and depreciated

over different useful lives to the main asset. Useful economic lives (and therefore depreciation calculations) will be based upon the asset lives recommended by the Council's valuer.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Operational buildings and surplus property – depreciated on a straight-line basis, over a 30 to 60 year period, depending upon the particular asset and an estimate of the asset life from the Council's valuer
- Car Park depreciable components (surface) – 20 years
- Land is not depreciated
- Vehicles and plant - depreciated on a straight-line basis, over a 7-year period
- Furniture and equipment – depreciated on a straight-line basis, over a 5-year period
- Investment property is not depreciated

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying

value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the capital receipts reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

xviii) Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place on or before the balance sheet date:

- that gives the Council a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xix) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xx) Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxi) Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

xxii) Fair value measurement of non-financial assets

The Council's accounting policy for fair value measurement of financial assets is set out in the 'Financial Instruments' section (above). The Council also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings (other financial instruments as applicable) at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- in the principal market for the asset, or
- in the absence of a principal market, in the most advantageous market for the asset.

The Council measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.


When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

This page is intentionally left blank

 <p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>	<p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>
<p>Name and date of Committee</p>	<p>AUDIT AND GOVERNANCE COMMITTEE – 25 JULY 2024</p>
<p>Subject</p>	<p>INTERNAL AUDIT ANNUAL OPINION 2023/24</p>
<p>Wards affected</p>	<p>NONE</p>
<p>Accountable member</p>	<p>Councillor Alaric Smith, Executive Member for Finance Email: Alaric.Smith@westoxon.gov.uk</p>
<p>Accountable officer</p>	<p>Madhu Richards, Chief Finance Officer Email: Madhu.Richards@westoxon.gov.uk</p>
<p>Report author</p>	<p>Lucy Cater, Head of Internal Audit. Assistant Director, SWAP Internal Audit Services Email: Lucy.Cater@swapaudit.co.uk</p>
<p>Summary/Purpose</p>	<p>To present a summary of the work undertaken by Internal Audit during 2023/24 and to give an overall opinion on levels of assurance resulting from this work.</p> <p>Due to the information contained in The Internal Audit Annual Opinion, it is deemed unnecessary to submit a separate quarterly monitoring report. Instead, we have produced a condensed version of the usual report which contains a summary of the work concluded since the last meeting of this Committee.</p>
<p>Annexes</p>	<p>ANNEX A – INTERNAL AUDIT ANNUAL OPINION 2023/24 ANNEX B – SUMMARY OF WORK COMPLETED SINCE THE LAST MEETING OF THIS COMMITTEE ANNEX C – AGREED ACTIONS</p>
<p>Recommendation(s)</p>	<p>That the Audit and Governance Committee resolves to:</p> <ol style="list-style-type: none"> I. Consider the report and comments as necessary
<p>Corporate priorities</p>	<p>Internal Audit supports all Council Corporate Priorities</p> <ul style="list-style-type: none"> • Putting Residents First

	<ul style="list-style-type: none"> • A Good Quality of Life for All • A Better Environment for People and Wildlife • Responding to the Climate and Ecological Emergency • Working Together for West Oxfordshire
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Not Applicable

1. BACKGROUND

The Annual Opinion Report 2023/24, Annex 'A', provides the Head of Internal Audit's (SWAP Assistant Director) opinion, on the adequacy and effectiveness of internal control within West Oxfordshire District Council. The opinion is based on the adequacy of control, noted from a selection of risk-based audits carried out during the year, and other advice work on control systems including the proactive work of the service as it supports the control arrangements within change projects. The results of any external inspections also inform the opinion.

Throughout the year the Internal Audit service have measured the degree of control assurance within the systems, or elements of systems, audited or supported by way of control advice. Overall, the opinion is that a '**Medium Reasonable**' assurance level can be given for the controls in place, within the areas where audit activity has taken place, to safeguard these systems which in turn support the delivery of the Council's overall business objectives.

Where operational control issues were raised, the risks associated with the control issues raised, in the audit reports, are being actively managed by Management.

The report outlines how the Internal Audit function has supported the Council in meeting the requirements of the Public Sector Internal Audit Standards. These state that:

- "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."
- "A relevant authority must conduct, each financial year, a review of the effectiveness of the system of internal control."

The purpose of the Head of Internal Audit's Annual Opinion is to contribute to the assurances available to the Head of Paid Service and the Council which underpin the Council's own assessment of the effectiveness of the authority's system of internal control. This opinion is one component that the Council must take into account when completing its Annual Governance Statement.

Officers from SWAP will be in attendance at the Committee meeting and will be available to address Members' questions.

2. MAIN POINTS

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion, based upon, and limited to, the work performed, on the overall adequacy and effectiveness of the organisation's control arrangements. This is achieved through a risk-based programme of activities, agreed with management and approved, for 2023/24, by Audit and Governance Committee, which should provide a level of assurance across a range of Council activities. The opinion does not imply that the internal

audit service has reviewed all risks and controls relating to the Council or the systems it reviews.

A number of audits have been completed since the last meeting of this committee, and the reports are included at Annex B.

We continue to follow-up all agreed actions and a summary of the outstanding actions can be found at Annex C.

3. ALTERNATIVE OPTIONS

Not Applicable

4. FINANCIAL IMPLICATIONS

The Internal Audit Service is operating within the contract sum.

5. LEGAL IMPLICATIONS

None directly from this report. Internal Audit reviews consider compliance with legislation relevant to the service area under review.

6. RISK ASSESSMENT

The weaknesses in the control framework, identified by the Internal Audit activity, continues to threaten organisational objectives if recommendations are not implemented.

7. EQUALITIES IMPACT

Not Applicable

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

8.1 Not Applicable

9. BACKGROUND PAPERS

9.1 None.

(END)

West Oxfordshire District Council

Internal Audit Annual Opinion Report 2023/24

Internal Audit Annual Opinion – 2023/24: ‘At a Glance’

Annual Opinion



There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.

The Headlines

	<p>Significant risks were identified in The Property and Estates Audits, Taxi Licensing Safeguarding and Climate Change – Operational. Progress is being made on the implementation of the agreed actions, which Internal Audit are monitoring.</p>
	<p>Includes assurance, advisory and follow up reviews, and specific audit support. We have 4 reviews at draft report stage and 6 audits are in progress.</p>
	<p>Internal Audit staff supporting the Council. Auditors continue to support the Council, by attending meetings, supporting projects and when necessary, conducting specific tasks for the Council.</p>
	<p>Agreed Actions One agreed action reported in 2022/23 remains open. Of the 19 actions agreed in 2023/24, 15 remain open.</p>

Assurance Opinions	2022/23	2023/24
Substantial	7	8
Reasonable	4	3
Limited	4	1
No	0	0
Support to the Council	4	4
Grant Certification	6	0
Advisory	6	7
Follow-Up	1	1
Agreed Actions	2022/23	2023/24
Priority 1	4	1
Priority 2	13	6
Priority 3	10	12
Total	27	19

Executive Summary

Internal Audit provides an independent and objective opinion on the effectiveness of the Authority's risk management, control and governance processes.



Purpose

The Head of Internal Audit (SWAP Assistant Director) should provide a written annual report to those charged with governance to support the Authority's Annual Governance Statement (AGS). This report should include the following:

- An opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment, including an evaluation of the following:
 - the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities;
 - whether the information technology governance of the organisation supports the organisation's strategies and objectives;
 - the effectiveness of risk management processes; and
 - the potential for the occurrence of fraud and how the organisation manages fraud risk.
- Disclose any qualifications to that opinion, together with the reasons for the qualification.
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement.
- Compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria.
- Comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content and the Annual Internal Audit Opinion given.

Executive Summary

Three Lines Model

To ensure the effectiveness of an organisation's risk management framework, the Audit and Governance Committee and Senior Management need to be able to rely on adequate line functions – including monitoring and assurance functions – within the organisation.

The 'Three Lines' model is a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

- the first line – functions that own and manage risk.
- the second line – functions that oversee or specialise in risk management, compliance.
- the third line – functions that provide independent assurance.

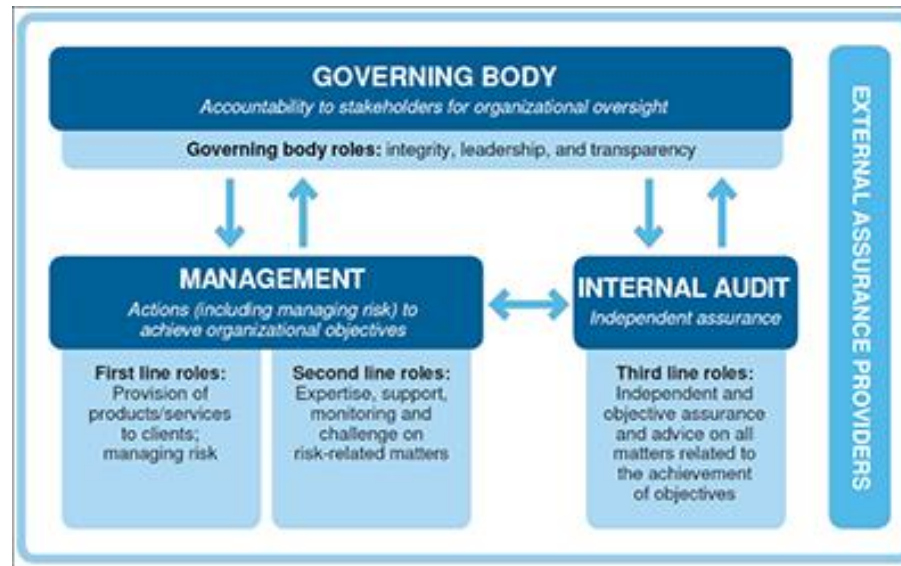


Background

The Internal Audit service for West Oxfordshire District Council is provided by SWAP Internal Audit Services. The team's work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. The work of the team is guided by the Internal Audit Charter which is reviewed annually.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. This report summarises the activity of the Internal Audit team for the 2023/24 year.

The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines model shown below.



The Head of Internal Audit (SWAP Assistant Director) is required to provide an opinion to support the Annual Governance Statement.



Annual Opinion

On the balance of our 2023/24 audit work for West Oxfordshire District Council, enhanced by the work of external agencies, I am able to offer a **Medium Reasonable Assurance** opinion in respect of the areas reviewed during the year.

Audit work is planned to ensure that sufficient assurance will be available to inform the annual opinion as well as supporting the key areas of focus that priorities that underpin WODC's Council Plan 2023-2027:

- Putting Residents First
- Enabling a Good Quality of Life for All
- Creating a Better Environment for People and Wildlife
- Responding to the Climate and Ecological Emergency
- Working Together for West Oxfordshire

Our audit work supports each of these priorities, and the key areas of focus that underpin the priorities, whether as an assurance audit, an advisory piece of work, ad hoc requests or support to the council.

The professional requirements of PSIAS have remained unchanged and in line with these, audit priorities have been agreed throughout the year and this work supports the annual opinion.

The Annual Opinion is based on information obtained from multiple engagements and sources, the results of which, when viewed together, provide an understanding of the organisation's governance arrangements, risk management processes and internal control environment and facilitate an assessment of overall adequacy and effectiveness. Opinions are a balanced reflection across the year and not a snapshot in time. In forming this opinion, the following sources of information have been used:

- *Completed audits which evaluate risk exposures relating to the organisation's governance, operations and information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations.*
- *Observations from consultancy / advisory support.*
- *Follow up of previous audit activity, including agreed actions.*
- *Grant certification work.*
- *Assurances from other key sources and providers, including third parties, regulator reports etc.*
- *Ongoing support and advice relating to the risks associated with payments administered following the pandemic.*

Alongside direct internal audit work, the HIA can also place reliance on:

- *Work and investigations undertaken by the Council's Counter Fraud and Enforcement Unit*
- *Updates and PSN certification undertaken by the Council's ICT Team*
- *Review undertaken by Business Manager – Business Continuity, Governance and Risk on Managers' Assurance Statements 2023/24*



The following are considered key pieces of audit work that support the annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control.

- *Business Continuity*
- *Continuous assurance*
- *Key financial audits*
- *Information governance and security*
- *Key front line services*

Furthermore, the Head of Internal Audit, or member of the Audit Team is an attendee at the following meetings:

- *Procurement and Commissioning Group*
- *Health and Safety Working Group*
- *Corporate Governance Group*



Definitions of Corporate Risk

High Risk

Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Medium Risk

Issues which should be addressed by management in their areas of responsibility.

Low Risk

Issues of a minor nature or best practice where some improvement can be made.



Significant Corporate Risks

Our audits examine the controls that are in place to manage the risks that relate to the area being audited. We assess the risk at a 'Corporate' level once we have tested the controls in place. Where the controls are found to be ineffective and the 'Corporate risk' as 'High' these are brought to the Audit and Governance Committee attention.

We identified significant weaknesses in the following audits:

Taxi Licensing Safeguarding

- Lack of evidence to fully support licences issued, no data quality assessment of applications
- Distinction between a complaint and service request has not been defined, no monitoring of data to identify trends / repeat offenders
- Reconciliation between Uniform and General Ledger is not being undertaken, non-compliance with financial rules

Property and Estates

- Lack of an Asset Management Plan / Strategy to guide on Council requirements
- Lack of a central database to record all properties and related data / information
- Risk Assessments not being undertaken, essential compliance checks not always undertaken, Health and Safety concerns
- Annual Landlord inspections have not been regularly undertaken, and no evidence available for ones that had been conducted
- Lease and Rent Reviews not being undertaken in a timely manner
- Insurance terms are not being actively managed

Climate Change – Operational

- Lack of Corporate oversight and direction provided to service areas
- Lack of engagement from Officers

To ensure control weaknesses are being addressed we have continued to follow-up all agreed actions made in previous years audits, as well as current year ones which have passed their implementation dates. We have also introduced a process whereby the CFO receives a monthly report of all agreed actions which can be followed up with Officers and Publica where appropriate. There is currently one historic outstanding agreed action which has passed its implementation date.

All audits, and progress against agreed actions, have been reported throughout 2023/24 to the Audit and Governance Committee.



Summary of Audit Work 2023/24

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.



Summary of Audit Opinion

The following two charts summarise the audit opinions and audit work, and involvement, during 2023/24

Table 1 indicates the spread of assurance opinions across our work during the past year.

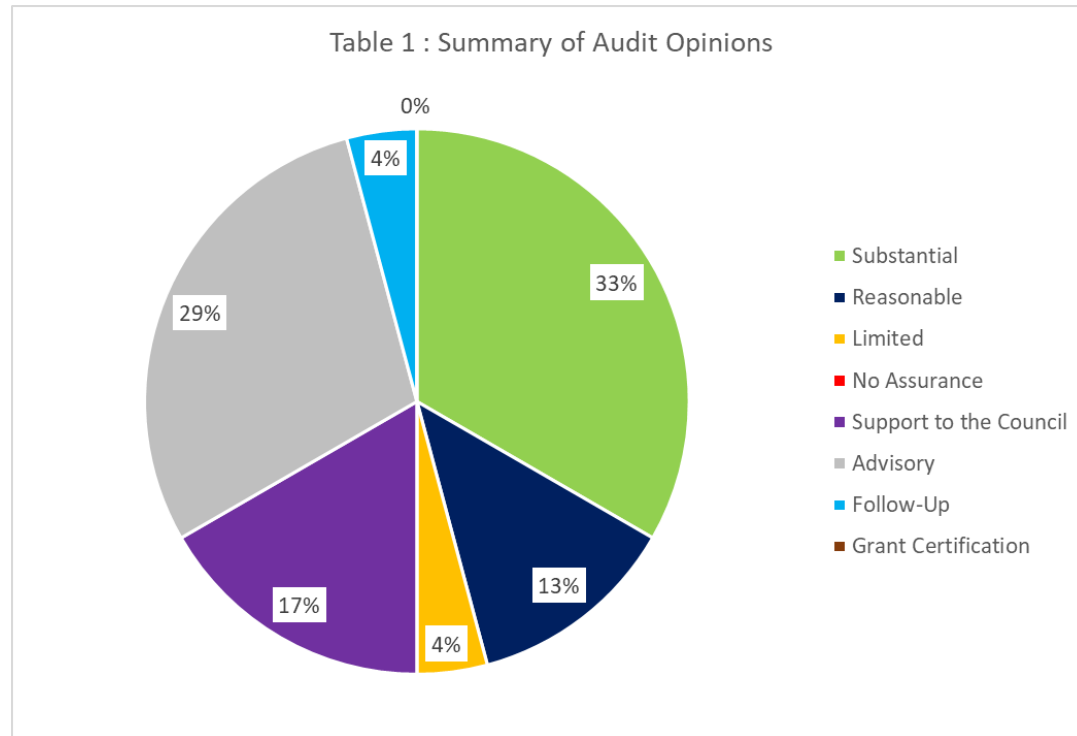
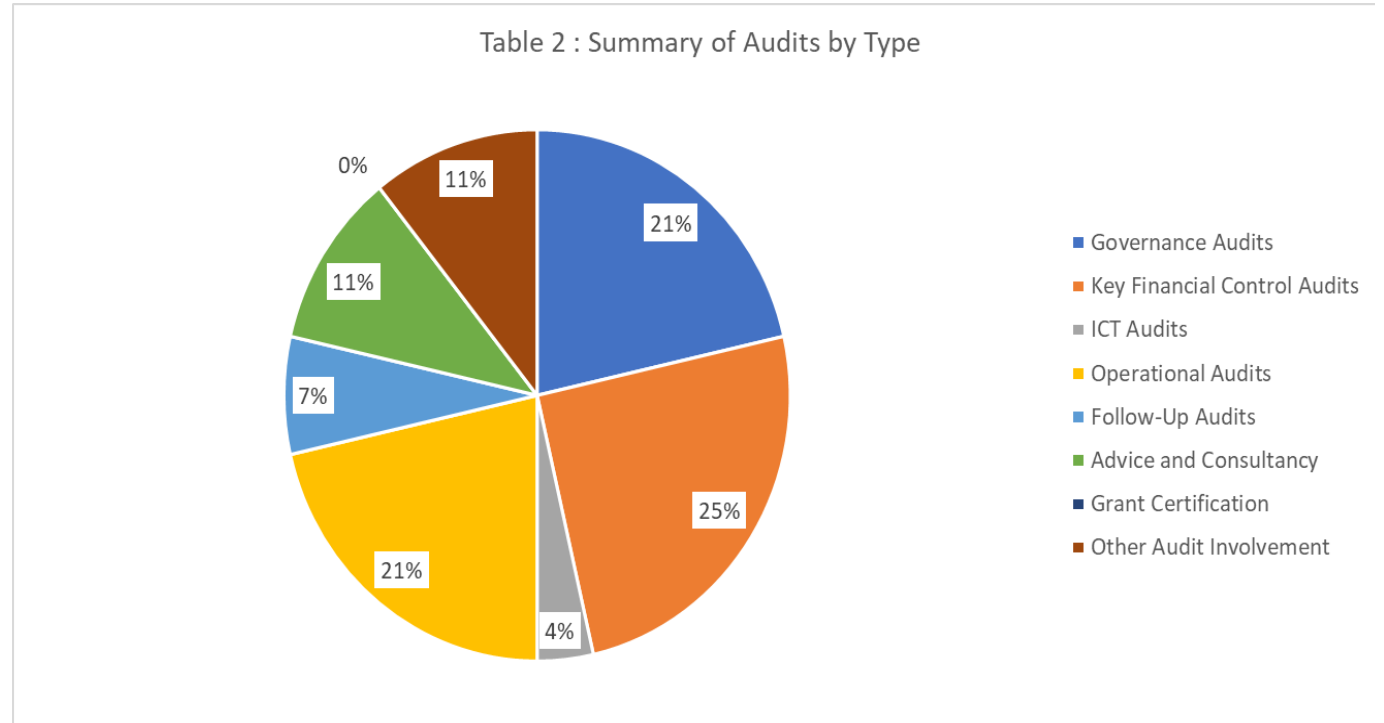


Table 2 indicates the audit work by type.



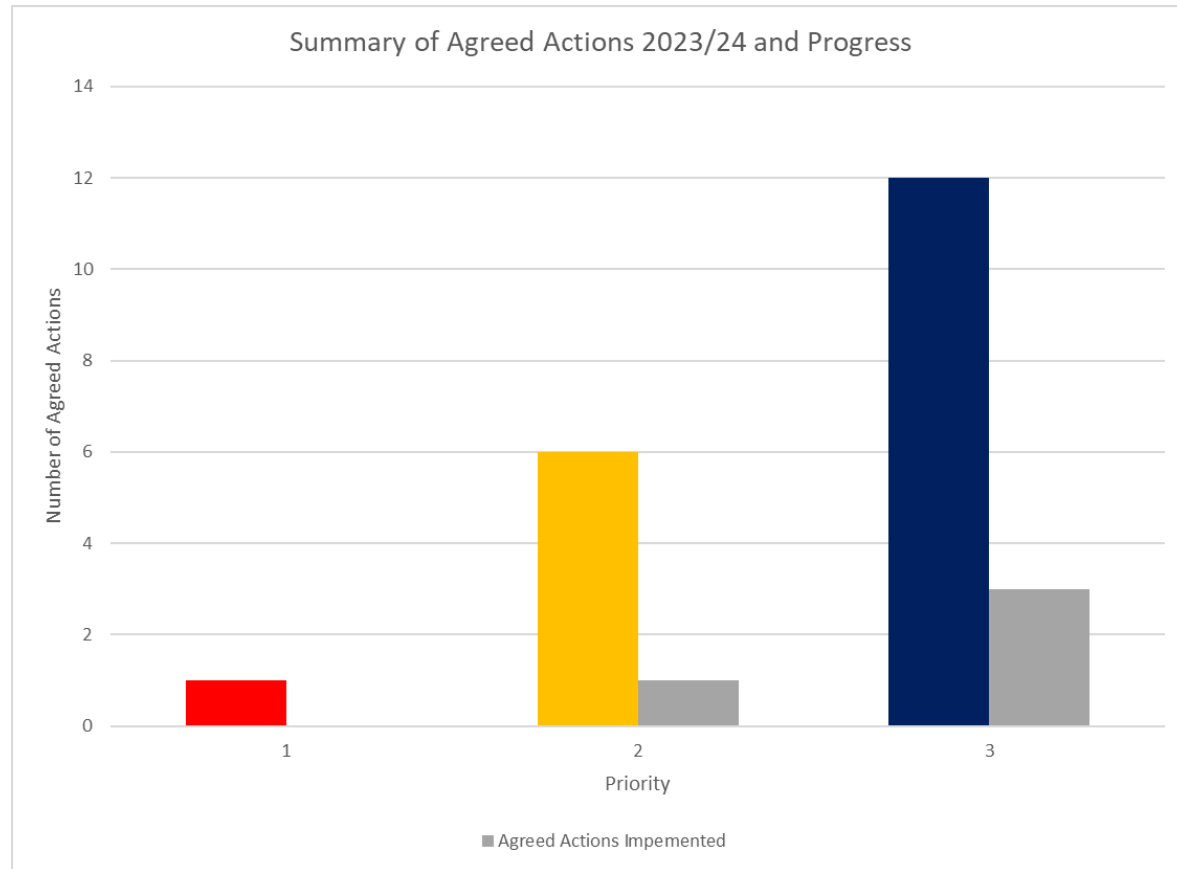
Summary of Audit Work 2023/24

SWAP Performance - Summary of Audit Actions by Priority



Priority Actions

We rank our actions on a scale of 1 to 3, with 3 being medium or administrative concerns to 1 being areas of major concern requiring immediate corrective action



Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.



Added Value

Throughout the year, SWAP strives to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

Corporate Groups

During the year we have attended a number of corporate groups to act as a 'critical friend'.

Benchmarking

During the year we have provided benchmarking data across either the SWAP partnership or the wider reach of the Local Authority Chief Auditors Network (LACAN). This data is useful for services to develop and improve their own systems and processes so that business objectives can be achieved with continually decreasing resources.

News Roundup

We produce a fortnightly newsletter that provides information on topical areas of interest for public sector bodies.

Client Liaison

The Auditors meet regularly with Service Managers to discuss potential operational risks and issues, identify areas for audits and plan up-coming audits.

Audit Protocol

We have an audit protocol which defines the role of the audit team and what is required for an audit. The aim of the protocol is to improve the audit process for our audit clients and to ensure we can deliver an excellent audit in an efficient and effective manner.

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS)

SWAP Performance

SWAP’s performance is subject to regular monitoring and review by both the SWAP Board of Directors and the Owners Board. Post Audit Questionnaires (PAQs) are issued at the completion of assurance audits, 69% of the PAQs were returned. The outturn performance results for WODC for the 2023/24 year are as follows:

Performance Target	Performance
Overall Score	99%
Scope of Audit	100%
Professionalism and Conduct	100%
Communication, Timeliness and Findings	100%
Value of Audit (To Client)	100%
Demonstrating our (SWAP) Values	94%

SWAP work is completed to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Under these standards we are required to be independently externally assessed at least every five years to confirm compliance to the required standards. SWAP was recently assessed in February 2020 and confirmed that we are in conformance of PSIAS.

Attribute Standard 1300 of the IPPF requires Heads of Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QA&IP). Standard 1310 continues this dual aspect by stating that the programme must include both internal and external assessments. This acknowledges that high standards can be delivered by managers, but it also implies that improvements can be further developed when benchmarking is obtained from outside the organisation and the internal audit function. Following our External Assessment, we have pulled together our QA&IP and included additional improvements and developments identified internally that we want to make, as aligned to SWAP’s Business Plan. The QA&IP is a live document and will be regularly reviewed by the SWAP Board to ensure continuous improvement and delivery on our actions.

Summary of Internal Audit Work 2023/24

Audit Type	Audit Area	Status	Opinion	No of Actions
2023/24 Finalised and Completed Reviews				
Key Financial Control	Payroll 2022/23	Final Report	High Substantial	0
Operational	Climate Change (Operational)	Final Position Statement	N/A	0
Governance	Freedom of Information	Final Report	Medium Reasonable	4
Operational	Taxi Licensing Safeguarding	Final Position Statement	N/A	0
Operational	Estates Services	Final Position Statement	N/A	0
Operational	Property Services	Final Report	Medium Limited	4
Key Financial Control	Bank Reconciliation	Final Report	Low Substantial	2
ICT	ICT Business Continuity Management	Final Report	Low Substantial	2
Governance	Transparency Data	Final Report	High Substantial	0
Key Financial Control	Revs and Bens - Council Tax and NNDR	Final Report	High Reasonable	2
Key Financial Control	Revs and Bens - Housing Benefit and Council Tax Support	Final Report	High Substantial	0
Core Financial	Contractors – Use of Waivers	Final Report	Low Substantial	2
Governance	Revenues and Benefits Service Review	Final Position Statement	N/A	0
Key Financial Control	Accounts Payable	Final Report	High Substantial	0
Governance	Risk Management	Final Report	Medium Reasonable	3

Summary of Internal Audit Work 2023/24

Audit Type	Audit Area	Status	Opinion	No of Actions
Follow-Up	Planning Validation	Final Position Statement	Medium Substantial	3
Operational	Accounts Payable – Qtly Review	Complete	Continuous Reporting	0
Support	Business Grant Funding – Aged Debt	Complete	Support to the Council	N/A
Follow-Up	Follow-Ups of Recommendations made in Substantial and Reasonable Audits	Complete	Follow-Up	N/A
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	Complete	Support to the Council	N/A
Other Audit Involvement	Management of the IA Function and Client Support	Complete	Support to the Council	N/A

Audit Type	Audit Area	Status	Comment
Draft Reports			
Governance	Data Breaches		
Operational	S106s		
Operational	Appointment of Consultants		
Operational	Human Resources		



Summary of Internal Audit Work 2023/24

Audit Type	Audit Area	Status	Comment
Audits In Progress			
Operational	Levelling Up Funding – UKSPF and RESF		
Operational	Members Allowances and Expenses		
Key Financial Control	Revenues and Benefits		
Operational	Emergency Planning		
Core Financial	Payroll		
Grant Certification	Carbon Data 2022/23		
Ongoing Audit Support / Involvement			
Advisory	Procurement and Commissioning Group		Support complete for 2023/24, will continue into 2024/25
Advisory	Health and Safety Working Group		Support complete for 2023/24, will continue into 2024/25
Support	Co-Ordination Team / Emergency Planning		Support complete for 2023/24, will continue into 2024/25



This page is intentionally left blank

The following are the Internal Audit reports, of each audit review finalised, since the last Committee update

Accounts Payable – Final Report – April 2024

Audit Objective

To ensure the Council has an effective control framework in place for its Accounts Payable / Creditor's function.

Executive Summary

	Assurance Opinion	Management Actions		Organisational Risk Assessment	Low
	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Priority 1	0	Fraudulent, invalid, or late payments are made resulting in financial loss and / or reputational damage.	
		Priority 2	0		
		Priority 3	0		
		Total	0		

Key Conclusions

	<p>A New Supplier Form must be completed for all new suppliers. Once processed in Business World, a different Accounts Payable (AP) Officer checks the bank details, email address and CIS status are correctly input. The Accounts Payable/Receivable Team Leader (APRTL) does a final check of all new suppliers. This is all evidenced using a checklist.</p>	<p>Audit Scope</p> <p>Meetings were held with the Publica Accounts Payable and Receivable Team Leader (APRTL) and the Publica Accounts Payable and Receivable Coordinator (January 2024), and the creation, amendment and management of the creditor master file were discussed.</p> <p>A random sample of new suppliers and supplier amendments (April 2023 – January 2024) were selected to ensure prescribed processes had been followed.</p> <p>We also undertook some data analysis work to identify the number of transactions where purchase orders were used.</p>
	<p>All new suppliers' names and bank details are checked by AP against Publica's fraudulent checklist.</p> <p>An Amendments Form must be completed for any changes to a supplier in Business World. All amendments are checked by AP with the supplier via the phone number on the account in Business World; this is recorded on the amendments form.</p> <p>Once an amendment has been confirmed and made on the system, a different AP Officer checks it for accuracy. The APRTL does a final check to ensure the amendment is correct. The Fraudulent Checklist is checked for any amendments to name and bank account.</p> <p>The APRTL monitors all amendments to suppliers in Business World using the AG58 report.</p>	
	<p>We received satisfactory responses to all our testing queries. Evidence was seen to support all new suppliers and supplier amendments had been processed in accordance with the processes outlined to us.</p>	

Other Relevant Information

The total number of new suppliers set up across all clients during the period reviewed was 427. The total number of amendments made to existing suppliers across all clients during the period reviewed were 190.

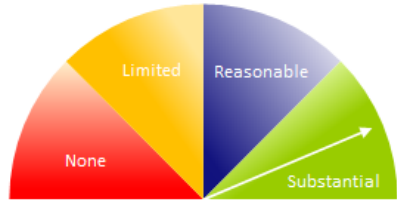
We found 69% of 3807 transactions processed on G3 client were not supported with a purchase order. Ordering goods and services via purchase orders aids budget monitoring and mitigates against overspends. Officers should be reminded to use purchase orders for all payments where appropriate to ensure they are adhering to best practice, and the transaction is legally protected by the terms and conditions of a purchase order.

Planning Validation – Final Report – April 2024

Audit Objective

To provide assurance planning applications are validated in accordance with legislation.

Executive Summary



Assurance Opinion

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Management Actions

Priority 1	0
Priority 2	0
Priority 3	0
Total	0

Organisational Risk Assessment

Low

Our audit work includes areas that we consider have a low organisational risk and potential impact.

Key Conclusions



Delays in validating an application could result in customer complaints or the refunding of planning fees if the application is not determined within the required timeframes. An internal target of 10 working days has been set to validate an application and then determination timeframes commence. We found that the actual days to process an application to validation is not recorded due to system limitations, but monitoring is undertaken to ensure applications are processed promptly. This helps manage customer expectations as well as caseloads. From our testing, we can confirm the 10 working days target is being met.



Good progress has been made to the suggestions and observations identified in the 2022 Position Statement. Validation checklists and service documentation have been reviewed and are up to date. Staff training is up to date. Comprehensive procedural guidance is in place allowing the team to validate applications across the 3 Publica partner councils. Testing identified some administrative matters; additional check process has been introduced to ensure these are addressed promptly.

Audit Scope

Control areas reviewed included:

- Planning validation process/procedures to include service documentation.
- Performance monitoring and reporting arrangements.
- Staff training
- Progress on observations/areas for consideration identified in the 2022 Position Statement

The test period was April 2023 – February 2024. Data analysis was undertaken to identify trends/anomalies.

Discussions were held with officers involved with the planning validation process, and evidence sought to support statements made.

Other Relevant Information

We noted some Validation Checklists included website links to download bio-diversity documentation, but all 3 Publica partner councils' websites were listed. Whilst the documentation may be identical for each council, it may be prudent to consider sovereignty matters especially in the current circumstances.

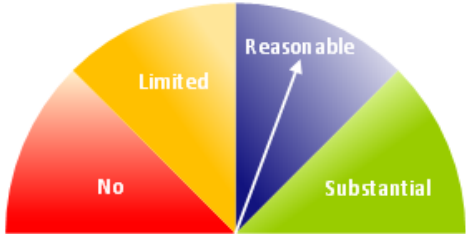
Data analysis identified the Council received 296 FUL planning applications during the test period, of these 276 were validated. The remaining 20 were either withdrawn by the applicant or returned due to insufficient information or lack of the correct fee being submitted.

Risk Management (Framework and Process) – Final Report – March 2024





Audit Objective

To provide an assessment of the current risk management framework arrangements of Publica and its partner Councils.

Executive Summary

	Assurance Opinion	Management Actions		Organisational Risk Assessment	Medium
	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	Priority 1	0	Our audit work includes areas that we consider have a medium organisational risk and potential impact.	
		Priority 2	1		
		Priority 3	2		
	Total	3			

Key Conclusions

	Key Conclusions	Audit Scope
	There is no evidence of Risk Management training being provided to Audit and Governance Committee. For staff, Risk Management e-learning is currently only a temporary provision; The temporary e-learning available is a cut and paste exercise of the Risk Management strategy. There is no data that confirms additional training has been offered to staff.	This audit reviewed the effectiveness of the Authorities Risk Management arrangements. This included a review of the following areas: <ul style="list-style-type: none"> • Risk Management Strategy and Framework; • Risk Maturity; • Risk Management training and awareness – this will include a survey of a selection of officers across the Council to assess the embeddedness of Risk Management; • Corporate, service, project, and partnership risk registers; and • Risk reporting and escalation.
	There is limited evidence that demonstrates Risk Owner’s liaison with Insurance Services. The risk is that insurance policies may be invalidated if incorrect risk information is shared with the Council’s Insurers.	
	As a matter of good practice, a Risk Maturity Self-Assessment should be conducted regularly; This has not been completed for WODC. The benefit of this is that it provides a structured approach for an organisation to evaluate their capabilities, which helps to drive improvements.	
	The Joint Risk Management group that was regularly attended by retained officers has recently undergone a redesign which has allowed for further enhancements. Management of the Council’s Risks are now individually focussed. Quarterly Risk updates are also presented at Audit and Governance Committee.	

Summary

Our review of the Risk Management Framework and Process demonstrates that work is underway to embed risk management within West Oxfordshire District Council (WODC). The Risk and Opportunity Management Strategy is robust in respect of the information it currently holds. However, it does not include a defined Risk Appetite, although a standardised risk tolerance is in place. Publication of a Risk Appetite Statement within the Risk and Opportunity Management strategy could be considered by the Council. The advantage of this approach lies in equipping staff members with the ability to adeptly handle various types of risks without obstructing the pursuit of Strategic Objectives.

It was also identified that the Service Planning template did not hold information relating to risk. We can confirm that Risk has now been added to the Service Planning template.


The Council does not have Risk Champions. Risk Champions assist with embedding Operational Risk Management as they operate as a point of contact in each service area. Moving forwards, this is something that could assist with embedding Operational Risk Management further.

We conducted a total of three surveys on Strategic and Operational Risk Management and Peer Benchmarking. The information provided in these surveys have informed the Conclusions detailed above along with the Management Action Plan.

This page is intentionally left blank

AGREED ACTIONS - JULY 2024										
AP ID	ID	Audit Title	Issue Title	Issue Status	Period	Priority Score	AP Status	Original Timescale	Timescale	Follow-Up Assessment
835	770	WODC - Climate Change Strategy - September 2022	Strategy and Plan Refresh	Pending Remediation	2022/23	3	In Progress	30/09/2024		June 2024 - Advised on a delay with the strategy as consultants needed to be appointed to establish an accurate baseline. Outputs are not expected until June 2024 and it will likely be September 2024 before the updated strategy is approved (Current strategy expires 2025).
3164	2958	PUB - ICT Business Continuity/Disaster Recovery 2023/24	Documentation Updates	Pending Remediation	2023/24	3	In Progress	31/03/2024	30/06/2024	CTO requested timescale extension due to other work taking priority.
3175	2968	PUB - ICT Business Continuity/Disaster Recovery 2023/24	ICT and Emergency Planning Formal Engagement and Alignment	Pending Remediation	2023/24	2	In Progress	31/03/2024	30/06/2024	CTO requested timescale extension due to other work taking priority.
3852	3609	PUB - Risk Management 2023/24	Risk Management Training is inadequate.	Pending Remediation	2023/24	2	In Progress	31/05/2024	30/09/2024	
3853	3610	PUB - Risk Management 2023/24	Insurance and Risk Management do not proactively communicate.	Pending Remediation	2023/24	3	In Progress	31/05/2024	30/09/2024	
3854	3611	PUB - Risk Management 2023/24	Risk Maturity Self-Assessment has not been conducted.	Pending Remediation	2023/24	3	In Progress	31/03/2025		
3536	3313	PUB - Use of Waivers - 2023/24	Contract Waiver Report Templates	Pending Remediation	2023/24	3	In Progress	31/12/2024		
3537	3314	PUB - Use of Waivers - 2023/24	Use of Waivers Training	Pending Remediation	2023/24	3	In Progress	31/12/2024		
3102	2900	WODC - Bank Reconciliation - 2023/24	Repeat Suspense Account Entries	Pending Remediation	2023/24	3	In Progress	31/03/2024	31/08/2024	June 2024 - Procedure has been developed but it has not been rolled out yet due to year end demands. Hope to be operational before the end of June 2024.
3514	3293	WODC - Bank Reconciliation - 2023/24	Review of Suspense Account	Pending Remediation	2023/24	3	In Progress	31/03/2024	31/05/2024	Review or w/o has not been confirmed for WODC, but is hoping to have this in time for 2023/24 y/e accounts.
2825	2634	WODC - Freedom of Information - 2023/24	Basic training/awareness on Freedom of Information requests for Service Areas is not in place.	Pending Remediation	2023/24	2	In Progress	30/11/2023	30/09/2024	May 2024 - Extended due to pressure on the service.
2983	2785	WODC - Property Services - Compliance and Health & Safety - March 2023	Standard Information	Pending Remediation	2023/24	2	In Progress	30/06/2024		May 2024 - Action is in progress. An officer has been assigned to update the property management system with standard information. A follow-up audit is planned for later in the year where all actions will be assessed.
2986	2788	WODC - Property Services - Compliance and Health & Safety - March 2023	Central Property Database Accuracy	Pending Remediation	2023/24	3	In Progress	30/09/2024		
2996	2798	WODC - Property Services - Compliance and Health & Safety - March 2023	Risk Assessment (RA) for All Council Owned Properties	Pending Remediation	2023/24	2	In Progress	30/06/2024		May 2024 - Advised that this action is in progress. An officer has been assigned to update the property management system with RAs for all properties. A follow-up audit is planned for later in the year where all actions will be assessed.
3005	2806	WODC - Property Services - Compliance and Health & Safety - March 2023	Asset Management Plan (AMP)	Pending Remediation	2023/24	1	In Progress	31/03/2024		June 2024 - Action is in progress
3344	3126	WODC - Revenues and Benefits - Council Tax and NDR - July 2023	Council Tax and NDR: Procedure Notes Require Review to Ensure Consistency	Pending Remediation	2023/24	3	In Progress	31/03/2024	30/09/2024	May 2024 - This is ongoing and they are undertaking process mapping. An update will be provided at a future meeting and follow up in this years audit.

This page is intentionally left blank

 WEST OXFORDSHIRE DISTRICT COUNCIL	WEST OXFORDSHIRE DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE - 25 JULY 2024
Subject	2023/24 TREASURY OUTTURN
Wards affected	ALL
Accountable member	Cllr Smith Cabinet Member for Finance Email: alaric.smith@westoxon.gov.uk
Accountable officer	Madhu Richards, Director of Finance Tel: (01993) 861239 Email: Madhu.Richards@westoxon.gov.uk
Report Author	Sian Hannam, Treasury Accountant sian.hannam@publicagroup.uk
Purpose	To advise members of treasury management activity and the performance of internal and external fund managers for 2023/24
Annexes	A – Pooled Fund Detailed Analysis B – Pooled Funds Summary
Recommendations	That the Audit and Governance Committee resolves to: I. Note the Treasury Management and performance of internal and external funds for 2023/24.
Corporate Priorities	<ul style="list-style-type: none"> • Putting Residents First • A Good Quality of Life for All • A Better Environment for People and Wildlife • Responding to the Climate and Ecological Emergency • Working Together for West Oxfordshire
Key Decision	No
Exempt	No
Consultees/ Consultation	None

I. BACKGROUND AND SUMMARY

- 1.1. The overall performance of our investments in 2023/24 was favourable, returning interest of £1,726,274 (4.97%) against a revenue budget of £1,227,228 and achieving an unrealised capital gain of £439,475 (3.27%) in the 12 months to 31st March 2024.
- 1.2. The capital value of our pooled funds has increased by £439,475 but continued to be affected by uncertainty in the financial markets. The effect in 2023/24 was mostly positive due to buoyed global equities, resilient economic data and falling inflation. Pooled funds are intended to be long term investments where short-term fluctuations in capital value are expected but will provide capital appreciation over the long term.
- 1.3. After an initial period of caution due to the likelihood of recession, the UK economy fared better than anticipated with a shallow recession, falling inflation and improved consumer confidence providing support for UK equities, with stocks trading at attractive valuations relative to their global peers.
- 1.4. The council has benefitted from a higher revenue return due to sustained high Base Interest Rate to bring inflation back down to 2.5%. 2023/24 incurred unrealised capital gains of £0.439m, these funds are being monitored closely by Arlingclose and they continue to advise that the capital values will recover over the next 2-3 years as gilts and bond revenue return rates start to decline again.
- 1.5. The Council complied with all but one (see section 9.4) of the Prudential Indicators for 2023/24 as set in the February 2023 budget.

2 Economic & Financial Markets Background

- 2.1 UK inflation continued to decline from the 8.7% rate seen at the start of 2023/24. By the last quarter of the financial year headline consumer price inflation (CPI) had fallen to 3.4% in February but was still above the Bank of England's 2% target at the end of the period.
- 2.2 The UK economy entered a technical recession in the second half of 2023, as growth rates of -0.1% and -0.3% respectively were recorded for Q3 and Q4. Over the 2023 calendar year GDP growth only expanded by 0.1% compared to 2022. Of the recent monthly data, the Office for National Statistics reported a rebound in activity with economy expanding 0.2% in January 2024. While the economy may recover in Q1 2024, the data suggests that prior increases in interest rates and higher price levels are depressing growth, which will continue to bear down on inflation throughout 2024.
- 2.3 Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 5.25% in August 2023 as the UK economy appeared resilient in the face of the dual headwinds of higher inflation and interest rates. The Bank Rate was maintained at 5.25% through to March 2024. Although financial markets shifted their interest rate expectations

downwards with expectations of a cut in June, the MPC's focus remained on assessing how long interest rates would need to be restrictive in order to control inflation over the medium term.

Local Context

2.4 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These items are summarised in the tables below.

Balance Sheet resources

Balance Sheet Summary	31.3.24 Actual £m	31.3.25 Forecast £m
General Fund CFR	28.08	32.46
External borrowing	0	2.00
Internal borrowing	28.08	30.46
Less Balance Sheet resources	(32.03)	(27.88)
Net Investments	(3.95)	2.57

Treasury Management Summary

	31.3.23 Balance £m	Movement £m	31.03.24 Balance £m	31.03.24 Rate %
Short-term borrowing	5.013	(5.013)	0	N/A
Total borrowing	5.013	(5.013)	0	
Long-term investments	13.375	0.393	13.768	4.91
Short-term investments	0.064	0.013	0.077	5.29
Cash and cash equivalents	8.159	(6.024)	2.135	5.29
Total investments	21.598	(5.618)	15.980	4.97
Net investments	16.585	(0.605)	15.980	

3. Investment Activities

3.1 A counterparty list recommended and reviewed by treasury management advisors Arlingclose is received monthly and the treasury team use this to evaluate options. In response to an improving outlook for credit markets, in January 2024 Arlingclose moved away from its previous temporary stance of a 35-day maximum duration and increased its advised recommended maximum unsecured duration limit on all banks on its counterparty list to 100 days. The treasury team, as with 2022/23, still held the majority of in-house balances in liquid MMF's and Call Accounts, but throughout the year were able to take advantage of short-term deposits with the UK Debt

Management Office (DMO) achieving higher rates than the MMF's. This enabled continued cash support for services the Council provides to the public and provided funding for the Council's capital programme, without the need to borrow.

Treasury Investment Position

	31.3.23 Balance £m	Net Movement £m	31.12.24 Balance £m	31.12.24 Income Return %
Banks & building societies (unsecured)	3.843	(3.843)	0.000	N/A
Bank of England DMADF		0.000	0.000	5.19
Money Market Funds	4.316	(2.181)	2.135	5.29
Other Pooled Funds				
- <i>Equity & Multi Asset income funds</i>	8.884	0.317	9.201	4.91
- Bond income funds	3.555	0.137	3.692	4.91
- <i>Real Estate Investment Trusts</i>	1.000	(0.047)	0.953	2.85
Total investments	21.598	(5.618)	15.980	4.97

3.2 Both the CIPFA and the CLG's Investment Guidance require the Council to invest prudently and have regard to the security and liquidity of investments before seeking the optimum yield. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2023/24. Investments during the year included:

- Investments in AAA-rated Stable Net Asset Value Money Market Funds
- Call accounts and deposits with the UK Debt Management Office (DMO)
- Pooled funds (collective investment schemes) meeting the criteria in SI 2004 No 534 and subsequent amendments.
- Real Estate Investment Trust (REIT)
- Housing Association Bond

3.3 As demonstrated by the liability benchmark in this report, the Council expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.

3.4 The progression of risk and return metrics are shown in the Arlingclose quarterly investment benchmarking report; the results of which are summarised in the table below.

Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2023	3.92	AA-	61%	4	-1.07
30.09.2023	4.32	AA-	60%	7	6.39
30.12.2023	4.67	A+	95%	2	6.73
31.03.2024	5.19	A+	100%	1	7.8
Similar LAs	4.9	A+	61%	50	5.2
All LAs	4.82	A+	61%	9	5.03

At the end of September the Council had £7.5m in MMFs and £5m in the DMO, so 60% exposure to Bail-in. At that time DMO interest rates were more favourable than MMF's so more liquidity could be invested there. At the end of December interest rates with the DMO were still between 10 and 20 basis points lower than the MMF's and therefore we invested in the MMF's (£15m) before investing elsewhere. The Council also had a £3m short term investment with Lloyds Bank which is also exposed to Bail-in. So 95% due to £18m of the £19m available to invest was in MMF's and a Lloyds short term deposit. At the end of the year, it is 100%.

Although MMF's are technically exposed to Bail-in the risk is minimal because of the diversification of each fund.

4. Investment Background

4.1 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2023/24, the Council's investment balance ranged between £25.084 million and £50.519 million. These balances included £9.788m of external loans to Cottsway and Southill Solar, £13.163m in Pooled Funds and £16.272 in cash balances invested in the MMF and DMO. Cash balances fluctuate significantly due to the timing differences in collecting Council Tax, Business Rates, Fees and Charges and government funding and money going out for Precepts and paying the Council's bills.

4.2 Multiple years of funding the capital programme with internal borrowing have reduced cash reserves and the expectation is that there will be reduced levels of invested short term and overnight funds going forward and the Council will need to borrow to fund future capital programmes. New processes are in place to manage cashflow more effectively and reduce the need for large buffers of cash on hand. Managing working capital more effectively reduces our need to borrow and ensures we are earning the maximum amount of return from long term pooled funds.

Investment Returns

4.3 Interest earned in 2023/24 from investments held was £777,008 from short-term deposits and overnight deposits, and £949,266 from long term, Pooled Funds, Extended Loans and Bonds. The return on an average investment balance of £40.063m was 4.97% The net surplus of £449,046 above the budget for the year is made up of a £8,174 over achievement of interest income compared to budget from Pooled Funds and the Housing REIT, and £440,872 overachievement of income compared to budget was made on Bank of England Debt Management Office (Central Government) short term deposits and overnight deposits with Money Market Funds and Call Accounts.

4.4 Investments of £13.982m in Pooled Funds returned 4.57% in dividends and made and unrealised gain of 3.55% (£0.439m) on its capital value compared to a £1.269m loss in 2022/23 (see table below). The capital values as at 31st March 2024 stand at £12.814m, £1.167m lower than the original investments. The loss in 2022/23 was due to the continuation of economic uncertainties that started in 2021/22 and the unprecedented market conditions, and in 2023/24 we have seen an extension of uncertain financial markets with interest rates pushed higher as a response to high inflation. Bond yields continued to be volatile, in contrast global equities were buoyed by healthy corporate earnings, resilient economic data and moderating inflation and the view central banks had reached the peak of their rate tightening cycles.

5. Externally Managed Funds

5.1 Ten years ago the Council decided to invest £12m over several pooled funds. Some of the original funds have been sold and then re-invested into new ones. The performance of each of the current Pooled Funds can be seen in the table below.

Current Pooled Funds

Fund Manager	Original Investment	Value 31 st March 2023	Value 31 st March 2024	Dividends Received 2023/24	2023/24 Gain/(Loss)	Gain/(Loss) v Original Investment
	£	£	£	£	£	£
UBS (B/E)	2,000,000	1,466,810	1,466,417	93,100	(393)	(533,583)
Schroders (E)	1,000,000	886,450	890,477	62,724	4,027	(109,523)
Threadneedle UK (E)	1,000,000	1,053,841	1,093,543	38,314	39,702	93,543
CCLA Div (B/E)	3,000,000	2,771,963	2,908,273	97,021	136,310	(91,727)
M&G Strategic (B)	2,000,000	1,752,651	1,827,489	85,245	74,838	(172,511)
Royal London (L)	1,982,791	1,784,670	1,842,579	76,924	57,909	(140,212)
Aegon (L)	3,000,000	2,659,023	2,786,106	186,087	127,084	(213,894)
Total –current funds	13,982,791	12,375,408	12,814,884	639,415	439,476	(1,167,907)

(L = Liquidity; B= Bond; E= Equity)

Liquidity = transferable to cash within 2 days

Bond = effectively a loan

Equity = stocks & shares

5.2 These monies are invested in externally managed strategic pooled bond, equity, and multi-asset funds where short-term security and liquidity are lesser considerations when compared with short term cash deposits, and the objectives instead are regular revenue income and long-term price stability. In 2023/24, these funds generated a total dividend return of £0.639m (4.55%) - income that is used to support services in year, and £0.439m (3.55%) of capital gain.

5.3 DLUHC published a consultation on the IFRS 9 pooled investment fund statutory override for English authorities for fair value gains and losses on pooled investment funds which was due to expire with effect from 2023/24. The options under evaluation were to allow the override to lapse, to extend it, or to make it permanent. The override was extended for two years and therefore will remain in place for the 2023/24 and 2024/25 financial years. Under the Regulations, gains and losses resulting from unrealised fair value movements relating to treasury pooled investment funds, that otherwise must be recognised in profit or loss under IFRS 9, are not charged to the revenue account, and must be taken into an unusable reserve account.

5.4 The investment income budget for 2023/24 was set at £1,277,228. Actual investment receipts exceeded budget by £449,046 with an overall level of return of 4.97% with an average investment balance of £40.063m for the financial year. The overall performance is shown in the table below:

Table 2 Investment Performance 2023/24

Investment Performance: 1 st April 2023 to 31 st March 2024	Pooled Funds	In-House Investments	Housing REIT	External Loans	Total
Budget (£)	628,541	337,000	31,200	280,487	1,277,228
Budgeted return (%)	4.69	2.70	3.00	3.50	3.87
Average Balances (£)	12,184,680	17,112,468	978,573	9,788,088	40,063,808
Interest earned (£)	639,415	777,008	28,500	281,351	1,726,274
(Over)/Under Budget (£)	(10,874)	(440,008)	2,700	(864)	(449,046)
Gross rate of Return (%)	4.55	5.29	2.91	2.87	4.97

6. Borrowing Strategy and Activity

6.1 As outlined in the Treasury Management Strategy, the Council's main objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio and, where practicable, to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

6.2 At 31st March 2024 the Council had no borrowing.

Table 3 Borrowing Position 2023/24

	31.03.2023 Balance £m	Net Movemen t £m	31.03.2024 Balance £m	Rate %
Local authorities (short-term)	5.013	(5.013)	-	-
Total borrowing	5.013	(5.013)	-	-

7. Compliance with Prudential Indicators

7.1 The Council can confirm that it has complied with all but one of the Prudential Indicators for 2023/24, which were set in February 2023 as part of the Council's Treasury Management Strategy and Capital Strategy. In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2023/24. A prudent approach has been taking in relation to investment activity with priority being given to security and liquidity over yield.

Debt Limits

	2023/24 Maximum	31.3.23 Actual	2023/24 Operational Boundary	2023/24 Authorised Limit	Complied? Yes/No
Borrowing	£5m	£5,013m	£37.9m	£42.9m	Yes
PFI and Finance Leases	0	0	0	0	N/A
Total debt	£5m	£5.013m	£37.9	£42.9m	

The Director of Finance reports that all treasury management activities undertaken during the quarter complied with the principles in the Treasury Management Code and the Council's approved

Treasury Management Strategy. Compliance with specific investment limits is demonstrated in the table below.

Investment Limits

	2023/24 Maximum £m	31.03.24 Actual £m	2023/24 Limit £m	Complied? Yes/No
Any single organisation, except the UK Government	3	0	5	YES
Any group of organisations under the same ownership	3	0	5	YES
Any group of pooled funds under the same management	0	0	5	YES
Limit per non-UK country	0	0	1	YES
Registered providers and registered social landlords	9.8	9.7	10	YES
Unsecured investments with banks	3	0	10	YES
Money Market Funds	15	2.1	25	YES
Strategic pooled funds	14	14	25	YES
Real Estate Investment Trusts	1	1	5	YES

8. Looking Forward

8.1 The Bank of England (BoE) Bank Rate currently stands at 5.25% and the Bank of England appears to be on the verge of loosening monetary policy. The MPC will cut rates to stimulate the UK economy but will be reluctant to do so significantly until it is sure there will be no lingering second-round effects. Arlingclose expect rate cuts from Q3 2024 to a low of around 3% by late 2025. Wage growth remains strong, buoyed by significant increases in minimum wage. Labour market data for April suggested that the market was loosening, with employment and vacancies down, and unemployment up. The balance of risks around Bank Rate lie to the upside; the Bank could hold rates until September or even Q4, and the developing upside risks to inflation could limit the extent of monetary easing.

8.2 When the capital value of our pooled funds has recovered, we will have the option of cashing in some of our investments in order to support the capital programme, but the Council will need to balance the need to generate a revenue return from interest - which supports the delivery of front-line services, against the cost of external borrowing. If the return from Treasury Management activity is higher than the cost of borrowing, then it would be wise to retain the pooled funds as the

long-term investments they were intended to be. There are also implications to our status as a professional investor under MiFID 2 if we reduce our balance of external investments below £10m.

9. Treasury Management Prudential Indicators

9.1 As required by the 2021 CIPFA Treasury Management code, the Council monitors and measures the following prudential indicators.

Liability Benchmark – This indicator compares the Council’s existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is a valuable tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £4m required to manage day-to-day cash flow

	31.3.24 Actual	31.3.25 Forecast	31.3.26 Forecast
Capital Financing Requirement (CFR)	28.08	32.46	39.38
Less Usable Reserves	(32.03)	(27.88)	(23.95)
Less Working Capital	(12.50)	(17.42)	(23.20)
Net Loans Requirement	(16.45)	(12.84)	(7.77)
Plus Liquidity Allowance	15.00	15.00	15.00
Liability Benchmark	(1.45)	2.16	7.23

As increasing liability benchmark demonstrates that the Council will become a long-term borrower.

9.2 Long Term Treasury Management Investments

The purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£14m	£14m	£14m	£20m
Actual principal invested beyond year end	0	n/a	n/a	£14m
Complied?	YES	YES	YES	YES

Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

9.3 Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	2023/24 Target	31.03.24	Complied?
Portfolio average credit rating	A-	A+	YES

9.4 Interest Rate Exposure

This indicator is set to control the Council's exposure to interest rate risk. The Bank Rate rose from 4.25% on 1st April 2023 to 5.25% in August 2023, it remained at this level as at 31st March 2024.

Interest rate risk indicator	2023/24 Target	31.12.23 Actual	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	-135,000	- 402,962	No
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	135,000	402,962	No

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates. The approved Treasury Management Strategy assumed a lower Base Rate in the second half of the year, resulting in non compliance of this indicator.

10. Non-Treasury Management Prudential Indicators

The Authority measures and manages its capital expenditure, borrowing and service investments with references to the following indicators. It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

10.1 The Council has undertaken and is planning capital expenditure as summarised below.

	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Forecast £m
Capital Expenditure	4.27	11.28	6.37

10.2 The Capital Strategy approved in February 2024 has reduced the level of capital investment over the life of the MTFS until interest rates have fallen sufficiently for the cost of capital for projects to be affordable. The Capital, Treasury Management and Investment strategies have all been updated as part of the 2024/25 budget setting process.

Capital Financing Requirement

	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Forecast £m
General fund services	9.70	14.08	16.00
Capital Investments	18.38	18.38	23.38
Total CFR	28.08	32.46	39.38

10.3 Gross Debt and the Capital Financing Requirement

Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	31.03.2024 actual	31.03.2025 forecast	31.03.2026 forecast
Debt (Incl.PFI & leases)	0.000	2.00	7.00
Capital Financing Requirement	28.08	32.46	39.38

10.4 Debt and the Authorised Limit and Operational Boundary

The Authority is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	Maximum debt 2023/24	Debt at 31.03.24	2023/24 Authorised Limit	2023/24 Operational Boundary	Complied? Yes/No
Borrowing	5.013m	0	55.06m	50.06m	Yes
Total Debt	5.013m	0	0	0	Yes

10.5 Net Income from Commercial and Service Investments to Net Revenue Stream

The Authority's income from commercial and service investments as a proportion of its net revenue stream is indicated below.

	2023/24 Forecast £m	2024/25 Budget £m	2025/26 Budget £m
Total Net Income from commercial & service investments	4.37	5.91	5.91
Net Revenue Stream (per MTFS)	14.17	15.15	15.23
Proportion of Net Revenue Stream	30.84%	39.01%	38.80%

10.6 Proportion of Financing costs to Net Revenue Stream

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP / loans fund repayments are charged to revenue.

	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Forecast £m
Total borrowing costs	0.501	1.611	1.818
Net Revenue Stream (per MTFS)	14.17	15.15	15.23
Proportion of Net Revenue Stream	3.54%	10.63%	11.93%

10.7 Conclusion

Overall, the Q4 position is positive, with above budget returns on investment income and the continued recovery of pooled fund capital values. With the anticipated fall of the Base Rate over the course of Q3 2024 to Q3 2025, Investment Recovery & capital projects could become more financially viable and meet the criteria of the Council's Investment Strategy.

11. Financial Implications

There are no financial implications arising from this report.

12. Legal Implications

There are no legal implications arising from this report.

13. Risk Assessment

None required as a result of this report.

14. Equalities Impact

No direct equalities impact with regards to the content of this report.

15. Climate and Ecological Emergencies Implications

None.

16. Background Papers

None.

SCHEDULE OF CASH INVESTMENTS OUTSTANDING AT 31 MARCH 2024

Name of Counterparty	Value Date	Nominal Amount (£)	Maturity Date	Rate of Interest	Fitch Credit Rating
Federated Investors (UK) LLP	31.03.2024	2,115,000	01.04.2024	5.29%	AAA/MMF
Fundamentum Social Housing REIT	31.03.2024	1,000,000	01.04.2024	2.83%	N/A
Cottsway 2 Housing Association	31.03.2024	1,898,063	16.01.2070	3.41%	A
Cottsway 2 Housing Association	31.03.2024	1,799,883	20.05.2070	2.87%	A
Cottsway 2 Housing Association	31.03.2024	3,871,880	30.09.2070	2.00%	A
Southill Solar Limited	31.03.2024	2,107,415	31.10.2035	3.85%	N/A
TOTAL IN-HOUSE INVESTMENTS		12,792,241			

This page is intentionally left blank

West Oxfordshire District Council Pooled Funds Summary

Background

Ten years ago, the Council decided to invest £12m over several pooled funds. Some of the original funds have been sold and re-invested in new ones. In recent times, with ethical investment considerations becoming part of Council policy, it has become important to look at where the Council funds are invested and assess using ESG (environment, social, and governance) practices in order to reduce their environmental footprint or to accomplish other objectives that can benefit society, this relates to socially responsible investing.

Externally managed Funds

Table 1 below shows the financial summary of each fund to date and their % holding in either Tobacco or Energy or both.

Table 1 West Oxfordshire Pooled Funds Financial Summary

Fund Manager	% of top 10 Holdings Tobacco/Energy	Original Investment	Value 31 st March 2023	Value 31 st March 2024	Dividends Received 2023/24	2023/24 Gain/(Loss)	Gain/(Loss) v Original Investment
	%	£	£	£	£	£	£
UBS (B/E)	10.41	2,000,000	1,466,810	1,466,417	93,100	(393)	(533,583)
Schroders (E)	14.60	1,000,000	886,450	890,477	62,724	4,027	(109,523)
Threadneedle UK (E)	7.10	1,000,000	1,053,841	1,093,543	38,314	39,702	93,543
CCLA Div (B/E)	-	3,000,000	2,771,963	2,908,273	97,021	136,310	(91,727)
M&G Strategic (B)	-	2,000,000	1,752,651	1,827,489	85,245	74,838	(172,511)
Royal London (L)	0.89	1,982,791	1,784,670	1,842,579	76,924	57,909	(140,212)
Aegon (L)	4.69	3,000,000	2,659,023	2,786,106	186,087	127,084	(213,894)
Total –current funds	37.69	13,982,791	12,375,408	12,814,884	639,415	439,476	(1,167,907)

A brief report produced in March 2024 showed an analysis of the top 10 holding of each fund and summarised that overall funds invested highly in financial services, technology and healthcare. Upon more detailed analysis, table 1 above shows the percentage invested in tobacco or petroleum products or both for each of the West Oxfordshire funds.

In consultation with West Oxfordshire Treasury Advisor's, Arlingclose, all fund managers were contacted and asked to provide more detail on their investment policies, below is a summary of each of their responses.

1. **UBS Multi Asset Income Fund, 10.41% in Energy.** For all funds UBS has a standard exclusion of investments in thermal coal. For this fund, no fund-specific policy exclusions on fossil fuels or tobacco.
2. **Schroders Income Maximiser Fund, 5.5% Tobacco & 9.1% Energy.** Schroders' policy is to exclude companies which generate more than 20% of their revenues from thermal coal

mining. Schroders' Climate Engagement and Escalation framework prioritises engagement with the highest emitting companies they own and those where Schroders' ownership is the highest. No other fund-specific policy exclusions on fossil fuels or tobacco.

3. **Threadneedle UK Equity Income fund, 7.10% Tobacco.** No fund-specific policy exclusions on fossil fuels or tobacco
4. **CCLA Better World Cautious Fund, 0% in either Petrol or Tobacco.** Policy includes:
 - a restriction upon investing in fossil fuel producers (defined as a company that derives more than 5% of revenue from the extraction of coal or tar sands and/or a company that derives more than 10% of revenue from the extraction and/or refining of oil and gas)
 - avoiding investing in companies producing tobacco products and/or deriving more than 5% of turnover from tobacco.
5. **M&G Strategic Corporate Bond Fund, 0% in either Petrol or Tobacco.** No fund-specific policy exclusions on fossil fuels or tobacco. M&G takes a forward-looking and engagement-focused approach to coal phase-out, as they believe this is more likely to drive positive real-world change. In line with M&G's Thermal Coal Investment Policy, investee companies in the OECD and EU must cease coal-related activities by 2030, with a 2040 deadline for the developing world. Where companies cannot or will not adopt a credible plan, M&G will classify for divestment.
6. **Royal London Investment Grade Short-Dated Credit Fund, 0.89% in Energy.** The Fund will not invest in the bonds or other securities of companies or other organisations that generate more than 10% of their turnover from either one or a combination of the following:
 - 1) Armaments – The manufacture of armaments, nuclear weapons or associated strategic products
 - 2) Tobacco – The growing, processing or selling of tobacco products
 - 3) Fossil Fuels - the exploration, extraction and refining of oil, gas or coal
7. **Aegon (Kames) Diversified Monthly Income Fund, 1.44% in Energy and 3.25% in tobacco:** No fund-specific policy exclusions on fossil fuels or tobacco. Aegon funds may only invest in those issued by entities on Aegon's Watch List following an enhanced due diligence and subject to ongoing suitability review and challenge by the relevant Control Committees. This Watch List includes companies:
 - that derive 5% or more of their revenues from tobacco production.
 - that derive 30% or more of their revenue from the exploration, mining or refining of thermal coal. The proportion of revenue threshold will decline to 10% in 2027 and 5% in 2029.
 - that produce more than 20 million tonnes of thermal coal annually and are actively expanding exploration, mining or refining operation.
 - that own coal-fired electricity generation capacity greater than 10 gigawatts and are actively expanding coal-fired electricity production capacity.
 - deriving 30% or more of their total oil equivalent production from oil sands
 - that are pipeline operators and which are significantly involved in oil sands transportation.

Financial Implications

Since investing in these pooled funds, the Council has earned Dividends of £3.302m at an annualised return of 3.42%. Due to the continuing financial instability in the markets, that started in 2021/22, there is a current capital loss on all the pooled funds of £1,167,907.

If West Oxfordshire Council were to consider selling any of their pooled funds, then the capital loss would have to be accounted for and the annual income, currently 3.42%, would need to be found elsewhere within the limits of the Strategy.

In terms of alternative investments then for longer-term, more than one year, with little ESG considerations, Supranational Bonds could take the place of the funds. Current yields are as follows:

Issuer	Maturity	Basis	Yield
European Inv Bk	Jun 2024	Fixed	5.21%
Nordic Inv Bk	Jul 2026	Fixed	4.69%
IBRD World Bank	Jul 2028	Fixed	4.31%
IBRD World Bank	Dec 2029	Fixed	4.23%
Nordic Inv Bk	Jun 2032	Fixed	4.34%
European Inv Bk	Jun 2037	Fixed	4.43%
European Inv Bk	Apr 2039	Fixed	4.58%
European Inv Bk	Mar 2044	Fixed	4.69%
European Inv Bk	Oct 2054	Fixed	4.69%

Yields as at 07.05.2024

If, for example you invested the current value of your fund portfolio into the European Investment Bank Bond of Jun 2037 at a yield of 4.43% this would generate an additional 1% income on the £13.660m = £136k a year additional return and over 9.7 years you would recover the current capital loss.

However, whilst Supranational Bonds do provide capital appreciation, they are long term investments so the Council would not be as liquid as they are now. Arlingclose, our treasury advisors, think we will recover the capital losses (circa £830k @ the end of June) much quicker than 9.7 years in the above example. We may not want to tie up cash in longer term investments if we do not have to – our current pooled funds can be liquid within 2-4 days.

It is a delicate balancing act between ethical funds, liquidity, financial stability and minimising losses.

This page is intentionally left blank

 <p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>	<p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>
<p>Name and date of Committee</p>	<p>AUDIT AND GOVERNANCE COMMITTEE – 25 July 2024</p>
<p>Subject</p>	<p>STRATEGIC RISK REGISTER</p>
<p>Wards affected</p>	<p>ALL</p>
<p>Accountable member</p>	<p>Councillor Andy Graham, Leader of the Council Email: andy.graham@westoxon.gov.uk</p>
<p>Accountable officer</p>	<p>Giles Hughes, Chief Executive Email: giles.hughes@westoxon.gov.uk</p>
<p>Report author</p>	<p>Cheryl Sloan, Business Manager for Governance, Risk and Business Continuity Email: democratic.services@westoxon.gov.uk</p>
<p>Summary/Purpose</p>	<p>The report brings to members the current version of the Strategic Risk Register for information and assurance that risks to the Council are being managed and appropriate actions are being taken to mitigate risk.</p>
<p>Annexes</p>	<p>Annex A – Strategic Risk Register</p>
<p>Recommendation(s)</p>	<p>That the Audit and Governance Committee resolves to: I. Note the strategic risk register.</p>
<p>Corporate priorities</p>	<p>All</p>
<p>Key Decision</p>	<p>NO</p>
<p>Exempt</p>	<p>No</p>
<p>Consultees/ Consultation</p>	<p>N/A</p>

1. BACKGROUND

- 1.1 The strategic risk register is presented to the Audit and Governance Committee to provide assurance that risks to the Council are being managed and appropriate actions are being taken to mitigate risk.
- 1.2 Presentation of the risk register also provides an opportunity for members of the Audit Committee to raise questions and highlight any risks which they feel should be referenced and mitigated.

2. RISK REGISTER

- 2.1 All updates to the commentary since the March Audit and Governance Committee are shown in red, along with a direction of travel column, which shows if the risk has either increased / red (got worse), decreased / green (reduced in risk) or stayed the same since the last time it was reported to Audit Committee.
- 2.2 Two new risks have been added since the last report to Audit and Governance Committee, these include:

ER5 General Election. This was added when the general election was announced for 4th July 2024 to ensure this was managed effectively. This risk will now be closed and removed from the Strategic Risk register.

ER6 Diddly Squat. This risk was added in preparation for the release of series 3 and the potential impact this may have on the council and its employees in Publica. A project team was established to monitor and manage any potential impact.

- 2.3 One risk has been increased since the last report:

SR2 Major Civil Emergency: the transition of services from Publica to the councils is having an immediate impact on the emergency call out arrangements, where critical employees are no longer with the business. It is expected that there will be further impact, and therefore proposals are being reviewed for current and future mitigation.

- 2.4 There were no further changes to the risk register except for updates which are shown in red.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report.

4. LEGAL IMPLICATIONS

4.1 There are no direct legal implications arising from this report.

5. RISK ASSESSMENT

5.1 This report relates to the Council's management of risk and identifies the current strategic risks, as such no separate risk assessment has been completed.

6. EQUALITIES IMPACT

6.1 An equalities impact assessment is not required for this report.

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

7.1 There are no climate or ecological emergency implications arising directly from this report.

8. BACKGROUND PAPERS






8.1 None.


This page is intentionally left blank


West Oxfordshire District Council Strategic Risk Register
 Reviewed: July 2024
 Next Review: September 2024

ID	Risk Title	Description of risk / opportunity / Impact	Corporate Objective	Date raised	Risk Owner	Initial Risk		Previous Residual Risk Score			Current Residual Risk Score			Change in residual risk since previous review	Follow on Action (if required)	Target delivery date	Risk Acceptance Level	Update comments	Status: Open, Hold, or Closed	Direction of Travel since previous review)	
						Impact category	Likelihood category	Score	Impact category	Likelihood category	Score	Impact category	Likelihood category								Score
Internal Risks																					
IR1	Financial Stability of WODC	There is a risk that the Council's finances become unsustainable. The future funding available to the Council remains extremely uncertain and the Council is particularly exposed to pending changes to retained business rate growth and new homes bonus income. Commercial income streams are also subject to some volatility. There are also significant cost pressures as a result of inflation. The Council's General Fund Balance is currently healthy but will fall below minimum levels without further action, as set out in the Medium Term Financial Strategy (MTFS).	Working Together for West Oxfordshire	1/5/2023	Finance Director S151	Extreme	Probable	20	Major	Probable	16	Major	Probable	4	16	0	Continued in year budget monitoring and reporting. The 24/25 Budget approved with an updated MTFS reviewed by Executive and Council. Review of earmarked reserves. Further consideration of options - particularly in areas of Waste, Leisure, Homelessness and Asset Management with a view to bridging the financial gap identifies within the MTFS. In addition, more member training to be considered to increase profile of budgetary challenges.	Ongoing	Risk Reduction	Open	
IR2	GDPR / Information Management	If the council is not compliant with the General Data Protection and does not have robust processes in place for Information Management then there is a risk of financial penalties, reputational damage and impact on resources	Working Together for West Oxfordshire	1/5/2013	AD Business Services (PM)	Major	Probable	16	Major	Possible	12	Major	Possible	3	12	0	All emails received from at risk location are quarantined and inspected by ICT staff before being released. New cyber security software installed. See also risk P5 on cyber security. 98% of staff now trained in cyber awareness and final 2% being reviewed. Data Protection training to also be rolled out. PSN renewal underway, and paperwork to be submitted this month.	Ongoing	Risk Reduction	Open	
IR3	Health & Safety	If the council and its contractors / partners are not compliant with the Health & Safety at Work Act, it is at risk of a serious Health & Safety incident / accident leading to financial penalties, reputational damage and risk to services.	Working Together for West Oxfordshire	30/8/2023	AD Business Services (PM)	Major	Possible	12	Major	Remote	8	Major	Remote	2	8	0	Health & Safety Board in place to monitor compliance and report back to the Shareholder. Accidents and incidents remain low. Ongoing service area H&S internal audits being undertaken to ensure compliance	Ongoing	Risk Sharing	Open	
IR4	Legislative Compliance	If the Council and its contractors / partners is not compliant with relevant legislation, it is at risk of not meeting its statutory duty, reputational damage and financial impact	Working Together for West Oxfordshire	30/8/2023	Monitoring Officer	Moderate	Possible	9	Minor	Possible	6	Minor	Possible	3	6	0	Work ongoing to ensure we remain compliant with current legislation and future legislation. Annual Manager declaration completed with no concerns raised. Legislation which is changing this year, such as the procurement regs are captured in the AGS Action Plan.	Ongoing	Risk Reduction	Open	
IR5	Shareholder Review of Publica	The review of Publica by Human Engine commissioned by the four shareholder Councils has been published at Cabinet with a recommendation to in-source the majority of services. This is subject to a detailed transition plan and financial costings. Staff have been informed through a briefing prior to the recommendation being published. If the detailed transition plan is not published soon providing assurance to those impacted by the decision, there is a risk that service delivery could be impacted due to loss of staff, inability to recruit, and low staff morale. If detailed costings are not undertaken, there is a risk that in-sourcing the services could increase the cost of delivery and not achieve savings / efficiencies.	Working Together for West Oxfordshire	31/8/2023	CEO (GH)	Moderate	Possible	9	Moderate	Possible	12	Moderate	Possible	4	12	0	Report requires: A detailed transition plan to be developed for subsequent agreement by Cabinet and Council. Further due diligence to fully understand the financial implications of the recommendation in the short and long term. The Detailed Transition Plan is now complete and is being presented to Executive, Council and Overview & Scrutiny in July. If approved, staff consultation will commence in September, with a proposed transfer date of 1/11/24. Detailed plans are in place for a successful implementation if approved. Detailed costings have been completed by the S151. Separate Strategic Risk Register in place for the Transition.	Ongoing	Risk Reduction	Open	

External Risks																							
ER1	Cyber Attack	If the ICT network is not adequately protected then it is susceptible to a Cyber - Security Attack leading to loss of systems and data, significant downtime, reputational damage and impact on service delivery and resources	Working Together for West Oxfordshire	1/5/2013	AD Business Services (PM)	Extreme	Probable	20	Blocking of USB and other devices. PSN compliance. Revised policies. Staff awareness training. Business Continuity Plan in place, reviewed and tested. Enhanced encryption software and other specialist cyber tools. Investment in cyber training for the ICT Team and specialist officer/s in post. Cyber Essentials re- accreditation submitted. Ongoing network Internal & External Penetration checks. Continual Password Audits across our network to evaluate weak password. Detailed review of Business Continuity & Disaster Recovery Plans in light of recent cyber attack on neighbouring council.	Major	Possible	12	Major	Possible	3	12	0	98% of staff now trained in cyber awareness and final 2% being reviewed, this will be followed by Phishing emails to test understanding and awareness following the training. Ongoing investment in cyber team with dedicated team now in place. Regular review of User Privileges and Information Asset Register. Cyber updates being presented to Council Audit & Governance committees, Public Audit & Risk Committee (ARAC) and Governance Meetings. Preparation underway to submit latest PSN submission.	Ongoing	Risk Reduction		Open	
ER2	Global Pandemic	If there was another global pandemic, then there is a risk to the delivery of council services due to lack of resource availability, impacting on costs and reputation	Working Together for West Oxfordshire	1/7/2023	CEO (GH)	Moderate	Possible	9	New risk to replace Covid specific risks, as Covid is now BAU. Lessons learnt from previous pandemic, Council and partners are now setup to work remotely and able to continue to deliver services in the midst of a pandemic. There is an effective framework in place with Oxfordshire partners.	Moderate	Possible	9	Moderate	Possible	3	9	0	Watching brief should a further pandemic be predicted	Hold	Risk Acceptance & Retention		Hold	
ER3	Fraud & Corruption Risk	If the Council does not have controls, checks and measures in place when commissioning and procuring goods, works and services, there is a risk of fraud and / or corruption which may impact on cost, reputation, and services.	Working Together for West Oxfordshire	7/11/2023	CEO (GH)	Major	Probable	16	Counter Fraud and Enforcement Unit (CFEU) in place to manage Fraud and Corruption and ensure that the Council and its employees understand the risks and have controls, checks and measures in place to mitigate this activity. CFEU report to the Council's Audit and Governance Committee. Employees receive regular training. CFEU test controls to ensure fit for purpose	Moderate	Possible	9	Moderate	Possible	3	9	0	CFEU currently developing service risk registers for fraud to further improve awareness and controls. Any changes to processes / controls will be monitored / managed for any services which may transition from Publica to direct Council delivery.	Ongoing	Risk Reduction		Open	
ER4	Refugees / Asylum Seekers	If there is an increase in refugees / asylum seekers into the District, the Council may need to find alternative accommodation which may impact on the Council in terms an increased demand on housing support and services services.	Working Together for West Oxfordshire	28/10/2023	AD Business Services (PM)	Moderate	Probable	12	Migrant hotels are currently in place, however, this may be changing which may have an impact on housing support and services.	Minor	Possible	6	Minor	Possible	3	6	0	WoDC is working with Cottsway Housing to provide additional properties using the LA Housing Fund from the Home Office. Numbers are decreasing as families move into private rented accommodation, social housing or return to their home country. No additional demand expected currently from ARAP/ACRS. New cohorts of refugees is BAU. Monitoring potential risk of increased homelessness if asylum seekers granted permission to remain.	Ongoing	Risk Acceptance & Retention		Open	
ER5	General Election	The General Election is taking place on 4th July 2024. There is a risk that there will be insufficient resources available to deliver the requirements of the election including polls and count, a heightened risk of cyber security and changes to administration resulting in changes to Local Government.	Working Together for West Oxfordshire	1/6/2024	CEO / Elections	Major	Probable	16	Project established to manage General Election. Request for employee support across the Council and Publica has been published. Guidance on the pre-election period has been communicated. ICT have systems in place to monitor any unusual activity on the ICT systems.	Major	Possible	12	Major	Possible	3	12	0	Work will be ongoing to ensure the Council delivers a seamless General Election poll and Count	Complete	Risk Reduction	Risk will now be removed	Closed	New Risk
ER6	Diddly Squat	The release of series 3 of Diddly Squat covers the Planning Decision by West Oxfordshire District Council and the subsequent Planning Appeal. There is a potential risk to Council reputation, targeted abuse which impacts on employee safety and morale	Working Together for West Oxfordshire	1/4/2024	CEO / Comms	Moderate	Probable	12	Content of Diddly Squat to be monitored. Project Team setup to manage any fallout from the series and to ensure the safety of our employees.	Moderate	Possible	9	Moderate	Possible	3	9	0	Ongoing monitoring of public comments being submitted to the Council to ensure any potential risk to employees is managed effectively. Ongoing support in place for impacted employees	Ongoing	Risk Reduction	Risk will be reduced as impact reducing	Open	New Risk

Strategic Risks																							
SR1	Major Civil Emergency	District Councils are required to provide rest centres for the Public during a Civil Emergency. If staff are unwilling to come forward and volunteer with the running of a rest centre, there is a risk that the Council will be unable to fulfil its duty in providing a safe rest centre. If the Council is unable to provide a sustained response to a major civil emergency, the Council would be failing in fulfilling its statutory duty to assist and care for those affected.	Working Together for West Oxfordshire	1/1/2021	BM for Emergency Planning (CS)	Major	Possible	12	Emergency planning team in place. Emergency Planning Process in place, with defined roles and responsibilities. Staff trained in their roles. 24/7 callout in place. Ongoing work with the Local Resilience Forum.	Major	Possible	12	Major	Probable	4	16	0	WoDC Coordination Team and Rest Centres teams now in place, which is then supported by wider shared resource across Publica. Refresh Training setup for Coordination Team, Rest Centre Team and Duty Officers and Managers. All documentation being updated and transferred to 365. Plans tested during recent floods when Tactical Coordinating Group (TCG) and Strategic Coordinating Group (SCG) stood up. Transition of services is impacting on the 365 emergency cover arrangements. The risk has been increased to reflect potential risk to our emergency response. Proposals are being reviewed for current and future mitigation.	Ongoing	Risk Reduction	Difficult to reduce as likely to be caused by natural disaster e.g., flooding or major incident. Therefore, it is about our ability to respond and meet obligations under Civil Emergencies Act. Risk increased as response is being impacted by transition, through loss of critical staff.	Open	
SR2	Climate Emergency	The Council has declared a climate and ecological emergency and pledged to become carbon neutral by 2030. Failure to achieve carbon neutrality by 2030 would result in the Council not meeting this commitment. Some carbon reduction may require significant investment, particularly if the UK Government does not provide sufficient funding to support project delivery. Increasing cost of investment and capital expenditure is likely to make business cases difficult.	Responding to the Climate and Ecological Emergency	1/6/2023	CEO (GH)	Moderate	Probable	12	The Council has approved the Carbon Action Plan 2024-2030. External funding will be secured as far as possible to deliver carbon reduction projects.	moderate	possible	9	moderate	possible	3	9	0	Progress against carbon projects is reported through the Councils Project Governance Process	Mar-25	Risk Reduction		Open	
Partnership Risks																							
PR1	Partnership deliverables (Ubico waste provider)	If the 'Waste' contractor does not meet their obligations under key contracts then it could lead to a fall in service standards, reduced customer service, a failure to meet legal requirements or an increase in costs to the Council and reputational impact Waste and Recycling - shortage of qualified HGV drivers, lack of loaders, along with the impact of future Covid variants could result in the Waste Contractor being unable to meet its obligations for waste and recycling collections.	Responding to the Climate and Ecological Emergency	15/6/2023	AD Commercial Services (B.O)	Major	Possible	12	WODC is a shareholder of Ubico, with significant control and influence over the company ensuring ongoing financial viability and affordability for the Council. Contract Management in place to ensure Ubico deliver the service in-line with agreed specification and standards. Performance reports presented to Council.	Major	possible	12	Major	possible	3	12	0		Ongoing	Risk Reduction		Open	
PR2	Failure of Leisure provider and partnership deliverables (GLL)	If the current leisure provider continues to face national financial difficulties, there is a risk to the council in the delivery of leisure services, resulting in increased costs, and reputational damage. Whilst mitigations can be put in place to increase leisure provision locally, WODC cannot influence the overall GLL financial difficulties / pressures.	Working Together for West Oxfordshire	15/6/2923	AD Communities (AB)	Major	Probable	16	Work continues with GLL to make the service sustainable and affordable in the medium term.	Major	possible	12	Major	possible	3	12	0	Working collaboratively to market services. Funding secured through Sport England Swimming Pool Support Fund.	Ongoing	Risk Reduction		Open	
PR3	Partnership Deliverables (Publica)	If Publica do not deliver the Future Publica Savings, this will add additional financial pressure on the Council, also if delivered as a cutting exercise, it could impact on service delivery. If Publica are unable to recruit/retain suitably qualified staff - impact on quality of services delivered, financial impact Services are not able to adequately discharge their (legal) obligations leading to failure - this may not be reported through the quarterly performance reports	Working Together for West Oxfordshire	15/6/2023	CEO (GH)	Major	Possible	12	Financial incentives (market force supplement scheme) Review of pay and benefits package. Introduction of career grade structures in Planning and Project Management Recruitment improvement plan in place Investors in People HR programme in place Shareholder Forum in place to hold Publica to account.	Moderate	Probable	12	Moderate	Probable	4	12	0	The recommendation to in-source the majority of services from Publica back into the Council has been approved by Cabinet. All partner Councils have also had the recommendation improved. This is subject a Detailed Transition Plan which is now complete and is being presented to Executive, Council & Overview and Scrutiny during July 2024. Governance arrangements for the partnership will be reviewed as part of new model. Publica has met its savings target for 23/24 and this will be reflected in the end of year accounts, plus additional in year savings achieved. Interim MD in place and new Board Chair. See R5 for more detail.	March 2024 for first efficiency savings	Risk Reduction	Update on what has been committed to under Future Publica	Open	

MR1	Failure to deliver WODC programme of major projects	If the Council does deliver on it's major projects, this could result in non delivery of Council priorities , cost increases, financial pressures and reputational damage	Working Together for West Oxfordshire		CEO (GH)	Major	Possible	12	All projects require a detailed business case and sign off before proceeding. Project Manager appointed to manage all major projects Project reporting in place, including risk reporting on a monthly basis.	Moderate	Possible	9	Moderate	Possible	9	0	Due to inflation, project costs are increasing for major projects and the cost of borrowing is impacting, in some cases on the viability of businesses cases. This is being monitored on a case by case basis	Risk Reduction		Open	
-----	---	---	---------------------------------------	--	----------	-------	----------	----	---	----------	----------	---	----------	----------	---	---	---	----------------	--	------	---

 WEST OXFORDSHIRE DISTRICT COUNCIL	WEST OXFORDSHIRE DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 25 July 2024
Subject	ANNUAL GOVERNANCE STATEMENT 2023/24 and ACTION PLAN 2024/25
Wards affected	ALL
Accountable member	Councillor Andy Graham, Leader of the Council Email: andy.graham@westoxon.gov.uk
Accountable officer	Andrea McCaskie, Director of Governance, Monitoring Officer Email: andrea.mccaskie@westoxon.gov.uk
Report author	Cheryl Sloan, Business Manager for Governance, Risk and Business Continuity Email: democratic.services@westoxon.gov.uk
Summary/Purpose	This report provides the Audit Committee with an updated Annual Governance Statement for 2023/24 and an Annual Governance Action plan for 2024/25
Annexes	Annex A – Annual Governance Statement and Action Plan
Recommendation(s)	That the Audit and Governance Committee resolves to: <ol style="list-style-type: none"> 1. Approve and agree the updated Annual Governance Statement for 2023/24 and Annual Governance Action plan for 2024/25; 2. Receive updates on the progress against the key actions at future meetings.
Corporate priorities	All
Key Decision	NO
Exempt	No
Consultees/ Consultation	N/A

1. BACKGROUND

- 1.1** The Audit and Governance Committee is the Committee of the Council charged with overseeing governance.
- 1.2** Regulation 4 of The Accounts and Audit Regulations 2011 require the Council to produce an Annual Governance Statement (AGS), setting out the Council's governance arrangements.

2. Annual Governance Statement and Action Plan

- 2.1** The Annual Governance Statement is backward looking, detailing the governance arrangements which were in place for the previous financial year (2023/24). This also shows the progress which was made against the Annual Governance Action plan for 2023/24.
- 2.2** The Annual Governance Action plan, is forward looking, setting out the areas of improvement / focus for the current financial year (2024/25).
- 2.3** There are 9 key actions within the 2024/25 Annual Governance action plan, these include:
 - Freedom of information
 - Complaints process
 - New service delivery models
 - Council constitution
 - Emergency planning and business continuity
 - Risk management
 - Review of Audit and Governance committee
 - Financial management
 - Procurement
- 2.4** The plan identifies the specific tasks that will be undertaken in the respective areas of focus and sets timescales for their completion. The Action Plan will also include a RAG rating to show whether the actions are on target, off target but action being taken to ensure delivery or off target and no action has yet been agreed to resolve the situation.
- 2.5** Updates on progress will be presented to future Audit and Governance Committee meetings.

3. FINANCIAL IMPLICATIONS

- 3.1** There are no direct financial implications arising from this report.

4. LEGAL IMPLICATIONS

4.1 There are no direct legal implications arising from this report.

5. RISK ASSESSMENT

5.1 If the Council's governance arrangements are weak then Council is at risk of failing to safeguard the use of public funds. In turn this would lead to poor external assessments, damaging the reputation of the Council. The areas of focus for the 2024/25 financial year identified in the AGS provide a clear set of priorities for the continual improvement of governance and mitigation of risk.

6. EQUALITIES IMPACT

6.1 An equalities impact assessment is not required for this report.

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

7.1 There are no climate or ecological emergency implications arising directly from this report.

8. BACKGROUND PAPERS

8.1 None.

(END)

This page is intentionally left blank

ANNUAL GOVERNANCE STATEMENT 2023/2024

I. SCOPE OF RESPONSIBILITY

West Oxfordshire District Council ('the Council') is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards;
- Public money is safeguarded and properly accounted for;
- Public money is used economically, efficiently and effectively; and
- There is a sound system of governance, incorporating the system of internal control

The Council has a Best Value duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

The Council has developed and approved a Local Code of Corporate Governance ('the Code'), which is consistent with the core principles and sub-principles as set out in the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)" ('the Framework'). This statement explains how the Council has complied with the Code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 (England) which requires the Council to conduct a review at least once a year on the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

In addition to this, CIPFA issued its 'Statement on the Role of the Chief Finance Officer in Local Government (2015)'. The Annual Governance Statement ('the AGS') reflects compliance with this statement for reporting purposes.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled including activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

- Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;

- Evaluate the likelihood of those risks occurring;
- Assess the impact should those risks occur; and
- Manage the risks efficiently, effectively and economically

The governance framework has been in place at the Council for the year ended 31st March 2024 and up to the date of approval of the Annual Statement of Accounts.

While financial savings have been delivered over the last few years, we have identified some areas where more resources are required, so additional support has been given and further reviews are being undertaken, particularly in areas such as the finance team which has been identified as being significantly under-resourced.

During 2023-24 the residents of West Oxfordshire have continued to face the challenges presented by the cost of living crisis. The council has adapted the delivery of its services to meet the changing needs of the residents whilst coping with the financial challenges faced by all local authorities. Single year settlements restrict our ability to confidently plan for more than one year in advance and there is continued uncertainty over the timing of funding changes, such as Business Rates reset and phasing out of New Homes Bonus.

The general and wage inflation also puts additional pressure on the financial position of the council and the possibility of a new government does nothing to alleviate this challenging financial outlook.

3. THE GOVERNANCE ENVIRONMENT

The key elements of the Council's governance arrangements are outlined in the Code. The governance framework includes arrangements for:

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users;
- Reviewing the Council's vision and its implications for the Council's governance arrangements;
- Measuring the quality of services for users, ensuring that they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the Executive (Cabinet), Non-Executive, Scrutiny and Officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for Members and staff;
- Establishment of a Constitution Working Group to review and update Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;

- Ensuring the Council’s financial management arrangements conform with the governance requirements of the *CIPFA* Statement on the Role of the Chief Financial Officer in Local Government (2015);
- Undertaking the core functions of an Audit Committee, as identified in *CIPFA’s* Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Whistleblowing and for receiving and investigating complaints;
- Risk based Internal Audit Strategy and Annual Plan;
- Identifying the development needs of Members and Senior Officers in relation to their strategic roles, supported by the appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council’s overall governance arrangements;
- Reports from external bodies such as the Local Government & Social Care Ombudsman, HM Revenue & Customs, Information Commissioner, Investigatory Powers Commissioner and Planning Inspectorate.
- Overview & Scrutiny Committee represents a public forum through which Councillors can monitor the implementation of the Council’s policies and the quality of its services; make recommendations on the discharge of the Council’s functions and/or matters effecting the district and hold the Executive (Cabinet) to account for their decisions and actions.

The main areas of the Council’s governance framework, and the key evidence of delivery, are set out below, under the headings of the core principles and sub-principles from the *CIPFA/SOLACE* “Delivering Good Governance in Local Government: Framework (2016)

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- Behaving with Integrity
- Demonstrating strong commitment to ethical values
- Respecting the rule of the law

- The roles and responsibilities of Members generally and all office holders are set out in the Council’s Constitution, along with the way in which the various elements of the Council interact and complement each other. The Constitution is supported and underpinned by a separate Code of Conduct for Members and a joint Member / Officer Protocol, which sets out guidelines as to behaviour and practical issues. This is further supported by Publica’s¹

¹ Publica Group (Support) Limited is a local authority owned company, jointly owned by Cheltenham Borough Council and Cotswold, Forest of Dean and West Oxfordshire District Councils. Over 95% of

Business Conduct rules which set out guidelines for staff on behavioural issues and the Council's Employee Code of Conduct.

- Declarations are made at meetings by Members and Officers, where appropriate, and are recorded in the minutes of the meeting. The Members' Code of Conduct requires Members to make declarations of interest, when necessary, these are also recorded.
- Registers of interest are completed annually by Members and published on the Council's website. The register of gifts, hospitality and sponsorship has been reviewed and approved at the Audit and Government Committee on March 2024. All declarations received by Members are recorded by the Monitoring Officer.
- An employee declaration is completed annually by all staff. A register of gifts and hospitality is maintained by Corporate Responsibility and addressed by the Governance Group every quarter.
- A new Council Employee Code of Conduct has been developed and was approved at the Audit and Government Committee in March 2024.
- All HR policies, 29 in total, have been reviewed and approved by Council.
- The Monitoring Officer and Section 151 Officer report directly to the Head of Paid Service and are members of the Corporate Leadership Team.
- Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures / statutory legislation. Where non-compliance is identified, this is reported to Management and to Members via the Council's Audit & Governance Committee (A&G).
- The Whistleblowing Policy was last updated in January 2022 and was agreed by the Audit and Governance Committee in April 2022. A counter-fraud unit working across Gloucestershire and West Oxfordshire helps prevent and detect fraud and corrupt practices, including misuse of power. The service reports to the Audit and Governance Committee and the Publica Board's Audit and Risk Assurance Committee twice a year.
- Training is compulsory for regulatory committees, that is, Development Control, Standards Sub-Committee and Licensing.
- The annual summary of Member Code of Conduct Complaints was considered by A&G Committee in August 2023 and lessons learnt endorsed.
- There are safeguards in the Constitution for handling planning and licensing applications from Members and Officers.
- Meetings are minuted, with decisions and key actions recorded appropriately. The Council continues to publish key decisions, in line with legal best practice. The Council has continued providing regular updates to and conversations with Members and across the organisation. Although all Member decision making meetings have reverted to being face-to-face in line with legislation, we have maintained the option for people to join remotely where possible and appropriate. This facility was be extended in January with the planned alterations in the Council Chamber will enable participants in meetings or events to join remotely where appropriate to do so.
- A webcasting Protocol was approved by the Council in January 2024.

staff formerly employed by West Oxfordshire District Council are now employed by Publica which delivers services on behalf of the Council.

- The Communications Service remains fully mobilised to ensure communications through all our channels to support public health advice / information / messaging and Council service and support information to reach audiences externally and internally. A bespoke Communications Strategy has been put in place to help all stakeholders feel ‘informed, reassured, safe and inspired’ through the current cost-of-living crisis.

B. Ensuring openness and comprehensive stakeholder engagement

- Openness
- Engaging comprehensively with institutional stakeholders
- Engaging with individual citizens and service users effectively

- Annual accounts are published in a timely manner to help communicate the Council’s financial position and performance.
- The Council’s Corporate Plan 2023 - 2027 was reviewed and adopted in January 2023. This is available on the Council website setting out the Council’s vision and corporate priorities.
- A new communications protocol was approved by Council in January 2024 setting out the role of the Team and the way in which it supports the Council including during sensitive periods, such as pre-election periods, was approved by Council in January 2024.
- All Committee, Executive (Cabinet) and Council reports clearly outline their purpose, so the community can understand what is trying to be achieved. Reports also address financial, legal, equalities, risk and climate change implications to aid understanding of the potential impact of their recommendations.
- The roles and responsibilities of the Executive (Cabinet), Non-Executive, Scrutiny and Officer functions are defined in the Council’s Constitution.
- A Scheme of Delegation of powers to Officers is included within the Constitution.
- Communication channels for Publica staff and Council retained staff include one-to-ones and team meetings. A weekly update email from Publica Directors (Keeping you connected) and an online portal (intranet along with regular all staff briefings via Teams take place).
- A Customer Feedback form is available publicly for handling comments, complaints and compliments and the Council’s website includes different ways for customers to give feedback or access services. A customer satisfaction survey was carried out on the telephone service provided, with the Council receiving high satisfaction scores being ranked third in the country.
- Ensuring clear channels of communication with all sections of the community and other stakeholders.
- A new protocol for webcasting all Council Committee Meetings was approved in January 2024 at Full Council enabling greater transparency and community engagement in Council Meetings following the refurbishment to the Council Chamber into a multi-functional venue available for hire by the wider community.
- The ability for members of the public to ask questions at Executive (Cabinet) meetings, Overview and Scrutiny Committee meetings and meetings of the Full Council.
- A report is produced quarterly regarding the performance of the Council’s services and the achievement of its aims and objectives. The report is presented to the Executive (Cabinet), discussed at the relevant Overview & Scrutiny Committees and published on the Council’s

website. The format of the report has been enhanced to provide a narrative and clearer information on Council priorities and KPI's.

- The Council publishes transparency data on its website which includes supplier payments, senior management structure charts and the Annual Pay Policy Statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information requests and the procedure that will be followed to answer the requests.
- A Locality Leadership Team, comprising the Head of Paid Service, the S151 Officer, Monitoring Officer and Publica's Locality Lead Assistant Directors, meet monthly to discuss projects, performance and risks and reports to be brought forward to Executive (Cabinet).
- Introduction of a new partnership framework in response to External Auditor recommendations in 2023/24 was implemented on the website in March 2024 signposting to our Partnership vision, values and principles and how we monitor our partnership involvement and where this is reported (through the corporate risk register) and a list of the partnerships the Council is involved with.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

- Defining outcomes
- Sustainable economic, social and environmental benefits

- The Council's vision and corporate priorities are contained within the Council Plan 2023 - 2027 which was adopted by Council in January 2023. This sets out the high level areas of focus, and what the Council hopes to achieve on its own or in partnership with others. These priorities are supported by the Code of Corporate Governance as good governance should underpin all the work of the Council.
- An annual business planning process is also conducted by Publica, which is informed by the corporate priorities, legislation and government guidance. All the areas of focus (corporate priorities) are underpinned by the following principles:
 - Putting Residents First
 - Enabling a Good Quality of Life for All
 - Creating a Better Environment for People and Wildlife
 - Responding to the Climate and Ecological Emergency
 - Working together for West Oxfordshire
- Detailed proposals arising from the corporate priorities are individually assessed and are included within decision making reports.
- Budget Procedure Rules have been adopted to ensure full engagement in the budget cycle.
- Contract Procedure Rules have been updated and approved by Council and will be reviewed in light of the Procurement Act 2023.
- The financial implications of delivering against the Council's priorities are included within the Council's Medium Term Financial Strategy ('MTFS'), revenue budgets and capital programme. These key financial documents are updated annually during the budget setting process. Variance to budget is reported quarterly.

- As part of its MTFS the Council assesses its forecast financial position and updates its assumptions about the resources available to, and the investment needs of, the Council.
- The Council is facing continued financial pressure from general and wage inflation. These are being incorporated into subsequent iterations of the MTFS and mitigations regarding costs are being developed.
- A Transformation Group has been established to help steer the Council's response to the challenging financial environment, guide the preparation of a sustainable MTFS consistent with the Council Plan, and oversee the delivery of the Council's work programme in terms of service transformation, investment and revenue generation.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

- Determining interventions
 - Planning interventions
 - Optimising achievement of intended outcomes
- The Council has, with three other councils, created a company, Publica Group (Support) Ltd, to deliver more efficient and improved services. Where appropriate, processes have been or are being aligned to ensure consistency across the partner councils, without compromising local priorities. In recognition that Publica is a significant contractor of the Council, the Council monitors its performance by:
 - Considering Publica's Annual Report at Council;
 - Considering Publica's draft Business Plan annually at the Overview and Scrutiny Committees and Executive (Cabinet) in February/March each year;
 - Requiring representatives from Publica to attend relevant Overview & Scrutiny Committee(s) to support discussion on quarterly performance and other reports;
 - Receiving monthly "Keeping You Connected" updates by email from Publica to all Members;
 - Inviting Publica senior Officers to attend monthly Informal Executive (Cabinet) meetings to discuss progress against the Business Plan and Corporate Plan
 - Creation of quarterly WoDC retained Officers/Publica Executives meetings where performance and progress against Corporate Plan priorities is a key agenda item.
 - Develop informal mechanisms to share best practice, learning and Councillor development.
 - In addition to the creation of Publica, the Council continues to secure savings through improved use of its assets and investments.
 - Given the creation of Publica is five years on, all Shareholder Councils have jointly conducted a robust review of future options to make sure the solutions needed for the council to achieve financial stability can be achieved, given the MTFS shortfall over the years ahead. This review examined the priorities for service delivery, options for reduction or transformation and how the Publica model fits into this. See also the first paragraph in Section E.

- Development of a monthly Officer Transition Group with retained WODC and Publica Locality Leads and the Interim MD to progress the Publica Transition Review
- The Council is also a Shareholder in Ubico, who deliver the Council's environmental services including waste and recycling collection services. The Council is focusing on ensuring effective governance arrangements are in place for this wholly owned company.
- The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately.
- The Strategic risk register is reviewed regularly by the Local Leadership Team and reported to the Audit & Governance Committee. This has been reviewed to ensure all required risks are escalated and reported.
- Projects and services retain their own risk registers and should elevate any high or strategic risks to the Local Leadership Team and Publica as appropriate for consideration. The Management Team reviews risk registers bi-monthly and escalates any emerging risks to the strategic register which is considered by Informal Executive and A&G Committee on a quarterly basis. Significant progress has been made this year in improving the identification and reporting of risks and improved communication and processes to ensure risks are appropriately escalated to the strategic register and visible to the Local Leadership Team.
- Key performance indicators are measured and reported quarterly. Significant work has been undertaken to develop service performance reports which are present to Executive and Overview & Scrutiny.
- A comprehensive service review has been undertaken of the shared Legal Service with additional resources being allocated to create additional specialised para-legal support and trainee/apprenticeship opportunity to free up fee-earners and grow your own talent along with the introduction of a case management system to assist with allocation, prioritisation and workflow of cases.
- Budgets are prepared annually in accordance with objectives, strategies and the MTFS, following consultation with residents, Members and Officers. The budget procedures rules, contained in the constitution, were reviewed and amended in November 2023.
- The MTFS is a live document and can be reviewed, updated and reported as necessary, to respond to the changing environment.
- As we move forward, we will continue to analyse the impact of the cost-of-living crisis and how that may impact our strategic priorities. The Council will continue to work with residents and local businesses to review and respond to their changing needs.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

- Developing the entity's capacity
- Developing the capability of the entity's leadership and other individuals

- One of the reasons behind the creation of Publica was to increase service delivery capacity across the four partner councils by sharing common processes and procedures and eliminating (as far as possible) single points of failure. By working in partnership, the Councils are able to share the cost of commissioning bespoke and specialist advice. As part of the review cited at the third paragraph in section D above, the Council will consider how the Publica governance model and Executive arrangements support the Council's Retained Officers' capacity to lead the Council and develop ideas, strategies and political engagement. This work is ongoing.
- The move to provision of services via wholly owned companies provides the opportunity to engage with a number of Non-Executive Directors that bring a wealth of experience from a range of different economic sectors. Councillors also have a range of experience which is a valuable asset to the Council.
- There is a Scheme of Delegation at Member level covering the Council, Executive (Cabinet), individual Executive Members and other Committees. Similarly, there is a Scheme of Delegation for Officer decisions at Executive, Non-Executive and Regulatory meetings. These are reviewed and revised as structures change.
- Financial rules are in place and are reviewed and revised as required.
- An induction programme is available to new employees and Members. Training is also provided for both Members and Officers on an on-going basis as appropriate and necessary. Members on certain Committees (e.g., Planning, Standards and Licensing) are required to undertake training before attending the Committee meetings, and to attend further training to remain up to date and improve their knowledge. A new induction process has been introduced for staff in 2023/24 and for Members approved by A&G Committee to be rolled out after the local elections in May 2024.
- Officers undertake regular 121 meetings with their line manager. As part of these 121 meetings, Officers discuss work plans/tasks and any training requirements associated with the successful delivery of the work plan. Officers are encouraged to complete Continuing Professional Development as relevant to their professional qualifications and service areas hold budgets to ensure that training can be undertaken to maintain skills and knowledge.
- Training is also provided for Officers on an on-going basis as appropriate and necessary with CPD being undertaken by Officers accredited to professional bodies.
- The Head of Paid Service, the Section 151 Officer, the Monitoring Officer and the Leader of the Council have clear statutory responsibilities. Roles and responsibilities are contained within the Constitution along with the Member/Officer Protocol.

- The Ihasco online training facility has been further developed to create a suite of mandatory and service specific training.
- Mandatory Officer Cyber Ninja training has been undertaken with a specific tailored on-line module created for and rolled out to Members.
- A Leadership Development Programme has been run for senior managers within Publica and the Council. All Senior Managers have received Carbon Literacy training with Silver accreditation being achieved.

F. Managing risks and performance through robust internal controls and strong public financial management

- Managing risk
- Managing performance
- Robust internal control
- Managing data
- Strong public financial management

- The Council explains and reports regularly on activities, performance and the Council's financial position through reports to its Executive (Cabinet) and Committees. Timely, objective and understandable information about the Council's activities, achievements, performance and financial position is provided. This includes publication of:
 - Quarterly Performance Reports, publicly reported to the Executive (Cabinet)
 - Externally audited accounts including an Annual Governance Statement.
- The Local Leadership Team reviews the Strategic Risk Register on a quarterly basis and also presents the Strategic Risk Register to informal Executive. The Strategic Risk Register is reported to the Audit & Governance Committee on a regular basis.
- Risks are identified when undertaking Internal Audit reviews and reported when necessary. The Council, through the S151 Officer, is able to flag any areas of concern to be added to the work of the Internal Audit team in the coming year.
- The work of the Internal Audit team is reviewed and challenged by both the S151 Officer and the Audit and Governance Committee.
- Performance Management measures the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources.
- Performance is measured on a regular basis through the quarterly KPI dashboards and reported to Members and Executive (Cabinet).
- Minutes of meetings are published and highlight the challenge made by Members to Officers and to Executive (Cabinet) Members.
- The Internal Audit service is provided by South West Audit Partnership Internal Audit Services ('SWAP') and is run in partnership with other local authorities.

- A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the S151 Officer. The Audit Plan is approved at the Audit & Governance Committee prior to the financial year.
- Audit reports, once completed, are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to the Audit & Governance Committee, on a quarterly basis.
- Recommendations made in audit reports are followed up 6 months after the completion of the audit and priority 1 and 2 findings are reported to the Audit & Governance Committee. Recommendations not implemented within that time scale are reported to the S151 Officer and to the Audit and Governance Committee.
- The Audit & Governance Committee's Terms of Reference are contained within the Constitution. Training is provided where appropriate.
- The CIPFA self-assessment was carried out by the A&G Committee in the last quarter of 2023/24 with the results being assessed at Committee in March 2024 recommending to Council to reduce the numbers on the Committee, not to appoint Executive Members, to recruit up to two IP's and produce a tailored training programme.
- A Counter Fraud Unit supports the Council and other third parties. Where investigations identify possible improvements to the internal control framework the Counter Fraud Unit will liaise with the Internal Audit team to ensure the improvements are followed up and implemented by management.
- An ICT Audit and Compliance Manager has been appointed as the Council's Data Protection Officer and therefore has responsibility for Data Protection policies and ensuring that Officers and Members are informed and appropriately trained.
- The Council has invested in its cyber security capability to increase its resilience against a cyber-attack, by implementing additional security solutions, recruiting additional staff and resourcing an ongoing training programme to maintain the impact of this investment.
- Audit reviews ensure data is held securely whether electronically or hard-copy.
- The MTFs is reviewed and updated on a regular basis by the Section 151 Officer to ensure that the Head of Paid Service, Monitoring Officer and Members are aware of the financial standing of the Council.
- A review was undertaken of Overview and Scrutiny (O&S) Committee Structures, which consolidated the number of committees from three to one and reviewed the meeting timetable, to ensure it was more effective in reviewing the decisions made by the Executive Committee. Now meeting on a monthly basis in advance of Executive to allow decisions to be feed into the Executive decision-making process.
- The Independent Remuneration Panel meet to consider recommending a special responsibility allowance for the Vice Chair of O&S given the enhanced role of the single committee and the workload and number of working groups on moving to a single Committee.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- Implementing good practice in transparency
- Implementing good practices in reporting
- Assurance and effective accountability

- Data in respect of transparency is published on the Council's website.
- The Council's Statement of Accounts is produced and published annually in accordance with statutory legislation. Aligned with this is the production of the Annual Governance Statement which identifies how the Council has met its governance reporting obligations
- External Audit recommendations are reported to Audit & Governance Committee, following the completion of their annual audit process, follow-ups of recommendations are also reported
- Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit recommendations are followed-up and reported to the Audit & Governance Committee, further follow-up is planned if recommendations have not been actioned in full.
- The Council has a process for the receipt and processing of freedom of information requests made under the Freedom of Information Act and environmental information requests under Environmental Information Regulations.
- There is a presumption that all reports and the associated annexes to be considered in public meetings will be published. The Council's Legal Officer is consulted in circumstances where reports or annexes contain information which is considered to be exempt from publication.

4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers, the annual opinion from the Head of Internal Audit, the Officer Corporate Governance Group and comments made by the External Auditors, other review agencies and inspectorates.

The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:

Statutory Officers, Executive Directors, Assistant Directors and Business Managers are required to complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement.

The Local Leadership Team (including the Section 151 Officer, the Monitoring Officer and Locality Directors) review the Strategic Risk Register on a quarterly basis and Service/Project Risk Registers are maintained by each Group/Business Manager.

A Governance Group meets quarterly to discuss and action matters such as staff declarations of interests/gifts and hospitality, audit recommendations, cyber security and GDPR updates/breaches register and counter fraud updates.

The SWAP Assistant Director (Head of Internal Audit) provides the Audit & Governance Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements.

Investigation of, and decisions on, allegations of failure to comply with the Members' Code of Conduct are considered and determined by the Monitoring Officer and the Standards Sub-Committee taking into account the views of the Independent Person.

The Council have three Independent Persons ('IP's') as a result of appointing an additional two IP's, under the Localism Act 2011, during 2023/24 to ensure resilience if there was an absence or conflict of interest situation.

Induction processes are carried out for newly elected Members.

Training and awareness sessions are carried out for the Audit & Governance Committee in relation to Informal/External Audit functions, risk, counter fraud and the budget periodically and a training programme has been approved for the next municipal year.

Bishop Fleming have been appointed, by the Public Sector Audit Appointments (PSAA), as the External Auditors for the period 2023/24 to 2027/28. A formal handover process has been followed between the incumbent auditors (Grant Thornton) and Bishop Fleming.

The External Auditors present progress reports to the Audit and Governance Committee.

The External Auditor's Annual Audit Letter and follow-up of management responses to issues raised in the Letter or other reports are overseen by the Audit & Governance Committee.

Quarterly performance reports, including the budget position, are presented to the appropriate Member panel and Executive (Cabinet), demonstrating performance management against agreed performance indicators and budgets.

The Audit & Governance Committee reviews the Annual Statement of Accounts, including the final AGS, the Treasury Management Strategy and quarterly progress reports from both Internal Audit (SWAP) and External Audit (Grant Thornton).

Full Council approves the annual budget and reviews and approves the Treasury Management Strategy, following recommendations from the Audit & Governance Committee.

Internal Audit monitors the quality and effectiveness of systems of internal control. Audit reports include an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including recommendations for improvement are detailed in an action plan agreed with the relevant Business Manager/Group Manager.

The Annual Internal Audit Opinion for 2023/2024, in respect of the areas reviewed during the year, was one of low "Reasonable" Assurance, that there is a generally sound system of governance, risk management and control in place.

The Council's Financial Rules and Contract Rules are kept under review and revised periodically.

Other explicit review/assurance mechanisms, such as the Annual Report from the Local Government & Local Care Ombudsman and reports from SWAP or Grant Thornton are also reviewed.

5. REVIEW OF GOVERNANCE ACTION PLAN FOR 2023/2024

When preparing its 2022/2023 statement the Council identified a number of areas which required focus and attention. These have been actively monitored throughout the year and progress by the end of March 2024 is detailed in the table below:

	Key Area of Focus	Planned Actions	Responsible Officer	Completion due by	Progress
1	Medium Term Financial Strategy (MTFS) refresh	<ul style="list-style-type: none"> Continue to regularly update the MTFS to reflect the current financial forecast. The current iteration shows a significant budget gap and while some mitigations have been identified, they are insufficient to resolve the budget shortfall. The emerging Action Plan which links to the revised Council priorities will inevitably increase pressure on the budget so even more savings / additional income will need to be found in order to close the gap and balance the budget. 	Director of Finance & I51 Officer	31/03/24	The Council has put in place a Transformation Group to manage the budget gap identified in the MTFS. This includes asset management planning and a review of key contracts (Ubico and GLL) on its' Work Plan. The MTFS is reviewed as part of the annual budget setting process.
2	Treasury Management	<ul style="list-style-type: none"> As the Council's cashflow becomes tighter, an increased focus on Treasury Management is required with more frequent and timely updates allowing for management of a reduced level of working capital and maximum foresight of any borrowing requirements. 	Director of Finance & I51 Officer	31/12/23	<p>We monitor and update daily cashflows for all 3 Councils alongside monthly actuals and monthly variance analysis. 2023/24 has not seen a significant decrease in working capital but levels are expected to drop in 2024-25.</p> <p>Regular meetings with Chief Accountants, S151's and advisors occur at a minimum of quarterly and ad hoc meetings and</p>

					communication occur between the Treasury team and accountants to make sure the cashflow forecast is as accurate as possible.
3	Service Transformation	<ul style="list-style-type: none"> Conduct a robust review of future service delivery options to make sure the solutions needed for the Council to achieve financial stability can be achieved, given the MTFS shortfall over the years ahead. This review will examine the priorities for service delivery, options for reduction or transformation and how both the Publica and Ubico models fit into this. The review should determine which service provision is statutory and non-statutory, fits with current priorities or is legacy, and where there are opportunities to reduce even the level of statutory provision. 	Chief Executive Officer	31/03/24	<p>A review was completed by Human Engine with the report and recommendation taken to Executive and Overview and Scrutiny.</p> <p>Interim Programme Director has been appointed and started w/c 22 January 2024</p> <p>Local Partnerships were commissioned to deliver a transition framework which has reported back to the Executive and Overview and Scrutiny during February and March 2024.</p> <p>Officer Transition Board established along with 5 key workstreams covering Finance, Legal, HR, ICT and Communications.</p>
4	Invoice approval hierarchies	<ul style="list-style-type: none"> To continue the review of invoice approval hierarchies ensuring that these are appropriately reflected on Business World (BW). To investigate whether Business World would support the workflow of approvals thus removing the need to gather information on whether invoices should be paid or not via email or other means external to BW 	AD, Business Services	31/03/24	<p>Ongoing regular reviews of invoice hierarchies are already in place and are aligned in the BW system.</p> <p>Our investigation of BW capabilities are ongoing and we are always looking at ways to improve the efficiency of the system and avoid having to run parallel processes.</p>

		which does not allow for an appropriate audit trail to be preserved on the Finance system.			
5	Aged debt and credit control	<ul style="list-style-type: none"> To retrain all service areas in the handling of aged debt. A review of the process has identified that processes are not being followed. These need to have a stronger focus and to be re-embedded in-service areas, supported centrally by a stronger emphasis on credit control. Much work has been done in 22/23 to assess and write off uncollectable debt but work is required on current debt processes to ensure that timely interventions are made. 	AD, Business Services	31/12/23	<p>Business Managers have received training, and this will now be completed for staff who have responsibilities for revenue generating services and debt recovery.</p> <p>A new booklet has been produced to detail how this should be managed, along with any additional guidance and forms.</p>
6	Project and Programme reporting	<ul style="list-style-type: none"> This area has improved but more work still needs to be done to ensure that there is transparency of information and that mitigations are owned and time bounded and that the implications of delays or overruns is clearly documented and communicated. Guidance on governance frameworks has been written but more work is required to ensure this is embedded. 	Business Manager, Governance	31/03/24	<p>All Project and Programmes for WoDC are reported on a bi-monthly basis to the Senior Management Team. This ensures transparency and ownership. This is also presented quarterly to informal Executive.</p> <p>Project and programme governance is in place and is continually being reviewed and updated.</p>

7	Roles and responsibilities	<ul style="list-style-type: none"> The External Auditors have recommended that as part of the upcoming external review of Publica, there is a clarification of roles and responsibilities, where decisions should appropriately sit (in Publica / Ubico or the Council) and more clarity around not just the services being delivered but the level of those services. 	Chief Executive	31/03/24	This will form part of the detailed transition plans as part of the Transition of Services from Publica into the Council.
8	Raising awareness of the contract procedure rules	<ul style="list-style-type: none"> A new Contract & Procurement Strategy has been developed and is currently awaiting approval by Executive (Cabinet). A priority this year will be to rollout Management and Officer Training to ensure this new strategy is understood and embedded. 	AD Business Services	31/03/24	The new Contract and Procurement Strategy has been approved and briefing notes have been issued and a presentation provided to all Business Managers on their responsibilities under the new Strategy.
9	Financial Management	<ul style="list-style-type: none"> To review the financial procedure rules and financial processes to be completed in 2023/24 against the CIPFA Financial Management Code. 	Director of Finance & Section 151	31/12/24	<p>The Publica review and transition process will influence the timing and nature of any review of financial procedures and processes.</p> <p>This action will therefore carry over into next financial year and will need a more incremental approach when structures and timings are agreed.</p> <p>Carry over into 24/25.</p>

10	Risk Management	<ul style="list-style-type: none"> • To rollout the Risk Management Training to all relevant Officers (Launched in May 2023) • To build risk management into the new Leadership and Development Training • To ensure the existing Risk Policy and process enables effective reporting, escalation and mitigation. • To continue to improve the Risk Registers and the processes by which risks are escalated to the Strategic Risk Register to ensure that all risks are escalated allowing Local Management Team and Members sight of them for monitoring and inclusion in decision making information. 	AD Organisational Effectiveness	31/03/24	<p>Risk management training was launched in May 2023. New portal pages are now live for Risk Management.</p> <p>A new risk training presentation will be produced and added to IHasco mandatory training.</p> <p>A lot of work has been undertaken to ensure that Risks are identified, escalated, and mitigated. Risk is now taken to the Management Team meeting, and it is presented to informal Executive on a quarterly basis.</p> <p>The revised WODC Risk Register has been presented to Audit and Governance Committee and work is now being completed on the Risk Policy which will be presented early in the new Financial Year.</p>
11	Emergency Planning	<ul style="list-style-type: none"> • To further increase community resilience in line with the new Resilience Framework, published in December 2022. • To further develop our Emergency Response Framework by putting in place a Locality Response Team for WODC who are trained and able to 	AD Organisational Effectiveness	31/03/24	<p>Advice and support is provided to interested communities as and when requested. A stronger Local Resilience Forum (LRF) bid is currently at its final stages which will include a Business and Community role.</p>

		<p>respond in the event of a significant local incident.</p> <ul style="list-style-type: none"> • To ensure Statutory Officers are trained and competent in their role as Gold (Strategic) Commander in the event of a significant local incident, and relevant Officers are trained in Silver (tactical) and Bronze (operational response). • To ensure the Safety Advisory Group considers any implications from Martyn's Law when considering planned events. 			<p>New Locality based response teams are now in place for coordination and rest centre management. Regular meetings are in place with the volunteers. JESIP training has been completed and further training is scheduled for the Coordination Team, Rest Centre Team and Duty Manager / Officer.</p> <p>An overview of Emergency Planning responsibilities was delivered to Statutory Officers. Duty Officer and Manager refresher training scheduled.</p> <p>This is ongoing. Work is being undertaken with the LRF to ensure we are sighted on changes.</p>
12	Portal Content Management	<ul style="list-style-type: none"> • To review the Publica Portal content to ensure it is up to date, and includes the latest versions of all policies and procedures 	AD Commercial Services	31/03/24	<p>Portal pages are now complete and live. This is now 'business as usual' with updates being made as and when requested by services who own each of their portal pages.</p> <p>Staff portals will need to be reviewed in light of the Publica Review and will be likely that each council will need their own portal as staff are taken back in-house and therefore each council will need its own internal comms.</p>

13	Business Continuity	<ul style="list-style-type: none"> To further develop the Business Continuity Processes (BCP) to ensure they are robust and fit for purpose To test the business critical Business Continuity Plans in 2023/24 	AD Organisational Effectiveness	31/03/24	<p>The Emergency Planning Officer has now completed BCP training, and a plan is being developed to review the Business Continuity policy to identify any additional areas for improvement. A rolling programme of BCP updates has been agreed for next financial year to enable a more detailed review of service area Business Impact Assessments and Business Continuity Plans. This action will be carried over into next financial year.</p> <p>The IT BCP was recently tested through an internal audit which assumed a successful cyber-attack and the off-premise rebuild of a business critical IT system.</p>
14	New HR Policies	<ul style="list-style-type: none"> Rollout a new and revised suite of HR policies in 2023/24 Ensure Managers are trained in the use of the new HR Policies 	AD Organisational Effectiveness	31/03/24	<p>A suite of HR Policies has been reviewed and Executive recommended approval by Council, with a further suite approved later in the 23/24 year.</p> <p>As HR policies are approved across the three partner Councils training will be completed.</p>

6. GOVERNANCE ACTION PLAN FOR 2024 - 2025

In preparing this statement for 2023/24 and reviewing the effectiveness of the governance arrangements as part of our continuous improvement approach, a number of areas have been identified where the Council needs to focus attention and improve arrangements over the next financial year 2024/25. These areas of work are planned to strengthen the control framework and are set out in the table below and due to be completed by 31/03/25.

	Key Area of Focus	Planned Actions	Responsible Officer	Completion due by
1	Freedom of Information	<ul style="list-style-type: none"> Improve response times to Freedom of Information requests to ensure compliance with the relevant Act Publish a greater range of information to reduce the need to respond to regularly made Freedom of Information requests 	Business Manager Governance	31/03/25
2	Complaints Process	<ul style="list-style-type: none"> Introduce a revised customer complaints process which aligns to the new Customer Complaints Code issued by the Local Governance following a two rather than three stage process. 	Business Manager Governance	31/03/25
3	New service delivery models	<ul style="list-style-type: none"> Conclude the review of future service delivery options to make sure the solutions needed for the council to achieve financial stability can be achieved, given the MTFS shortfall over the years ahead Insource services back from Publica and examine the priorities for a new service delivery model Implement options for efficiency and transformation Develop new values and behaviours 	Chief Executive	31/03/25
4	Council Constitution	<ul style="list-style-type: none"> Undertake a full review of the Council's Constitution and Scheme of Delegation to reflect the new service delivery model 	Director of Governance	31/03/25
5	Emergency Planning and Business Continuity	<ul style="list-style-type: none"> Ensure the Council has resilience and can respond effectively in the event of a significant local incident under the new service delivery model Further develop business continuity plans to ensure they are robust and fit for purpose under the new service delivery model To test the business-critical Business Continuity Plans in 2024-25 	Business Manager Governance	31/03/25
6	Risk Management	<ul style="list-style-type: none"> To review the Risk Management Policy To complete a risk maturity self-assessment 	Business Manager Governance	31/03/25

7	Review of Audit and Governance Committee	<ul style="list-style-type: none"> • To appoint two independent persons to Audit and Governance Committee • Restrict membership to Non-Executive members reducing the number on committee from 17 to 11 with up to two independent persons recruited. 	Director of Governance and Director of Finance	31/03/25
8	Financial Management	<ul style="list-style-type: none"> • To review the financial procedure rules and financial processes to be completed in against the CIPFA Financial Management Code. 	Director of Finance	31/03/25
9	Procurement	<ul style="list-style-type: none"> • Implementation of the Procurement Act 2023 and subsequent revision of contract procedure rules • To train officers as required. 	Business Partner, Procurement	31/03/25

7. APPROVAL OF LEADER AND CHIEF EXECUTIVE

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed on behalf of West Oxfordshire District Council:

**Andy Graham
Leader of the Council**

**Date:
(END)**

**Giles Hughes
Chief Executive**

Date: