

# Public Document Pack

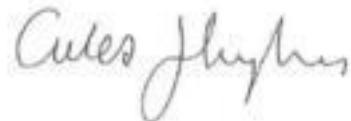


Wednesday, 14 January 2026

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## AUDIT AND GOVERNANCE COMMITTEE

You are summoned to a meeting of the Audit and Governance Committee which will be held in Committee Room 1, Council Offices, Woodgreen, Witney, Oxfordshire OX28 1NB on **Thursday, 22 January 2026 at 6.00 pm.**

A handwritten signature in blue ink that reads "Giles Hughes".

Giles Hughes  
Chief Executive

To: Members of the Audit and Governance Committee

Councillors: Carl Rylett (Chair), Ruth Smith (Vice-Chair), Joy Aitman, Andrew Beaney, David Jackson, Edward James, David Melvin, Elizabeth Poskitt, Nigel Ridpath, Sandra Simpson, Alex Wilson, Victoria M Field (Independent Member) and Richard Deuttenburg (Independent Member).

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. **Minutes of Previous Meetings (Pages 5 - 12)**

To approve the restricted minute for Item 10 from the meeting of the Audit and Governance Committee on 25 September 2025 - Cyber Security Update. The minute can be seen at Item 11 of this agenda.

To approve the minutes of the meeting held on 27 November 2025.

2. **Apologies for Absence**

To receive any apologies for absence. The quorum for the Audit and Governance Committee is 4 Members.

3. **Declarations of Interest**

To receive any declarations from Members of the Committee on any items to be considered at the meeting

4. **Participation of the Public**

To receive any submissions from members of the public, in accordance with the Council's Public Participation Rules.

The deadline for submissions is 2.00pm, two clear working days before the meeting.

5. **Budget Strategy Papers (Pages 13 - 60)**

Purpose:

To present the Capital, Investment and Treasury Management Strategies for review for 2026/27 budget setting process.

Recommendation:

That the Audit and Governance Committee resolves to:

- I. Note the strategies in annexes A, B and C.

6. **Internal Audit Progress Report (Pages 61 - 76)**

Purpose:

To present a summary of the audit work concluded since the last meeting of this Committee.

Recommendation:

That the Audit and Governance Committee resolves to:

- I. Note the report.

7. **Strategic Risk Register (Pages 77 - 86)**

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 contents of the report and annex.

8. **Code of Corporate Governance (Pages 87 - 150)**

Purpose:

To present the latest version of the Local Code of Corporate Governance for adoption by West Oxfordshire District Council

Recommendation:

That the Audit and Governance Committee resolves to:

- I. Review and adopt the latest version of the Local Code of Corporate Governance.

9. **Audit and Governance Committee Work Programme (Pages 151 - 154)**

Purpose

For the Committee to review and note its work programme.

10. **Exclusion of Public and Press**

If The Audit and Governance Committee wishes to exclude the press and the public from the meeting during consideration of any of the items on the exempt from publication part of the agenda, it will be necessary for the Committee to pass a resolution 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.

The Audit and Governance Committee may maintain the exemption if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11. **Restricted minute for Item 10 from the meeting of the Committee on 25 September 2025- Cyber Security Update (Pages 155 - 156)**

Restricted minute from the Item 10 - Cyber Security Update from the meeting of the Audit and Governance Committee held on 25 September 2025.

(END)

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# Agenda Item 1

## WEST OXFORDSHIRE DISTRICT COUNCIL

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

Held in the Committee Room 1, Council Offices, Woodgreen, Witney, Oxfordshire OX28  
INB at 6.00 pm on **Thursday, 27 November 2025**

### PRESENT

Councillors: Carl Rylett (Chair), Ruth Smith (Vice-Chair), Andrew Beaney, Elizabeth Poskitt, Nigel Ridpath, Sandra Simpson, Alex Wilson, Julian Cooper and Dan Levy

Officers: Lucy Cater (Assistant Director SWAP), Andrea McCaskie (Director of Governance and Regulatory Services), Madhu Richards (Director of Finance), Andrew Brown (Head of Democratic and Electoral Services), Mathew Taylor (Democratic Services Officer) and Georgina Dyer (Head of Finance)

Other Councillors in attendance: Alaric Smith

89

### **Apologies for Absence**

Apologies for absence were received from Councillors David Jackson, Edward James and David Melvin.

Apologies were also received from Independent Member of the Committee Richard Deuttenburg.

Councillor Julian Cooper substituted for Councillor David Jackson

Councillor Dan Levy substituted for Councillor David Melvin.

90

### **Declarations of Interest**

There were no declarations of interest received.

91

### **Minutes of Previous Meeting**

The Democratic Services Officer advised that the minutes of the previous meeting on 25 September 2025 that were to be considered were the public minutes only, and these excluded the restricted minute on item 10 of that agenda – Cyber Security Update. The restricted minute would be added to the agenda for the meeting of the Committee on 22 January 2026. Members were therefore asked to consider the public minutes for approval.

The Committee considered the minutes of the meeting held on 25 September 2025. Councillor Elizabeth Poskitt proposed that the minutes be agreed. This was seconded by Councillor Carl Rylett, Chair of the Audit and Governance Committee, was put to the vote and agreed by the Committee.

**Resolved:**

The Committee agreed the minutes of the meeting held on 25 September 2025.

92

### **Participation of the Public**

There was no participation of the public.

**93 Auditor's Annual Report on West Oxfordshire District Council (Value for Money Arrangements and Recommendations)**

The purpose of the report was to provide Members with the Auditor's Annual Report on Value for Money Arrangements and Recommendations 2024/25.

Charlie Martin, Key Audit Partner from Bishop Fleming, introduced the report and highlighted the following points:

- The Auditors Annual Report focussed on reporting on the arrangements in place at the Council to achieve value for money.
- There had been three reporting criteria: financial sustainability; Governance; Improving economy, efficiency and effectiveness.
- The document was published alongside the accounts when these were signed.
- There were no significant weaknesses noted in the report.
- The Auditor explained the red, amber and green ratings in the report and noted that red ratings would be more serious or significant issues of which there were none for the Council.
- Recommendations to management could be seen at section eight of the report along with management responses. The Auditor confirmed that he was comfortable with the responses received. Action and updates on prior year recommendations were included on page 35 of the pack, all of which had been followed up with management.

In the discussion the following points were raised:

- A Member requested an explanation of what would be involved in a peer review. It was explained that it was good practice for such a review to be undertaken once every five years. The Auditor was comfortable with the decision by the Council, considering the Publica reorganisation and imminent Local Government Reorganisation (LGR), not to undertake the review at this stage. However, it was noted that discussions would be ongoing about the right time to undertake the review. In general terms it was explained that a peer review would be facilitated by the Local Government Association (LGA) who would feedback any relevant Governance issues that were found.

**Resolved:** The Audit and Governance Committee noted the contents of the report and annex.

**94 Final 2024/25 Audit Findings Report (ISA260) and Statements of Account for West Oxfordshire District Council**

The purpose of the report was to present the Audit Findings Report and Audited Statement of Accounts for the period 1 April 2024 to 31 March 2025.

Charlie Martin, Key Audit Partner from Bishop Fleming, introduced the report and highlighted the following points:

- The Auditor expressed his thanks to the Management Team for their work and cooperation.
- The Audit Completion Report summarised the work of the External Auditor of the Council's Accounts.
- The Council had demonstrated that a good partnership existed and established processes were in place, this was denoted by the "green" ratings achieved in the report.
- The Pension Fund Assurance letter had been outstanding at the point of publication of the Committee agenda but had now been received and presented no significant issues.
- The confirmed opinion on the accounts was one of "unqualified".
- In summary the main consideration that had arisen was an adjustment that had been required to the valuation of Chipping Norton Leisure Centre, which had been corrected by management.
- Additional observations from the audit were given in section six of the report, none of these were considered significant and had been discussed with management.
- The Letter of Representation was provided in Appendix A and contained no unusual terms. This was signed by the Chair of the Committee.

There were no questions or comments from Members of the Committee.

Councillor Carl Rylett, Chair of the Audit and Governance Committee, proposed that the Committee agree the recommendations as set out in the report. This proposal was seconded by Councillor Julian Cooper, was put to the vote and agreed unanimously.

**Resolved:** That the Audit and Governance Committee

1. Noted the contents of the report and annexes.
2. Approved the Statement of Accounts 2024/25, including the Annual Governance Statement; and
3. Authorised the Chief Finance Officer and the Chair of the Committee to write a Letter of Representation on behalf of the Committee and Council to Bishop Fleming to enable the opinion to be issued.

## Treasury Management Mid-Term Report

The purpose of the report was to provide Members with an update on Treasury Management activity, the performance of internal and external funds and prudential indicators for the period 1 April 2025 – 30 Sept 2025.

Georgina Dyer, Head of Finance, introduced the report and highlighted the following points:

- Members were asked to note that the recommendation incorrectly referred to the Executive, in fact the Audit and Governance Committee was recommended to note the report.
- Long-term investment performance had continued the same trajectory as previously presented, with significant revenue returns and capital values that continued to recover.
- The Council was above budget in revenue terms, with interest receipts having provided more income to fund front line services of the Council.
- There was still some volatility in the market, particularly due to events in the US. Such volatility could impact the Council's long-term investments but were outside of the Council's control.
- The remainder of the report showed the position of the cash reserves.
- Treasury management prudential indicators were all compliant. The exception to this was interest rate exposure. Interest rates continued to be higher than forecast however, there was anticipation of a further interest rate cut by the Bank of England in the coming year.

In the discussion the following points were raised:

- A Member queried if the unrealised Capital Gain of £318,000 shown at 5.7 could be crystallised. In her response the Officer advised that it could not be realised until the asset was sold and noted that it was considered a long-term investment. The potential for unrealised gains to be crystallised when LGR took place was explored by the Committee, with Officers advising that this would be a matter for the new Shadow Authority and eventually the new Unitary Authority to consider. It was suggested that unrealised losses would only become an issue for finances if the Government withdrew the statutory override which was in place until 31 March 2028.
- The Committee discussed the interest rate exposure noted at 8.6 in the report. Further clarity was sought as to why this was noted as non-compliant. Officers informed the Committee that the indicator was set during the budget setting process and was in fact a measure and not to be viewed in terms of a “good” or “bad” result. Non-compliance in this case would be more of a concern if the Council had external debt and borrowing which it did not.
- The Committee queried whether consideration had been given in the Treasury Management Strategy to a move towards ethical social investments. Officers noted that

this had been considered and would be included in future. Furthermore, an ethical fund had been opened recently. More detail would be available in the Treasury Management Strategy which would be presented to the Committee in January.

- The Council's exposure to the recent central government budget announcement and subsequent market reaction was discussed. Officers suggested that at present there had been no noticeable market reaction but acknowledged that the Council was exposed to this.
- The Committee queried the proposed levy to be introduced on properties over £2m reported in the budget. Officers noted that any additional valuation requirements as a result of this government announcement would be a matter for the Valuation Office Agency, with the Council being the billing authority only. No guidance had yet been issued on collection of the levy. The Committee discussed the potential mechanisms for collection of the levy, given that the Council could not remit Council Tax to the Treasury. It could be the case that central government would reduce funding to the Council to reflect the collection of the levy.

**Resolved:** The Audit and Governance Committee noted the contents of the report.

96

### Internal Audit Progress Report

The purpose of the report was to present a summary of the audit work concluded since the last meeting of this Committee.

Lucy Cater, Head of Internal Audit, Assistant Director SWAP Internal Audit Services introduced the report and highlighted the following points:

- The report showed the work undertaken by Internal Audit since the last report to the Committee.
- A final report had been included on audit work that had taken place with the ICT team on disaster recovery in the revenues and benefits system.
- All agreed actions were followed up; however the Committee was asked to note that there was an error on the dashboard in the report that showed eight open actions which should be changed to six.

There were no questions or comments from Members of the Committee.

**Resolved:** The Audit and Governance Committee noted the Internal Audit Plan Progress report.

97

### SWAP Internal Audit External Quality Assessment (EQA)

## Audit and Governance Committee

27/November2025

The purpose of the report was to present a report of SWAP's External Quality Assessment (EQA) 2025.

Lucy Cater, Head of Internal Audit, Assistant Director SWAP Internal Audit Services introduced the report and highlighted the following points:

- The report had been requested by the Council's Monitoring Officer as it was a query regularly raised by Members of the Committee.
- The report presented the outcome of the audit of SWAP by peers at The Devon Assurance Partnership.
- SWAP had received an assessment of "generally conforms" which was the highest accreditation that could be awarded.

There were no questions or comments from Members of the Committee.

**Resolved:** The Audit and Governance Committee noted the SWAP External Quality Assessment Report.

98

## Audit and Governance Committee Work Programme

The purpose of the item was to provide the Audit and Governance Committee with a schedule of the Committee's work programme for the year.

The Democratic Services Officer advised that a report on Financial Procedure Rules had been added to the meeting on 19 March 2026 since the publication of the work programme.

A Member requested that Arlingclose be asked to address the Committee at a further meeting. Officers advised that this request could be made.

A Member queried if more information could be provided to the Committee on the Council's property assets, their management and the income generated. Officers noted that information was given in categories in the Statement of Accounts and that further detail could be commercially sensitive. Members were informed that regular meetings took place between relevant Officers and the Executive Member for Finance and as required, with the Leader of the Council. It was concluded that this information may be best provided through a Member Briefing which Officers would consider.

A Member raised a question regarding the Council's obligations following the recent Government announcement requiring a return to be made on short term holiday accommodation. Officers advised that they believed that this was intended to close a loophole

Audit and Governance Committee

27/November2025

in Business Rates but that such requirements had not been looked at in detail in the short time since the announcement.

The Meeting closed at 6.38 pm

CHAIR

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# Agenda Item 5

 <b>WEST OXFORDSHIRE DISTRICT COUNCIL</b>	<b>WEST OXFORDSHIRE DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 22 JANUARY 2026</b>
Subject	<b>STRATEGY PAPERS FOR 2026/27 BUDGET SETTING PROCESS</b>
Wards affected	None
Accountable member	Councillor Alaric Smith, Executive Member for Finance Email: <a href="mailto:Alaric.Smith@westoxon.gov.uk">Alaric.Smith@westoxon.gov.uk</a>
Accountable officer	Madhu Richards, Director of Finance Email: <a href="mailto:Madhu.Richards@westoxon.gov.uk">Madhu.Richards@westoxon.gov.uk</a>
Report author	Georgina Dyer, Head of Finance Email: <a href="mailto:georgina.dyer@westoxon.gov.uk">georgina.dyer@westoxon.gov.uk</a>
Summary/Purpose	To present the Capital, Investment and Treasury Management Strategies for review for 2026/27 budget setting process.
Annexes	Annex A – Capital Strategy Annex B – Investment Strategy Annex C – Treasury Management Strategy
Recommendation(s)	That the Audit and Governance Committee resolves to: I. Note the strategies in annexes A, B and C.
Corporate priorities	(Internal Audit supports all Council Corporate Priorities <ul style="list-style-type: none"> <li>• Putting Residents First</li> <li>• A Good Quality of Life for All</li> <li>• A Better Environment for People and Wildlife</li> <li>• Responding to the Climate and Ecological Emergency</li> <li>• Working Together for West Oxfordshire</li> </ul> )
Key Decision	NO

Exempt	NO
Consultees/ Consultation	Not Applicable

## **I. BACKGROUND**

The predecessor auditor, Grant Thornton, during their Value for Money audit recommended that the Council clarified, within its constitution, the responsibility for the assessment of the Council's Capital, Investment and Treasury Management Strategies as part of the annual budget setting process.

## **2. MAIN POINTS**

The constitution has been amended to update the Terms of Reference of the Audit and Governance Committee to include reviewing the Council's Capital, Investment and Treasury Management Strategies as part of the annual budget setting process.

The annexes to this report present the three strategy papers for review and approval.

## **3. FINANCIAL IMPLICATIONS**

None directly from this report.

## **4. LEGAL IMPLICATIONS**

None directly from this report.

## **5. RISK ASSESSMENT**

Not applicable.

## **6. EQUALITIES IMPACT**

Not Applicable

## **7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

Not Applicable

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# **Capital Strategy Report 2026/27**

## **West Oxfordshire District Council**

### **Summary**

The Prudential Code for Capital Finance places key responsibilities on UK local authorities, requiring them to ensure capital plans are affordable, prudent, and sustainable, setting their own borrowing limits based on revenue, managing investment risks, and integrating capital spending with overall strategy. Authorities must create a formal capital strategy, manage debt within set indicators and demonstrate value for money.

As part of the annual budget setting process, the Council proposes a five-year Capital Programme, setting out the estimated expenditure on capital projects that will be undertaken by various service areas across the Council, based on identified need.

Typically, capital expenditure relates to either the acquisition or improvement of non-current assets for service delivery e.g. Leisure Centres and Waste Vehicles, or to provide economic or social benefits for residents e.g. the provision of affordable housing and Disabled Facilities Grants. Other activities and investments need to deliver financial returns in order to support them e.g. Investment Property.

We are taking a financially responsible approach to all of our plans, ensuring that optional expenditure is at the very least cost neutral to the Council and, where possible, delivers an ongoing revenue contribution to support council services.

The Council's capital strategy supports the delivery of our Council priorities whilst also covering the cost of capital and supporting our revenue budget. New investments will need to meet the criteria set by the Public Works Loan Board (PWLB) – which is a source of lending we are not in a position to forego our eligibility to - and deliver a yield that makes the risk of investment worthwhile and clears the hurdle rates set out in the Council's investment strategy.

### **Introduction**

This Capital Strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

Decisions made this year on capital and treasury management will have financial consequences for the Council for many years to come. They are therefore subject to both a national regulatory framework and to a local policy framework, summarised in this report.

While some elements of the capital programme are financed by revenue, some of the projects in it will require the Council to borrow. This can be because it is outside of our normal revenue expenditure or, previous internal borrowing (which is discussed at greater length later in this paper) means that we now need external borrowing to fund the expenditure.

### **What is Capital Expenditure?**

Local Authorities operate under a capital prudential framework and under a statutory legal environment through the Local Government Act 2003.

Expenditure can only be capitalised (i.e. recorded as an asset on the Council's balance sheet) under these regulations, if the spend is incurred in:

- Acquiring, constructing, or enhancing assets, such as land, buildings, plant, vehicles, and equipment
- Advancing a loan to a third party that would be for capital purposes if incurred by the council e.g. Southill Solar
- Granting of funds to a third party which is to be used for a capital purpose e.g. Affordable Housing schemes
- Purchasing or enhancing assets from which the council does not have the right to economic or service benefits from but would otherwise be capital if the council had those rights (Revenue Expenditure Funded by Capital Under Statute) e.g. Disabled Facilities Grant

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this can include spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

Occasionally the Council may be required to capitalise expenditure below this threshold in order to comply with grant conditions.

For details of the Council's policy on capitalisation, see the Council's accounting policies which are contained within the annual Statement of Accounts.

In 2026/27, the Council is planning new capital expenditure of £8.43m:

### Estimates of capital expenditure in £m

	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
Capital Expenditure - Services	8.08	8.43	2.77	2.42	1.45	1.43

**Governance:** Service managers will typically update Finance, as part of the budget setting process, with regards to projects to include in the Council's capital programme. Proposals are collated by the Finance team who calculate the financing cost (which could be nil if the project is fully funded by external contributions). The financing cost is included in the Medium-Term Financial Strategy (MTFS) and detailed budgets for the forthcoming financial year.

While future expenditure is estimated for the purpose of calculating our borrowing requirement and projecting a cost of capital through the MTFS, individual projects still require business cases to be presented to the Senior Leadership Team (SLT) which if agreed are put forward to Executive and Council for consideration before expenditure can be committed.

For full details of the Council's proposed capital expenditure see Annex B of the 2026/27 budget papers, which itemises the proposed capital programme.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing). The planned financing of the expenditure in the proposed Capital Programme is as follows:

### Sources of Capital Financing

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
External Sources	2.24	2.58	0.88	0.88	0.88	0.88
Own Resources	0.54	3.65	1.89	1.54	0.57	0.55
Internal & External Borrowing	5.30	2.20	0.00	0.00	0.00	0.00
	8.08	8.43	2.77	2.42	1.45	1.43

Capital financing includes:

- Earmarked Reserves – during 2026/27 50% of the repairs to Investment Properties will be funded through earmarked reserves with the remainder through internal borrowing. The most significant expenditure relates to the re-roofing of Units 1-3 Carterton Industrial Estate which was approved by Executive in July 2025. The project is currently under construction and is expected to be completed in Q1 of 2026/27. The Council holds a relatively large investment property portfolio, and a rolling programme of renovations and improvement is required to keep properties in a good state of repair and to retain tenants on the most commercial rent.
- Capital Receipts – the capital receipts reserve will be utilised to fund the upgrading of our leisure centres and the purchase of any temporary emergency accommodation that may be required. The Council has been successful in acquiring several new properties in 2025/26 which will help to reduce our reliance on Bed & Breakfast and Hotel accommodation.
- Section 106 contributions from developers – these are used to provide additional infrastructure in communities where new homes have increased the number of residents. They have funded play parks, community facilities, new affordable housing and public art amongst other things.
- The Disabled Facilities Grant (DFG) – this grant funds adaptations to residents' homes and other supporting activities.
- External borrowing – this may be required to fund the next phase of the renewal of the Waste Vehicle fleet in 2027/28. Depending on the grant conditions, it may be possible to fund the replacement of recycling vehicles through the Extended Producer Responsibility Grant. This will be confirmed with Pack UK who administer the scheme on behalf of the Government.

### **Minimum Revenue Provision (MRP)**

Before the start of the financial year, a statement of MRP policy for the forthcoming financial year must be approved by Full Council.

The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's (MHCLG's) *Guidance on Minimum Revenue Provision* (the Guidance), most recently issued in 2024.

Borrowing, both internal and external, must be paid back and so every year the Council calculates how much must be charged to the Revenue Budget to pay off the borrowing over the life of the asset – this is called the MRP. The MRP charge is how capital expenditure, that has been funded through borrowing, is paid for by Council taxpayers. It reduces the Council's need to borrow, as represented by the Capital Financing Requirement. The MRP charge must demonstrate prudence and be made with due regard to statutory guidance published by central government.

For the purpose of the calculation we determine the useful life of each asset as no less than 5 and no more than 50 years. The broad aim of the Policy is to ensure that MRP is charged over a period that is reasonably consistent with the period over which the capital expenditure, which gave rise to the debt, provides benefits. Where a local authority's overall Capital Financing Requirement (CFR) (see below) is £nil, or a negative amount, there is no requirement to charge MRP.

If no life can be reasonably attributed to an asset, such as freehold land, the life is taken to be a maximum of 50 years. In the case of freehold land on which a building or other structure is constructed, the life of the land will be treated as equal to that of the structure. In exceptional cases, where a Qualified Valuer has estimated the useful life of the asset to be more than 50 years, that useful life will be used.

So, if we borrowed £1m to buy an asset with a useful life of 40 years we would need to provide  $(1,000,000/40) = £25,000$  per year for 40 years in our revenue budget. If the asset were only expected to last for 7 years, like for example some of our vehicles, then the charge to the revenue budget would be  $£1m / 7 = £142,857$  per year.

There are two main ways we could calculate MRP – the equal instalment method and the annuity method. The equal instalment method has been used in the example above while the annuity method has lower repayments in the early years which increase every year over the repayment period. MRP is only concerned with the repayment of the principal amount borrowed, so, if viewed like a repayment mortgage, the repayment of the principal under the annuity method is much lower in the early years.

MRP commences in the financial year following that in which the expenditure is incurred or, in the year following that in which the relevant asset becomes operational.

Where capital loans and finance leases made to third parties are repaid in annual or more frequent instalments of principal, these "capital receipts" arising from principal repayments reduce the capital financing requirement and thereby the need for MRP.

Capital expenditure incurred on acquiring assets under finance leases will have an MRP charge made equal to the capital rent payment made to reduce the lease liability in year.

West Oxfordshire District Council has chosen to use the Equal Instalment Method in general but uses the Annuity Method where this most closely matches corresponding capital receipts, for example in the case of the loan to Cottsway housing which is being repaid in that profile. This avoids a mismatch between attributable MRP and the offsetting capital receipt.

If appropriate, shorter repayment periods (i.e. less than asset life) may be used for new investments.

Taking all available advice into account, the final decision on the determination of asset life rests with the Director of Finance.

The General Fund MRP charge using the above method is estimated at £864,127 for 2026/27

## MRP

	2026/27 Budget £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
MRP on internal/external borrowing	1.62	2.06	2.39	2.32	2.14
Capital Receipts (exc Asset Disposal)	(0.76)	(0.90)	(1.30)	(1.23)	(1.18)
MRP provision applied	0.86	1.16	1.09	1.09	0.97

## IFRS 16 - Leases

The Council adopted IFRS 16 in the 2024/25 financial year. Under this accounting standard, all assets the council leases need to be brought onto the balance sheet unless they are of low value (less than £10,000 over the term) or short-term in nature (less than 1 year in duration). Assets previously accounted for as an operating lease with lease payments classed as revenue expenditure now become capital expenditure and therefore are subject to MRP.

For existing leases identified within the revenue account i.e. Swain Court Industrial Estate and Supergas Industrial Estate in Minster Lovell, that have been brought onto the balance sheet, the revenue rental payments move from the service area's budget to the Council's central financing revenue budget. Payments of MRP act as the financing of the principal balance of the lease. The revenue impact of reclassification from revenue to capital is therefore nil.

The assessment made by the Head of Finance is that there is no material impact on the Council's capital financing position as a result of the adoption of IFRS 16.

## Capital Financing Requirement (CFR)

The Council's cumulative outstanding amount of debt finance is expressed as its Capital Financing Requirement. This increases with new debt-financed capital expenditure and is reduced by MRP and capital receipts used to replace debt. The CFR is expected to increase by £2.279m during 2026/27. Based on the figures shown above for expenditure and financing, the Council's estimated CFR is as follows:

## Capital Financing Requirement (CFR)

	2025/26 Forecast £m	2026/27 Forecas t £m	2027/28 Forecas t £m	2028/29 Forecas t £m	2029/30 Forecas t £m	2030/31 Forecast £m
General fund services	23.81	24.65	22.85	20.72	18.66	16.77
Capital Investments	9.06	8.81	8.55	8.29	8.03	7.77
<b>Total CFR</b>	<b>32.88</b>	<b>33.46</b>	<b>31.40</b>	<b>29.01</b>	<b>26.69</b>	<b>24.55</b>

When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Large scale sale of our investment property portfolio is not recommended with the current PWLB rules not permitting the Council to purchase replacement assets for yield. Any material reduction in the income we receive from investment properties would put a considerable strain on the revenue budget.

An Asset Management Strategy was approved by the Executive on 20<sup>th</sup> November 2024 with the aim of providing a clear strategy for future decision making and investment in the Council's land and property assets, ensuring a coordinated approach, linked to Council Priorities and the MTFS.

The overarching strategic document is complimented by a review of the Council's assets to consider what future approach should be taken. This is based on data such as current value, how the property is performing (lease income and return on investment) and broader opportunities to maximise income or in some cases dispose of a financial liability.

There is scope to significantly increase the efficiency with which assets are managed by streamlining delegations and decision making based on the adopted strategy and transferring or selling assets that provide no value but take time and money to manage and maintain.

Condition surveys inform this by identifying current defects or items which will require repair or replacement over the next 5 years. This assessment of condition, and likely costs, will enable work to be planned in advance, efficiencies in procurement and more accurate budgeting, rather than reactive repairs which are often more expensive and harder to manage. Through this process two properties have been identified for disposal, with the completion of both sales expected before the end of the 2025/26 financial year.

The capital receipt from these sales will fund the Leisure Centre Improvement Programme and, if needed, the acquisition of additional temporary emergency accommodation in 2026/27.

## Capital Receipts

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
Asset Disposal	3.60	0.01	0.01	0.01	0.01	0.01
Leases and Loans	0.63	0.76	0.90	0.91	0.84	0.78
	4.23	0.77	0.91	0.92	0.85	0.79

The lease and loan repayments relate to vehicles purchased and then leased to Ubico and loan repayments from Cottsway Housing Association and Southill Solar.

## Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortfall in cash may be met by borrowing. Treasury management is discussed in more detail in the Treasury Management Strategy paper but in terms of Capital we will look at the impact that our capital plans have on projected borrowing requirements.

In the past all asset purchases, even those that might have been expected to require external borrowing to fund them, have been able to be funded from existing cash balances, also known as internal borrowing, capital receipts or external contributions. Over the lifetime of the MTFS and Capital Programme the Council will continue to prioritise the most beneficial financing strategies at any given time i.e. the use of capital receipts should an asset be sold, thereby saving the MRP on the new asset, the use of external borrowing when PWLB interest rates have fallen to a more affordable level or the use of internal borrowing when cash balances allow.

The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheaper short-term loans and long-term fixed rate loans where the future cost is known but higher.

The Council does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

## **Prudential Indicators**

Under the Prudential Code, the Council is required to ensure that all decisions relating to capital expenditure, investments, and borrowing are both prudent and sustainable. In meeting this obligation, the Council must consider:

- Arrangements for debt repayment (including through MRP)
- Assessment and management of risk
- The impact on the Council's overall financial sustainability

Each year, a series of prudential indicators are set out in the Capital Strategy. These indicators demonstrate that the Council has given due consideration to these factors when determining its capital programme.

The Council may only borrow to fund capital purposes; borrowing for revenue or speculative purposes is not permitted. Furthermore, the Council must ensure that, except in the short term, gross debt does not exceed the sum of the Capital Financing Requirement (CFR) for the preceding year plus the estimated increases in CFR for the current and next two financial years.

The table below shows the projected levels of the Council's total outstanding debt (including borrowing and leases) compared with the Capital Financing Requirement.

### **Gross Debt and the Capital Financing Requirement**

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
Debt	0.00	0.00	2.75	2.55	2.16	1.76
Capital Financing Requirement	32.88	33.46	31.40	29.01	26.69	24.55

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from the table above, the Authority expects to comply with this in the medium term.

### **Authorised Limit and Operational Boundary**

The Council is legally required to determine, and keep under review, an affordable borrowing limit, known as the authorised limit for external debt, each year. In addition, and in accordance with statutory guidance, the Council sets a lower limit called the operational boundary.

The operational boundary represents the Council's estimate of the maximum level of external debt in the most likely scenario. It reflects the point above which the Council does not expect borrowing to rise, based on current cashflow forecasts and the approved capital programme. This boundary therefore acts as an early warning indicator: if external debt consistently exceeds this level, it may signal a need for review.

Both the authorised limit and the operational boundary established by the Council are shown in the table below.

As part of the review of prudential indicators, the Council is asked to approve the following:

**Authorised limit and operational boundary for external debt £m**

	2026/27 Budget £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
Capital Financing Requirement (CFR)	33.46	31.40	29.01	26.69	24.55
Operational Boundary	35.46	33.40	31.01	28.69	26.55
Authorised Borrowing Limit	40.46	38.40	36.01	33.69	31.55

**Estimates of financing costs to net revenue stream**

Although capital expenditure is not charged directly to the revenue budget, as has been explained above, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants and expressed as a percentage of that to determine if financing costs are proportionate and affordable.

<i>Financing costs to Net Revenue Stream</i>	2026/27 Budget £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
Interest Payable	0.000	0.063	0.113	0.095	0.077
MRP	0.864	1.164	1.087	1.087	0.966
Total borrowing costs	0.864	1.227	1.200	1.182	1.043
Net Revenue Stream (per MTFS)	17.11	15.19	13.22	11.34	11.50
Proportion of Net Revenue Stream	5.05%	8.08%	9.08%	10.42%	9.06%

The table shows that the ratio of financing costs to net revenue stream is very low and meet the requirements to be affordable and proportionate.

The Council makes investments to assist local public services. Many of these are crucial to our statutory provision of services but where the expenditure is not mandatory, the Council is required to find the most efficient way of delivering this service and where possible, seek grants or external funding to provide additional investment.

Proposals brought forward for new capital expenditure must have an appropriate business case to protect the Council from risk around unforeseen costs and to ensure that wherever possible any opportunity to raise additional revenue to support service delivery for the Council is explored.

#### **Net income from commercial & service investments to net revenue stream**

This Indicator shows the financial exposure of the authority to the loss of its non-treasury investment income, i.e., income from investment property:

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
Capital Investments	3.16	3.10	3.23	3.23	3.23
Service Investments	1.08	1.13	1.13	1.13	1.13
	4.24	4.23	4.36	4.36	4.36
Net Revenue Stream (per MTFS)	15.32	17.11	15.19	13.22	11.34
Proportion of Net Revenue Stream	27.68%	24.74%	28.70%	32.98%	38.43%

The table shows that investment income forms a significant part of the Council's net revenue stream, making it essential to closely monitor the risks associated with any potential loss. The Assets team works in partnership with the Head of Finance and Director of Finance, providing regular updates to the Executive. This collaborative approach ensures that risks are identified early, enabling timely mitigation plans to protect the Council's ability to deliver a balanced budget.

The Asset Management Strategy, supported by individual condition surveys and a proactive approach to property maintenance and improvement, helps safeguard this crucial income stream by retaining existing tenants and reducing the likelihood of income disruption.

## **Governance**

Decisions on service investments are made by the Council on advice from the Director of Finance and must comply with the Capital Strategy and Investment Strategy. Most loans are capital expenditure and will therefore be approved as part of the capital programme.

Further details on service investments can be found in the Investment Strategy.

## **Current Projects**

The Council owns assets totalling £130,142,116. These Assets are held principally as either commercial investments (£53.49m), to provide services such as Leisure, Waste or Council offices (£73.15m) or as a result of historic ownership, particularly of small plots of land (£3.5m).

To effectively manage this portfolio, the Council needs to understand its condition so it can plan, and budget for, pro-active repairs and maintenance and future investment can form part of decision making on whether an asset is retained, redeveloped or sold.

The Council currently has £300,000 allocated in the capital programme in 2026/27, falling to £250,000 in 2027/28 for repair and maintenance of the Council offices and a further £1,000,000 for Investment Properties in 2026/27, falling to £500,000 in 2027/28.

In some cases, responsibility for the asset is split between the Council and the tenant e.g. the Council is responsible for the main structure of the leisure centres but GLL (leisure contract provider) has responsibility for internal repairs, maintenance and equipment.

The majority of the Councils' commercial investment property is let on a full repairing and insuring lease. There is a schedule of condition attached to the initial lease and then a Schedule of Dilapidations completed when the tenancy comes to an end.

As part of the budget setting process for 2025/26, the Executive agreed to invest in an in-house qualified Surveyor resource to carry out condition surveys, repair specifications and option appraisals, all of which are functions which have previously been bought in from consultants, due to a lack of capacity.

On 1<sup>st</sup> July 2025, the Assets team were TUPE'd from Publica back to the Council and an additional post of Facilities Lead was created and recruited to. Operating solely for one Council will allow the team to be more agile in responding to any changes in Council Priorities.

The Council's Overview and Scrutiny Committee will receive an annual report on the Council's investment property portfolio. In addition, the Council's Audit and Governance Committee also receives information on the Council's asset portfolio as part of the financial statements.

The construction phase of the decarbonisation of Witney Leisure Centre began in September and will complete before the end of the 2025/26 financial year. Funding has been secured through SALIX, a non-departmental Public Body, who administer grants for Energy

Security and Net Zero (formerly BEIS). The grants are used to upgrade heating systems in public buildings to be cleaner, cheaper and powered by renewable energy.

Grant funding will not cover the entire cost of the decarbonisation project. The Council will have to make an estimated contribution of £565,000 as well as fund ongoing revenue costs.

The need for Temporary Emergency Accommodation was recognised as acute in 2025/26, with an average of 80 people in need of accommodation but the Council only having 24 units available. The capital programme for 2025/26 included £3m to acquire an additional 30 beds to reduce reliance on Bed & Breakfast and hotel accommodation. A total of 29 additional beds have been identified, with the purchase of the first property completing in November 2025 and the legal work currently in progress to complete a further 7 acquisitions during Q4.

The properties will provide accommodation for both single people and families. Most of the properties will require some degree of refurbishment and re-configuration works which will take a little time to procure and therefore at this stage an estimated date for occupation of all the properties is not yet available. However, it is expected that at least the first property will be ready to be handed over to tenants in Q4.

The re-roofing of Units 1-3 Carterton Industrial Estate is underway, with completion expected in the spring of 2026. The Council holds a relatively large investment property portfolio, and a rolling programme of renovations and improvement is required to keep properties in a good state of repair and to retain tenants on the most commercial rent.

A phased replacement programme for waste vehicles, was approved by the Executive in February 2024 for the purchase of 6 replacement waste vehicles - 2 standard fuel, 4 electric - and 3 electric supervisor vans. The 2 standard fuel vehicles and the electric supervisor vans were delivered in September 2024 & February 2025. The 4 electric food waste vehicles are on order with a delivery time estimated as Q4 2026/27 due to long lead times in the supply chain.

## **Knowledge and Skills**

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Chief Finance Officer and members of her team are qualified accountants with extensive experience. The Council pays for junior staff to study towards relevant professional qualifications such as the Chartered Institute of Public Finance and Accountancy (CIPFA).

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. The Council employs other specialist consultants to advise upon specific, extra-ordinary transactions as required. Examples of such transactions include property acquisitions, and loans to third parties. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

The Council has experience of investing in commercial property over many years. The team of property officers have the following qualifications:

- BSc Hons Real Estate Management
- Associate Member Royal Institution Chartered Surveyors
- Fellow of Royal Institute Chartered Surveyors
- Royal Institution of Chartered Surveyors Registered Valuer
- Member Institute Welfare & Facilities Management

The Council's legal team have experience of carrying out due diligence checks, particularly for commercial property acquisitions, and the legal officers have the following qualifications:

- Fellows of the Chartered Institute of Legal Executives (CILEx)
- Student Member of the Chartered Institute of Legal Executives
- Solicitors and Paralegals

The Property and Legal teams work together with the Finance team to support the Council's Chief Finance Officer in developing investment proposals for the Council. External specialist advice is obtained when required to support these teams.

# Investment Strategy Report 2026/27

## West Oxfordshire District Council

### Introduction

The CIPFA Prudential Code for Capital Finance requires that the Investment Strategy, presented annually to Full Council, includes details of all the authority's financial investments, as well as non-financial investments—such as those held for service delivery or to generate a financial return.

Local authority investments, including commercial property, are classified according to their primary purpose. The Chief Financial Officer determines this primary purpose based on professional judgment.

The Council invests its money for three broad purposes:

- Treasury Management Investments - to generate additional revenue from surplus cash because of timing differences in its day-to-day activities. These are referred to as treasury management investments and are typically short to medium term cash funds with high liquidity but can be invested with the expectation of a longer-term hold when our cashflow forecasting shows no medium-term requirement for the cash.
- Service Investments - to support local public services by lending to other organisations or purchasing assets which generate no return but are used solely for the delivery of services (service investments), and
- Commercial Investments - to earn investment income where, alongside the achievement of Council priorities, the objective is also to earn a return – although that may not be the primary purpose.

This Investment Strategy meets the requirements of the statutory guidance on Investments for Local Government which came into effect on 1 April 2018.

We are the custodians of third-party monies such as external grants and developer contributions through S106. We also have a portfolio of commercial investments which further Council priorities while providing crucial support to our revenue budget and therefore the delivery of our services.

Any changes to Local Government Funding from 2026/27 will put pressure on the Council's budget, with the progression of the funding gap evidenced in the Medium-Term Financial Strategy (MTFS). Our ability to generate investment income is therefore a key factor in our financial stability.

Any proposed new investments must combine the delivery of the Council's priorities with revenue returns of 2% over and above the cost of borrowing, providing additional funding to the Council to deliver services not only in the immediate year but over the life of the MTFS.

In order to minimise risk, investments will only be made where there are proportional underlying assets that can be used as security against the loan.

While everything the Council does relates to serving the residents of the district by furthering the Council's stated priorities, the investment strategy is also designed to generate new revenue streams for the Council.

The Council has a good track record of investments, having purchased a portfolio of commercial property in the past from capital receipts and cash balances that provides a healthy net revenue stream that is crucial to supporting our budget today.

The Council takes a commercial view of all potential projects to ensure that revenue is generated where possible. This does not mean that we are seeking to charge for services where we would not have otherwise, but rather that opportunities to generate income are not ignored and where income is able to be generated in a situation, the Council seeks to retain an appropriate proportion of it.

There has been a move in recent years by HM Treasury's Public Works Loan Board (PWLB) lending facility to severely restrict what Councils are allowed to invest in. This is in response to a very small number of Councils investing large sums and destabilising their finances as a result. Since the PWLB is a vital source of relatively low-cost loans for the Council, it would be unwise to contravene its requirements unless we could be certain that we did not need to call on it. The requirements are so stringent however that the very act of "investing primarily for yield" is enough to render the Council ineligible to access their funds, even if the investment in question was not made using their funding.

It is permissible to purchase property for the purpose of regeneration or housing, and property purchased should be within the boundaries of the Council's district, but any asset bought primarily for yield will preclude the authority from accessing PWLB funds.

Whilst the previous prudential code stated that authorities must not "borrow more than or in advance of need" current restrictions are much more prescriptive. There is some allowance for financing capital expenditure primarily related to the delivery of the authority's functions, temporary cashflow management or the refinance of current borrowing (including internal borrowing). This would allow us to borrow, for example, to replace the waste fleet – which helps with the timing of cashflow. There is no return on these vehicles, and they do not repay the money spent on them. They are a cost that is paid for annually from our revenue budget as part of our delivery of services. The more we spend on the vehicles, the higher the cost-of-service delivery.

The PWLB supports investment in Housing which includes spending on delivering new homes, improving existing homes and purchasing built homes to deliver housing services. The Council transferred its housing stock to an affordable housing provider decades ago, so the skill sets required to build and manage housing is no longer available within the Council. For this reason, any projects we are considering need to be in conjunction with an experienced partner to

reduce the risk inherent in the construction process. The Council currently employs a Strategic Housing Development Manager to provide appropriate resource and knowledge to oversee the key Council priority of delivering more affordable housing in the district.

It is important to note that all projects are required to serve Council priorities, meet the criteria set out above and be cash generating, providing returns that equal or better the rate agreed in the Council's investment strategy. The exception is where the Council is involved in the provision of social housing, which by its nature could not generate a revenue return over and above the cost of capital.

The Prudential Code does not require us to sell existing assets to fund new investments but does require us to consider that as an option when pursuing new opportunities. Capital receipts from asset sales can only be used for capital expenditure.

It also requires the S151 officer to confirm that the Council has no intention, either now, or in the next three years, to invest primarily for financial return.

In accordance with this, we can confirm that West Oxfordshire District Council has complied with paragraphs 51 to 53 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest for the primary purpose of financial return and that our capital programme includes no such plans.

The Council is currently undertaking the decarbonisation of Windrush Leisure Centre, the phased replacement of the waste vehicle fleet, the acquisition of emergency accommodation and the refurbishment of the district's leisure centres and investment property.

### **Treasury Management Investments**

In general, the Council receives the bulk of its funding (for example, through taxes and grants) before it pays for its expenditure (for example, through payroll and invoices). As a Council Tax 'billing authority' it collects local taxes on behalf of other local authorities and the Police and holds reserves for future expenditure. Any cash surplus is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA).

Short-term investments include money market funds, UK Government Debt Management Office (DMO) deposits, fixed-term bank deposits, and investments with other local authorities.

The Council's long-term investments consist of pooled funds that have been held for many years. These are externally managed strategic funds invested across bonds, equities, and multi-asset portfolios. Unlike short-term investments, where security and liquidity are the main priorities, these pooled funds focus on generating regular income and maintaining long-term capital stability.

The global financial markets have been volatile since 2020 and as a result, many of our pooled funds lost a material amount of capital value while producing a significantly higher revenue return. The capital value has recovered somewhat over the last year with current

advice from our treasury advisors being a complete recovery over the next 2 years as interest rates fall.

The expectation is that for the short to medium term, our treasury investments will remain relatively static in terms of where they are invested. When the capital values have recovered, the use of pooled funds rather than external borrowing for capital expenditure will be carefully weighed against the prevailing economic conditions at the time.

These investments contribute to the objectives of the Council by providing income to fund operational activity in support of the Council's priorities.

Details of the Council's policies and its 2026/27 plans for treasury management are covered in the Treasury Management Strategy in Annex M.

### **Service Investments: Loans**

The Council lends money to support local public services and stimulate local economic growth. These include loans to organisations within the district which support the priorities of the Council.

The main risk when making service loans is that the borrower will be unable to repay the principal loaned and/or the interest due. To limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

### **Loans for service purposes £m**

Category of Borrower	Actual at 31st March 2025			Forecast at 31st March 2026	
	Balance	Loss	Statement of	Balance	Approved
	Owing	Allowance	Accounts	Owing	Limit
Local Businesses	2.17	0.00	2.17	2.03	2.03
Town/Parish Councils	0.08	0.00	0.08	0.07	0.07
Housing Associations	7.39	0.00	7.39	7.30	7.30
Local Residents (Equity Loans)	0.23	0.00	0.23	0.23	0.23
<b>Total</b>	<b>9.87</b>	<b>0.00</b>	<b>9.87</b>	<b>9.63</b>	<b>9.63</b>

Accounting standards require the Council to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The loans that the Council has made are limited to specific service areas where the risk of non-payment is minimal. As a result, no allowance for loss has been included against the loan balances. Should there be any indication that there is a risk of default then the risk will be assessed and a provision established at that time. Should

a loan default, the Council will make every reasonable effort to collect the full sum lent and recover any overdue repayments.

The Council assesses the risk of loss before entering service loans by undertaking credit checks and ensuring that appropriate legal documentation is in place to secure the Council's money.

### **Service Investments: Shares**

The Council has a £1 shareholding in Ubico Ltd. Ubico Ltd is wholly owned by eight local authorities and operates as a not-for-profit enterprise. Ubico Ltd is an environmental services company which provides household and commercial refuse collection, recycling, street cleansing, grounds maintenance and fleet maintenance services to the Council.

One of the risks of investing in shares is that they potentially could fall in value meaning that the initial outlay may not be recovered. This is not relevant with the share held in Ubico for the reasons discussed below. The Council has no other shareholdings. The Council also owns Publica along with Cotswold District Council, Forest of Dean District Council and Cheltenham Borough Council but it is limited by guarantee and has no share capital. The same potential for upside or loss exists as with Ubico.

### **Shares held for service purposes**

Category of Company	Amount Invested	Gains or losses	Value in Accounts	Approved Limit
Local Authority owned company	£1	£0	£1	£1

The Council has not invested in Ubico to generate a financial return. It has invested to support service provision. Ubico is a cost sharing company and any surplus generated within Ubico Ltd is returned to the partner Councils (shareholders) but any deficit would also be met by the Councils. This means that the Council's investment in Ubico carries with it an obligation to underwrite the costs of the service and that, while a budget is agreed each financial year, the Council must cover in cash any overspend to that budget which relates to the services delivered in West Oxfordshire. This is the material risk in the Ubico investment, not the £1 shareholding. This risk is mitigated through regular communication with Ubico and complete transparency. The Council is also working with Ubico on a service transformation programme to find new efficiencies and more cost-effective ways of working.

The shareholding in Ubico does not appreciate in value due to the cost sharing nature of the company, it merely gives a shareholder's stake in the control of the company. The Council has no intention to sell its investment in the foreseeable future and the principle of Teckal precludes ownership by third parties.

Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

### **Commercial Investments in Property**

Investment Property is defined in the CIPFA code of practice on Local Authority Accounting as property (land or building, or both) held solely to earn rentals, for capital appreciation, or both. The Council holds a number of assets which it classifies as Investment Properties.

The Council has historically invested in Investment Property both within West Oxfordshire and outside of the district, funded through capital receipts and internal borrowing, with the intention of generating ongoing income to support the revenue budget.

Investment Property performance will be reported to the Council's Overview and Scrutiny Committee on an annual basis.

With the PWLB's restrictions on allowable investments, the existing property portfolio is extremely valuable to the Council. The sale of any property would generate a capital receipt, but the Council would not be able to use that to support the revenue budget and would find it difficult to find another replacement investment that would deliver ongoing revenue budget support in the way that the existing property portfolio does.

### **Properties held for investment purposes in £m**

Type of Property	Inside District	Outside District	Inside County	Outside County
	£m	£m	£m	£m
Commercial Investment Property	18.49	27.88	42.84	3.53
Industrial Estates	7.12	0.00	7.12	0.00
Subtotal	25.61	27.88	49.96	3.53
Total Held		53.49		53.49

The table above shows the value of the properties held by the Council on 31<sup>st</sup> March 2025. The valuations as at 31<sup>st</sup> March 2026 will be assessed by our ongoing valuation process and by external audit. The table shows the geographical split of properties inside the district and outside it and which of those properties are located inside the county. It should be noted that

while just over half of the portfolio is outside of West Oxfordshire, most properties are within Oxfordshire itself.

In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

A fair value assessment of the Council's investment property portfolio is made each year as part of the final accounts process. Investment Property is valued at market value.

The demand for larger office spaces since the pandemic has declined and so the Council's vacant office building at Between Towns Road is in the process of being sold with the resulting capital receipt being used to deliver the capital programme thereby reducing the amount of any future external borrowing.

No valuation has yet been undertaken for March 2026 when further updates will be available. The Council's Investment Property is held primarily to generate a stable income stream to support the revenue budget. Should a property be sold, any 'loss' will be recognised at that point.

To maximise returns, the Council aims to generate a revenue return from Investment Property assets which is greater than the return able to be generated by its Treasury Management activity. It is understood that the fair value of property will fluctuate. The Council aims wherever possible to secure its ongoing revenue streams by letting to tenants on long leases of 10 to 15 years. The return available from Treasury investments is also subject to change as interest rates rise and fall.

Compared with other investment types, property is difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the Council has cash funds that can be accessed when they are needed, the Treasury Management Strategy includes the provision of liquid investments should the Council need cash at short notice. The Council currently has a Treasury Management Investment portfolio with good short-term access to liquidity so no circumstances are foreseen where the Council would be required to sell Investment Property to raise money at short notice.

### **Loan commitments and financial guarantees**

Although not strictly counted as investments, since no money has exchanged hands, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.

The Council is a shareholder of Ubico Ltd (one eighth) and is a joint partner in Publica Group (Support) Limited (one quarter owner). In both cases, should the company overspend, the Council would be liable for its share of the additional costs. In both companies, transparency of reporting to the Council mitigates the risk that additional sums will be required without adequate notice.

The Council has made the following commitment in terms of cash flow cover to both Publica and Ubico and the expectation is that these will continue for 2026/27.

- Publica Group - £500k up to one year duration
- Ubico - £500k up to one year duration

The Council needs investment generated income to fund its revenue budget. The table below shows the extent to which the expenditure planned to meet the service delivery objectives of the Council is dependent on achieving the expected income from investments over the lifecycle of the Medium-Term Financial Strategy (MTFS). If it cannot generate sufficient income to fund its budget, the Council will be required to draw additional balances from reserves or generate savings elsewhere within the budget to continue to provide its services.

The table below includes the hoped for return generated by the investment strategy outlined above and in the MTFS, albeit that this is a reduced and hopefully more attainable level than that projected previously.

### Proportionality of investments

	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
Gross Service Expenditure*	34.04	34.72	35.41	36.12	36.84
Treasury Investment Income	1.84	1.16	1.16	1.16	1.16
Loans Income	0.19	0.20	0.21	0.21	0.22
Service Investments	1.079	1.128	1.128	1.128	1.128
Commercial Investments: Property	3.16	3.104	3.230	3.230	3.230
Total	6.28	5.59	5.72	5.73	5.74
Investment income as a proportion of expenditure	18.44%	16.10%	16.16%	15.86%	15.57%

\* excluding Housing Benefit payments

Government guidance is that local authorities must not borrow more than, or in advance of their needs, purely to profit from the investment of the extra sums borrowed. The Council has plans to borrow in 2026/27 to part finance the replacement of the waste fleet but has no plans to borrow in advance of need.

## Scrutiny Arrangements

The Executive will make recommendations to full Council on new investments that are not considered to be covered under the Treasury Management strategy.

Financial Performance is reported quarterly to the Council's Overview and Scrutiny Committee and to the Executive. This includes the performance of all income and expenditure against budget.

An annual report on Commercial Property will be presented to the Overview and Scrutiny Committee which will include yield, valuation and risk to future revenue. Treasury Management performance is reported quarterly to the Council's Audit & Governance Committee and Executive.

The Council's internal audit provider South West Audit Partnership Ltd (SWAP) regularly audit the Council's Treasury Management activity and its processes and procedures for approving investment and performance management. SWAP report to the Council's Audit and Governance Committee.

## Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

The table below shows the Council's total exposure to potential investment losses. This would include amounts the Council is contractually committed to lend but have yet to be drawn down, but no such obligations exist at this point in time.

The Council has issued no guarantees to any third-party loans.

### Total investment exposure £m

	31st Mar 2025 Actual £m	31st Mar 2026 Forecast £m	31st Mar 2027 Forecast £m
Treasury Management investments	47.02	43.53	41.53
Service Investments: Loans	9.870	9.629	9.629
Property investments	53.49	53.49	49.99
Total investments / exposure	110.38	106.65	101.15
Total Exposure	110.38	106.65	101.15

Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular loan liabilities, and future investments may require external borrowing because of previous internal borrowing, this guidance is difficult to comply with. The capital financing requirement (CFR) gives an indication of how much internal borrowing the Council has undertaken so far and also shows how that funding position is expected to move towards external borrowing over time.

Currently, all the Council's investments have been funded by usable reserves, capital receipts and cash balances but the refinancing of some internal borrowing may be required in 2026/27 to fund the capital programme.

#### Forecast borrowing requirement £m

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
Capital Financing Requirement (CFR)	32.88	33.46	31.40	29.01	26.69
Less external borrowing	0.00	0.00	(2.75)	(2.55)	(2.16)
Internal borrowing	32.88	33.46	28.65	26.46	24.53
Usable reserves	(37.19)	(33.74)	(26.19)	(18.12)	(13.70)
Working capital	(14.01)	(14.71)	(13.97)	(15.37)	(13.84)
Cash available for investments	(18.32)	(15.00)	(11.52)	(7.03)	(3.01)

#### Investment net rate of return

	2025/26	2026/27	2027/28
	Actual	Forecast	Forecast
Treasury Management	4.14%	4.00%	3.50%
<u>Service investments: Loans</u>			
Local Businesses	3.85%	3.85%	3.85%
Town & Parish Councils	1.40%	1.40%	1.40%
Housing Associations	2.56%	2.56%	2.56%
Local Residents (equity loans)	0.00%	0.00%	0.00%
Commercial investments	5.47%	5.91%	6.21%

The table shows the investment income received, less the associated costs, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred. It is also worth noting that while all of these investments have previously been

funded by internal borrowing, and therefore currently have no cost of borrowing associated with them, new investments will be financed by external borrowing and some current investments may also have to be refinanced with external borrowing and the interest rate associated with that will reduce their return accordingly.

The Councils £1 share in both Ubico and Publica is not held to generate any return via a dividend or growth in value. They are both profit sharing companies and any savings or surplus generated results in lower contract fees for shareholders.

The Treasury Management return is diluted by the large amount of cash held as short term, highly liquid funds. For returns on higher interest earning pooled funds, please see the Treasury Management Strategy paper.

#### **Summary of knowledge and skills available to the Council:**

The Council employ professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Chief Finance Officer and members of the finance team are qualified accountants with extensive experience. The Council pays for junior staff to study towards relevant professional qualifications such as the Chartered Institute of Public Finance and Accountancy (CIPFA).

Where Council staff do not have the knowledge and skills required, external advisers and consultants that are specialists in their field are utilised. The Council currently employs Arlingclose Limited as treasury management advisers. The Council employs other specialist consultants to advise upon specific, extra-ordinary transactions as required. Examples of such transactions include property acquisitions, and loans to third parties. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills as and when needed.

The Council has experience of investing in commercial property over many years. The Council's property service transferred back to the Council on 1<sup>st</sup> July 2025. The team of property officers have the following qualifications:

- BSc Hons Real Estate Management
- Associate Member Royal Institution of Chartered Surveyors
- Fellow of Royal Institution of Chartered Surveyors
- Royal Institution of Chartered Surveyors Registered Valuer
- Member of Institute of Welfare & Facilities Management

The Council's legal team have experience of carrying out due diligence checks, particularly for commercial property acquisitions, and the legal officers have the following qualifications:

- Fellows of the Chartered Institute of Legal Executives (CILEx)
- Student Member of the Chartered Institute of Legal Executives
- Solicitors and Paralegals

The Property and Legal teams work together with the Finance team to support the Council's Chief Finance Officer in developing investment proposals for the Council.

### **Overview of Strategies**

The Council's Capital Strategy is concerned with its future plans for investments in a broad range of projects, the funding for these is underpinned by the Treasury Management Strategy while the Investment Strategy considers the type of investments the Council might make in the context of the risk profile and return of those it already holds.

# Treasury Management Strategy Report 2026/27

## West Oxfordshire District Council

### Summary

The Council has cash balances invested in various financial instruments; Money Market Funds, Short Term deposits and pooled funds, delivering a vital income stream to support the Council's revenue budget. Events in the financial markets in the last three years have meant that many of our pooled funds lost a material amount of capital value while producing a significantly higher revenue return. The capital value has significantly recovered over the last year with current advice from our Treasury advisors being a complete recovery over the next 18 months to 2 years as interest rates fall.

The statutory override for pooled funds, which allows fair value gains and losses to be recorded in an unusable reserve rather than the revenue account (unless the fund is sold), has been extended until 31 March 2029 for investments held before 1 April 2024.

The override was due to end in March 2025 and in preparation for this the Council established an earmarked reserve in 2023/24 to absorb fair value changes in pooled funds and mitigate any adverse impact on revenue. This reserve was used to fund the capital loss when the UBS pooled fund was withdrawn in September 2024; the remaining balance in this reserve will now be released.

The Council has always stated its intention to endeavour to maintain an investment balance of £10m which allows us to retain our status under Markets in Financial Instruments Directive (MiFID) 2 criteria as a professional investor. This categorisation allows us access to a wider range of financial instruments than we would otherwise be able to use.

The current levels of Treasury Investment are made up not only of the Council's general reserves but also capital receipts, unspent earmarked reserves and capital grants unapplied. These balances will be used up over time as they have designated purposes and, in some cases, we are merely the custodians of them.

The CIPFA Code requires the Council to manage its treasury investments with prudence, prioritising security and liquidity before seeking to maximise returns. The Council's investment objective is to maintain an appropriate balance between risk and return, minimising the risk of financial loss through defaults and avoiding unduly low income from investments.

For funds expected to be invested for more than one year, the Council will seek to achieve a total return at least equal to the prevailing rate of inflation, thereby preserving the real value of the invested sum. In addition, the Council is committed to being a responsible investor and will take environmental, social, and governance (ESG) considerations into account when making investment decisions.

## **Introduction**

Treasury Management is the management of the Council's cash flows, borrowing and treasury investments, and the associated risks. The Council has invested significant sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risks are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services: Code of Practice 2017 Edition' (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Non treasury investments, are considered in the Council's Investment Strategy paper but the approach to borrowing outlined here and the availability of cash will underpin both that paper and the Capital Strategy paper.

Treasury Management is important to both the short and long term plans of the Council. On a day to day basis it ensures that there is sufficient immediately available cash to settle all payments the Council needs to make, that surplus cash is earning money where possible and that everywhere that cash is held has been assessed for current risk.

In the longer term it provides an important source of income for the Council and underpins the availability of cash and selection of sources of borrowing for capital spend and investments. The revenue budget is set out at the start of the year and monitored quarterly to ensure that we stay within plan, but the management of cash is a daily function that facilitates every transaction the Council undertakes. We regularly receive cash on behalf of third parties such as council tax, business rates, grant funding and S106 monies and the Treasury function must deal appropriately with those monies and forecast when they will need to be "spent" in order to determine the best way to do that.

## Balances

On 31<sup>st</sup> December 2025, the Council held £35.47m of investments as shown in the tables below.

### WODC Treasury investments – one year return

Investments	Dec 2025	December 2024 -December 2025		
		Capital	Income	Return
£				
Money Market Funds	20,000,000	0.00%	4.26%	4.26%
Bank Account	500,000	0.00%	4.06%	4.06%
Short Term Deposit	2,500,000	0.00%	4.10%	4.10%
Internal Investments	23,000,000	0.00%	4.14%	4.14%
 Strategic Pooled Funds:				
Aegon Diversified Monthly Income Fund	3,018,861	7.40%	5.21%	12.61%
CCLA Better World Cautious Fund	2,749,375	-2.58%	2.47%	-0.11%
M & G Strategic Corporate Bond Fund	1,809,248	1.66%	5.04%	6.70%
Royal London Short Dated Credit Fund	1,895,530	2.48%	5.04%	7.52%
Schroder Income Maximiser Fund	1,083,148	15.65%	7.60%	23.25%
Threadneedle UK Equity Income Fund	1,268,301	7.98%	2.82%	10.80%
Fundamentum Social Housing REIT	650,000	-5.80%	3.26%	-2.54%
	12,474,463	3.41%	4.36%	7.77%
Total Investment	35,474,463	Annualised income return		4.14%
Pooled funds	12,474,463	Annualised income return		4.36%

You can see from the table above that there is a spread of holdings both of shorter term more liquid holdings and of longer-term holdings which have an element of both capital appreciation (or depreciation) and income.

The forecast average cash position for 2025/26 is £18.82m in the overnight Money Market Funds returning interest of £593,425. Effective cashflow forecasting gives us some certainty over our short term cash requirements (12 months), which is essential when identifying any need for borrowing. To keep our borrowing requirement at as low a level as possible, we have reduced the amount of working capital required to meet our daily expenditure.

This is vital when interest rates are high, due to the negative impact on potential investment returns. There is an active lending market between local authorities for short term requirements making it possible to leave money in higher return funds and supplement a fluctuation in working capital requirements with short term borrowing if interest rates determine that as the more advantageous course of action.

### **WODC Treasury investments – lifetime return**

Mar 14 to Dec 25

Investments	Dec 2025	Capital Return	Income Return	Total Return
	£			
Strategic Pooled Funds:				
Aegon Diversified Monthly Income Fund	3,018,861	0.63%	24.23%	24.86%
CCLA Better World Cautious Fund	2,749,375	-8.35%	14.62%	6.27%
M & G Strategic Corporate Bond	1,809,248	-9.54%	32.70%	23.16%
Royal London Short Dated Credit Fund	1,895,530	-4.40%	21.59%	17.19%
Schroder Income Maximiser Fund	1,083,148	8.31%	72.73%	81.04%
Threadneedle UK Equity Income Fund	1,268,301	26.83%	28.86%	55.69%
Fundamentum Social Housing REIT	650,000	-35.00%	13.96%	-21.04%
	12,474,463	-3.96%	26.72%	22.76%
Pooled Funds	12,474,463	Annualised income return		3.45%

### **Borrowing requirement**

The forecast borrowing requirement tracks the transition from internal borrowing to external borrowing showing our Capital Financing Requirement (CFR) and how increasing capital funding requirements will affect the amount of cash available for investment. The balance between retained treasury investments and external borrowing will be dictated by the relative interest rates for both borrowing and investment and the recovery of the capital values of the funds.

In the table below, the underlying need to borrow for capital purposes is measured by the CFR, while usable reserves and working capital are the underlying resources available for investment. The Council's strategy has been to use our cash reserves to fund capital expenditure – internal borrowing, rather than to borrow externally. At some point however, our capacity to internally borrow will be exhausted and the refinancing of existing capital expenditure will necessitate taking on external debt.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. The table below

shows that the use of borrowing is expected to change the Council's debt free position from 2027/28 onwards in order to fund the Capital Programme.

#### Forecast borrowing requirement £m

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
Capital Financing Requirement (CFR)	32.88	33.46	31.40	29.01	26.69
Less external borrowing	0.00	0.00	(2.75)	(2.55)	(2.16)
Internal borrowing	32.88	33.46	28.65	26.46	24.53
Usable reserves	(37.19)	(33.74)	(26.19)	(18.12)	(13.70)
Working capital	(14.01)	(14.71)	(13.97)	(15.37)	(13.84)
 Cash available for investments	 (18.32)	 (15.00)	 (11.52)	 (7.03)	 (3.01)

The authorised limit for external debt uses the calculated CFR to set limits for agreement on the amount of external debt that it would be prudent for the Council to stay within. Above the CFR there is an operational boundary which should provide an early warning system that we are close to our limits, followed by the Council approved Authorised limit, which should never be exceeded.

The Council is asked to approve the following authorised limit:

#### Authorised limit and operational boundary for external debt £m

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
Capital Financing Requirement (CFR)	32.88	33.46	31.40	29.01	26.69
Operational Boundary	34.88	35.46	33.40	31.01	28.69
Authorised Borrowing Limit	39.88	40.46	38.40	36.01	33.69

This limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The final prudential indicator in this set is the liability benchmark. It tracks the projected situation were we to use up all of our available funds ahead of borrowing. It shows the funding requirement we currently have (CFR) and how we are projecting that into the future and how much of that could be funded by usable reserves should we choose to do so. It considers our balance sheet working capital in the form of debtors and creditors, plus a liquidity allowance which we have set around the balance we intend to maintain in pooled funds till they recover their capital value.

The liability benchmark should then show the level of external funding required. Our estimated borrowing is within this indicator showing that we are making good use of internal borrowing before going externally. While it shows that if we are unable to recover the capital value of our currently invested funds, we may have to increase our external borrowing, it is important to note that working capital balances are very difficult to project accurately far in advance and this indicator is reviewed quarterly and reported to the Audit & Governance Committee in the Treasury Management report.

What it does show is that our expected external borrowing levels are justified and prudent. The liquidity allowance of £14m allows us to hold our current treasury investments pending capital recovery and also keeps us above the £10m threshold required to qualify as a professional investor under MiFID 2.

<b><i>Liability Benchmark</i></b>	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
Capital Financing Requirement (CFR)	32.88	33.46	31.40	29.01	26.69
Less usable reserves	(37.19)	(33.74)	(26.19)	(18.12)	(13.70)
Less working capital	(14.01)	(14.71)	(13.97)	(15.37)	(13.84)
Net loans requirement	(18.32)	(15.00)	(8.77)	(4.48)	(0.85)
Plus liquidity allowance	14.00	14.00	14.00	14.00	14.00
Liability Benchmark	(4.32)	(1.00)	5.23	9.52	13.15

### **Borrowing Strategy**

The Council is likely to enter into debt before the end of 2027/28 to fund the replacement of the waste vehicle fleet and other planned capital expenditure which is demonstrated by the table above.

The Council may need to convert some of its current internal borrowing into external borrowing, providing this does not exceed the authorised limit but there are no current plans to borrow in advance of need.

The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet service activity. This will

involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.

The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans, should the Council's long-term plans change, is 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. A mixture of short term and long term borrowing will be used as determined by the medium to long term expectations on interest rates.

While very short term requirements may involve borrowing from other local authorities, if longer term loans were considered appropriate, the preferred option would be to use the Public Works Loan Board (PWLB). The Council will however consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield but the Council's investment strategy aims to find investments within the local area that deliver the Council's priorities and are compliant with the PWLB requirements.

#### **Sources of borrowing:**

The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Oxfordshire County Council Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
- Community bonds

In addition, capital finance may be raised by the following methods that are not borrowing:

- leasing
- sale and leaseback

**Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

**Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

Interest Rate Risk	Limit £k
Upper limit on one year revenue impact of a 1% rise in interest rates	350
Upper limit on one year revenue impact of a 1% fall in interest rates	(350)

We are also required to set upper and lower limits for the maturity structure of any borrowing. The reality is that the period of the loan will be determined by the optimum affordability based on the cashflows delivered by the project but should not exceed the life of the underlying asset it is funding.

Maturity structure of borrowing	Upper Limit	Lower Limit
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and within 30 years	100%	0%
30 years and above	100%	0%

### Treasury Investment Strategy

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held.

### Objectives

Both the CIPFA Code and the Communities and Local Government (CLG) Guidance require the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, balancing the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where

balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal to or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

### **Ethical Investment Approach**

While the Council's primary investment priorities remain security, liquidity, and yield in accordance with the CIPFA Code, the Council recognises the importance of responsible investment practices.

Therefore:

- The Council will incorporate ESG considerations into its investment decisions where this does not conflict with its statutory obligations and primary objectives. Ethical considerations will not override the requirement to ensure security and liquidity, but they will form an equal part of the evaluation process when selecting investment instruments and counterparties.
- Preference will be given, where possible, to counterparties and financial institutions that demonstrate strong ESG credentials, such as commitments to sustainability, ethical governance, and social responsibility.

For any new investment in pooled funds, the Council will avoid any direct or indirect investment in organisations whose primary activities include:

- Fossil fuel extraction and combustion
- Support for oppressive regimes
- Manufacture or sale of armaments and weapon systems
- Gambling operations
- Pornography
- Tobacco production or distribution
- Provision of high-cost, short-term (“pay-day”) loans

In conjunction with the priorities of the CIPFA Code, the Council will actively seek opportunities to invest in organisations or financial products that prioritise:

- Renewable energy generation and technologies
- Green and sustainable investment products
- Social housing and low-carbon housing initiatives

In April 2025, the Council showed its commitment to ethical investing by placing funds in a new Money Market Fund with HSBC. Specifically, their Sterling ESG Liquidity Fund. This fund prioritises the safety of the Council's money while also taking account of ESG factors.

### Strategy

Given the relatively low returns from short-term unsecured bank investments, the Council, in previous years, diversified into more secure and/or higher yielding asset classes and this strategy will be maintained through 2026/27. The majority of the Council's current surplus cash is invested in money market funds and pooled funds.

**Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

### Treasury investment counterparties and limits

Sector	Time Limit	Counterparty Limit	Sector Limit
The UK Government	50 years	Unlimited	n/a
Local Authorities	3 years	£15m	Unlimited
Other Government Entities	25 years	£4m	Unlimited
Secured investments*	25 years	£10m	Unlimited
Banks (unsecured)*	13 months	£3m	£10m
Building societies (unsecured)*	13 months	£2m	£5m
Registered providers (unsecured)*	5 years	£3m	£5m
Money market funds*	n/a	£5m	Unlimited
Strategic pooled funds	n/a	£5m	£25m
Real estate investment trusts	n/a	£3m	£5m
Other investments*	5 years	£5m	£10m

\*Treasury Management investments will only be made with entities whose lowest published long term rating is no lower than A-.

**Minimum Credit rating** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

**Secured Investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

**Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

**Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed. If the Registered Provider has no credit rating, then due diligence checks through our external treasury advisors will be conducted beforehand.

**Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will seek to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

**Strategic Pooled funds:** Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

**Real estate investment trusts (REITs):** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As

with property funds, REITs offer enhanced returns over the longer term but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

**Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk. This is reflected in the lower time and sector limits. Additional due diligence and monitoring would be required in these instances.

**Operational bank accounts:** The Council banks with Lloyds (Lloyds Banking Group). On adoption of this Strategy, it will meet the minimum credit criteria of A- (or equivalent) long term. It is the Council's intention that even if the credit rating of Lloyds Bank falls below the minimum criteria A- the bank will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements. This would of course be reviewed should the credit rating fall significantly.

**Policy Investments:** The Council provides cash-flow cover for third-party organisations linked to the Council. The following limit is set for 2026/27:-

• Publica Group -	£500,000 up to one year duration
• Ubico -	£500,000 up to one year duration

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation, and avoided completely, if possible, until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including financial statements, information on potential government support and reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be

made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, this is not generally reflected in credit ratings but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example. This may cause investment returns to fall but would protect the principal sum invested.

#### **Investment limits:**

The Council's forecast revenue reserves available to cover investment losses are £37.19 million on 31st March 2026. In order that no more than 20% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government and registered providers) will not exceed £7.4 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

	<b>Cash limit</b>
Any single organisation, except the UK Central Govt	£5m each
UK Central Govt	unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same mgmt	£5m per manager
Real Estate Investment Trusts (REITS)	£3m max per REIT
Foreign countries	£1m per country
Registered providers	£5m in total
Unsecured investments with building societies	£2m in total per BS
Money Market Funds	£5m per MMF

Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

#### **Treasury Management Indicators**

The Council measures and manages its exposures to treasury management risks using the following indicators.

**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.

**Credit Risk Indicator**

	<u>Rating</u>
Portfolio Average Credit Target	A-
Portfolio Credit Risk at 31st December 2025	A+

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling 3 month period without borrowing.

<i>Liquidity Risk indicator</i>	<i>Target</i>
Total cash available within 3 months	£5m

**Interest rate exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2025/26	2026/27	2027/28
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	100%	100%	100%

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate. The table above reflects the fact that, at time of writing, we have no current borrowing and that any future borrowing would be recommended on its merit and suitability as the need arose. The Council's preference is not to undertake variable rate borrowing over long periods of time.

**Principal sums invested for periods longer than 364 days:** The purpose of this indicator is to quantify and control cash tied up for longer than the current financial year. Penalties may be incurred for money withdrawn early but for the reasons explained above, longer term investment opportunities are likely to need to be held where they are in the short to medium term to avoid crystallising capital losses. Although removing funds early potentially risks a variation in capital value, in most cases the money can be withdrawn in around a week and the returns that can be earned in the meantime are significant. Where funds are known to be needed, they would not be placed in long

term funds but in the absence of firm timescales, it is beneficial to the Council to earn as much on the available funding as possible, within the constraints in the tables above.

**Principal sums invested for periods longer than a year**

	2026/27	2027/28	2028/29	2029/30
Limit on principal invested > year	£15m	£15m	£15m	£15m
Treasury invested with no fixed maturity date	£15m	£15m	£15m	£15m

The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2026/27	2027/28	2028/29	No fixed date
Limit on principal invested beyond year end	£15m	£15m	£15m	£15m

**Other Items**

There are a number of additional items that the Council is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

**Policy on the use of financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. Lender Option Borrower Option (LOBO) loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An

allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

**Mifid 2:** Is a legislative framework instituted by the European Union to regulate the financial markets and improve protections for investors. This Council has elected for Professional Client Status which means that to be able to invest in certain investments, it must hold a minimum of £10m in investments. If this falls below the minimum level, then access to certain financial market instruments would not be available to this Council. This threshold will be monitored and taken into consideration when evaluating whether to borrow externally or cash in an investment.

**Investment training:** The needs of the Council's treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff will regularly attend training courses, seminars and conferences provided by Arlingclose, CIPFA and other such organisations.

**Investment advisers:** The Council appointed Arlingclose Limited as treasury management advisers through a tender process in February 2023. The level of desired treasury support has been increased to reflect the greater complexity of managing our cash balances and the dynamic nature of global markets.

### **Arlingclose Limited Economic Forecast December 2025**

The Bank of England cut interest rates in December as expected. However, even though recent economic data has been weak, the Monetary Policy Committee (MPC) meeting notes show that policymakers are cautious about inflation and how quickly they should cut rates further. The vote was very close (5-4), which means it might be harder to get more rate cuts than people thought, even though inflation could hit the 2% target in 2026.

Government policies and technical factors will help bring inflation down in 2026, along with slow economic growth and a weaker job market. But some policymakers worry that businesses and households still expect prices to rise, which could keep inflation higher for longer. Expectations fell slightly in December but are still above the 2% target at 3.5%.

These concerns seem a bit out of step with current data: inflation dropped to 3.2% in November, wage growth is slowing, unemployment is at its highest since the pandemic, and the economy shrank in October. Business surveys show slightly better activity in December but also suggest that weakness before the Budget was not just temporary. Overall, the trend points to tough economic conditions affecting prices and wages.

Risks for growth and inflation are mostly on the downside, which could mean lower interest rates than expected. But the minutes suggest it will be harder to cut rates below 3.25%, and short-term risks for higher rates have grown. Still, inflation expectations should fall naturally as headline inflation drops.

Investors have eased pressure on the UK government after the Budget, with long-term borrowing costs slightly lower than in late summer. However, heavy borrowing worldwide, the UK issuing more short-term debt, and doubts about fiscal plans will keep short- and medium-term borrowing costs higher than interest rate expectations alone would suggest.

	Current	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
<b>Official Bank Rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Central Case</b>	<b>3.75</b>	<b>3.50</b>	<b>3.25</b>										
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>3-month money market rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Central Case</b>	<b>3.82</b>	<b>3.55</b>	<b>3.30</b>	<b>3.35</b>	<b>3.35</b>	<b>3.35</b>							
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>5yr gilt yield</b>													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
<b>Central Case</b>	<b>3.96</b>	<b>3.85</b>	<b>3.80</b>	<b>3.75</b>	<b>3.80</b>	<b>3.80</b>	<b>3.80</b>						
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
<b>10yr gilt yield</b>													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
<b>Central Case</b>	<b>4.52</b>	<b>4.40</b>	<b>4.35</b>	<b>4.30</b>	<b>4.35</b>	<b>4.35</b>	<b>4.35</b>						
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
<b>20yr gilt yield</b>													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
<b>Central Case</b>	<b>5.16</b>	<b>5.00</b>	<b>4.95</b>	<b>4.90</b>	<b>4.95</b>	<b>4.95</b>	<b>4.95</b>						
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
<b>50yr gilt yield</b>													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
<b>Central Case</b>	<b>4.74</b>	<b>4.65</b>	<b>4.60</b>	<b>4.65</b>	<b>4.65</b>	<b>4.65</b>							
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%; PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%  
 PWLB HRA Rate (Maturity Loans) = Gilt yield + 0.40%; National Wealth Fund Rate (Maturity Loans) = Gilt yield + 0.40%

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# Agenda Item 6

 <b>WEST OXFORDSHIRE DISTRICT COUNCIL</b>	<b>WEST OXFORDSHIRE DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 22 JANUARY 2026</b>
Subject	<b>INTERNAL AUDIT PROGRESS REPORT</b>
Wards affected	None
Accountable member	Councillor Alaric Smith, Executive Member for Finance Email: <a href="mailto:Alaric.Smith@westoxon.gov.uk">Alaric.Smith@westoxon.gov.uk</a>
Accountable officer	Madhu Richards, Director of Finance Email: <a href="mailto:Madhu.Richards@westoxon.gov.uk">Madhu.Richards@westoxon.gov.uk</a>
Report author	Lucy Cater, Head of Internal Audit. Assistant Director, SWAP Internal Audit Services Email: <a href="mailto:Lucy.Cater@swapaudit.co.uk">Lucy.Cater@swapaudit.co.uk</a>
Summary/Purpose	To present a summary of the audit work concluded since the last meeting of this Committee.
Annexes	Annex A – Report of Internal Audit Activity 2025/26 Annex B – Agreed Actions
Recommendation(s)	That the Audit and Governance Committee resolves to: I. Note the report
Corporate priorities	(Internal Audit supports all Council Corporate Priorities <ul style="list-style-type: none"> <li>• Putting Residents First</li> <li>• A Good Quality of Life for All</li> <li>• A Better Environment for People and Wildlife</li> <li>• Responding to the Climate and Ecological Emergency</li> <li>• Working Together for West Oxfordshire</li> </ul> )
Key Decision	NO

Exempt	NO
Consultees/ Consultation	Not Applicable

## **I. BACKGROUND**

The Internal Audit Service is provided to this Council by SWAP Internal Audit Services (SWAP). SWAP is a local authority-controlled company.

The report attached at Annex A sets out the work undertaken by SWAP for the Council. It follows the risk-based auditing principles and, therefore, this is an opportunity for the Audit and Governance Committee to be aware of emerging issues which have resulted from SWAP involvement.

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

## **2. MAIN POINTS**

The progress report (Annex A) enables the Audit and Governance Committee to monitor the work of the Internal Audit Service and ensure that it remains effective. It also provides 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.

Our plan remains flexible to respond to requests for audits or ad hoc reviews.

We continue to follow up all agreed actions. A report (Annex B) showing all open agreed actions has been included for Members information.

## **3. ADVISORY REPORTS**

Due to the changes in teams and management structures, resulting from Phase 1 and Phase 2 of the Publica Transition, it was agreed that Advisory Reports would be presented to the Senior Leadership Team (SLT) in the first instance to give management time to understand the issues and implement changes. This is to ensure that areas where services have been brought back into the Council from Publica are given time to understand the controls and process required to be in place and given time to implement them. There will be follow up audits six months after the Advisory Report and these reports will be presented to the Audit and Governance Committee. Annex A shows that Digital Exclusion and Data Retention Advisory reports have been completed, shared with the SLT and actions have been agreed. There will be follow up audits to track the progress of these agreed actions.

## **4. ALTERNATIVE OPTIONS**

Not Applicable

## **5. FINANCIAL IMPLICATIONS**

The Internal Audit Service is operating within the contract sum.

## **6. LEGAL IMPLICATIONS**

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

## **7. RISK ASSESSMENT**

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

## **8. EQUALITIES IMPACT**

Not Applicable

## **9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

### **9.1 Not Applicable**

## **10. BACKGROUND PAPERS**

**10.1** The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Internal Audit Reports

**10.2** These documents will be available for inspection online at [www.westoxon.gov.uk](http://www.westoxon.gov.uk) or by contacting democratic services [democratic.services@westoxon.gov.uk](mailto:democratic.services@westoxon.gov.uk) for a period of up to 4 years from the date of the meeting.

(END)

# West Oxfordshire District Council

Report of Internal Audit Activity

January 2026

## Contents

**The contacts at SWAP in connection with this report are:**

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- **Contents:**

Internal Audit Definitions

Audit Plan Progress

Finalised Audit Assignments

## Internal Audit Definitions

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

- **No**
- **Limited**
- **Reasonable**
- **Substantial**

### ● Audit Framework Definitions

#### Control Assurance Definitions

<b>No</b>	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.
<b>Limited</b>	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.
<b>Reasonable</b>	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.
<b>Substantial</b>	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.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

# Internal Audit Definitions

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.

## Audit Framework Definitions

### Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

Categorisation of Recommendations	
<b>Priority 1</b>	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
<b>Priority 2</b>	Important findings that need to be resolved by management
<b>Priority 3</b>	Finding that requires attention.

### Definitions of Risk

Risk	Reporting Implications
<b>High</b>	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
<b>Medium</b>	Issues which should be addressed by management in their areas of responsibility.
<b>Low</b>	Issues of a minor nature or best practice where some improvement can be made.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

## Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec				Comments	
					Priority				
					1	2	3		
Operational	Counter Fraud and Enforcement Unit	Final Report	Low Substantial	1	-	-	1	Reported in September	
Key Financial Control	Payroll – Publica Controls	Final Report	Mid Substantial	0	-	-	-	Reported in September	
Key Financial Control	Payroll – Council Controls	Final Report	Mid Reasonable	1	-	1	-	Reported in September	
ICT	Disaster Recovery – Revenues and Benefits	Final Report	Low Substantial	0	-	-	-	Reported in November	
Follow-Up	Members Allowances	Final Report	N/A	0	-	-	-	Report Included	
Operational	Digital Exclusion	Final Report	Advisory	0	-	-	-	Report shared with SLT – Follow-Up audit planned for April 2026	
Governance	Data Retention	Final Report	Advisory	0	-	-	-	Report shared with SLT – Follow-Up audit planned for July 2026	
Operational	Leisure Facilities	Draft Report							
Key Financial Control	Council Tax and NNDR	Draft Report							
Key Financial Control	Housing Benefit and Council Tax Support	Draft Report							
Follow-Up	Data Breaches / Protection	In Progress							
Operational	Climate Change – Operational	In Progress							
Key Financial Control	Bank Reconciliations	In Progress							
Governance	Business Continuity Plans (Services)	Deferred							

## Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Disabled Facilities Grants	Initiated						
Operational	Accounts Payable – Quarterly Review 2025/26	On Going						
Grant Certification	Carbon Data 2023/24	Ready to Start						
Support	Business Grant Funding – Aged Debt	On Going						Quarterly review of Business Grant Overpayment Aged Debts with Head of Service, Counter Fraud and Enforcement Unit for reporting to BEIS
Support / Advisory	Support to Publica Transition Programme Phase 2	Complete						
Support / Advisory	Oxfordshire Waste Partnership	On Going						
Advisory	Procurement and Commissioning Group	On Going						
Advisory	Health and Safety Working Group	On Going						
Advisory	Management Team Meetings	On Going						
Support	Co-Ordination Team / Emergency Planning	On Going						
Follow-Up	Follow-Up of Agreed Actions (not included in an audit above)	On Going						

## Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	On Going						
Other Audit Involvement	Management of the IA Function and Client Support	On Going						
Other Audit Involvement	Contingency – Provision for New Work based on emerging risks							

## Summary of Audit Findings

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

# Members Allowances Follow-Up – Final Report – January 2026

## Follow Up Audit Objective

To provide assurance that agreed actions to mitigate against risk exposure identified within the October 2024 limited opinion audit of members allowances & expenses report have been implemented.

Follow Up Progress Summary				
Priority	Complete	In Progress	Not Started	Summary
Priority 1	0	0	0	0
Priority 2	1	1	0	2
Priority 3	0	0	0	0
Total	1	1	0	2

## Follow Up Assessment

The original audit of WODC members allowances & expenses was completed in October 2024 and received a Limited assurance opinion.

The objective of the original audit was to provide assurance that allowances and expenses claimed by Members are in accordance with WODC's Constitution and HMRC guidelines.

The follow up audit has found 1 action has been completed and the other is in progress. Key findings from the audit follow up have been summarised below.

## Key Findings

### Budget Monitoring



An action to implement quarterly reconciliations to support the Democratic & Electoral service with budget monitoring was agreed during our previous audit. Year-end reconciliations are occurring and HR are updated with special allowance information following changes to member responsibilities. A quarterly reconciliation process has not been implemented yet. However, improvements to the reporting that can be extracted from Business World for monitoring purposes is to be included as part of an ICT project. We have agreed a timescale extension until the 31<sup>st</sup> March 2026 to allow for scoping and commencement.

### Evidence of Expense Claims



Our previous audit concluded that not all member expense claims were supported by a valid receipt to demonstrate the expense and VAT values. Democratic Services issued an email to all members advising on a new process to be implemented from the 1<sup>st</sup> April 2025. Payroll provided several months of member expense data and we requested supporting evidence from Democratic Services. All expenses reviewed were supported by a valid receipt and signed expense form. Descriptions in Business World includes dates and details of members expense claims which proved useful in matching individual claims to forms; action complete.

## Observations and Next Steps

A few accuracy errors on Business World descriptions relating to dates and mileage were identified but supporting evidence confirmed the claims were legitimate.

Our review identified member mileage incurred in January 2025 paid in June 2025. Section 8.1 of the Members Allowance Scheme 2023-27 states "*A claim for travel, subsistence or other expenses under this scheme shall be made in writing within two months of the date of the meeting, function or event in respect of which the entitlement to the expenses arises.*". WODC should consider reminding Members of this requirement to mitigate the risk of non-compliance.

The Members Allowance Scheme does not currently reference Electric Vehicle (EV) requirements. WODC could consider updating requirements for (EV) users as they may not be able to provide a typical fuel receipt.

There is space for "checked/approved by" on the expense form which is not used. Democratic Services Officers review and process mileage and expenses which is electronically captured on Business World. The expense form must be reviewed and updated to confirm the approval process.



## Agreed Actions – January 2026

SWAP Action Tracker - Cotswold and Cheltenham Team Analytics DB Access ⟳ 🖨️

### Open Management Actions

All open issues and closed actions in the last 2 years based on a rolling period.

**Organisation**

Not yet due	Due within 30 days	1-30 days overdue	31-60 days overdue	61-90 days overdue	91+ days overdue	Total Actions
9	(Blank)	1	(Blank)	(Blank)	(Blank)	10

**Open Actions by Organisation**

Priority ● 2 ● 3

Priority	Count
2	7
3	3

**Open/Closed Actions**

Category	Count
Complete	32
In Progress	10

● Complete ● In Progress

**Overdue Open Actions**

Status	Count	Percentage
On Time	9	90%
Overdue	1	10%

● On Time ● Overdue

**Open Actions with Extended Dates**

Category	Count	Percentage
Yes	10	100%

● Yes

West Oxfordshire District Council

Open Agreed Actions - January 2026

ID (Action Plan)	ID (Issue)	Audit Title	Title (Issue)	Issue Status	Period	Priority Score	Original Timescale	Timescale	Follow-Up Assessment
2986	2788	WODC - Property Services - Compliance and Health & Safety - March 2023	Central Property Database Accuracy	Pending Remediation	2023/24	3	30/09/2024	31/03/2026	January 2026: A new database has been procured for which all property compliance will need to be uploaded. Deadline extended to allow for complete data upload
5340	4997	WODC - Members Allowances and Expenses 2024/25	Budget Monitoring.	Pending Remediation	2024/25	2	28/02/2025	31/03/2026	January 2026: Action commenced, finance engaged (see attached email). This action will be closed when evidence of the completed reconciliation is provided.
5751	5391	WODC - Data Breaches - 2023/24	WODC Data Protection Suggestions	Pending Remediation	2024/25	2	30/06/2025	31/12/2025	January 2026: Follow-Up audit in progress
5929	5563	WODC - CT/NNDR 2024/25	WODC Revenues and Benefits Suspense Account Monitoring	Pending Remediation	2024/25	3	31/03/2025	31/03/2026	November 2025: Evidence has been provided as part of our 2025/26 audit to support this action has been started but it is still in progress
5930	5564	WODC - CT/NNDR 2024/25	WODC Historical Revenues and Benefits Suspense Account Entries.	Pending Remediation	2024/25	2	31/03/2025	31/03/2026	November 2025: Evidence has been provided for our 2025/26 audit to support work to review historical balances is in progress but still ongoing.
5938	5572	WODC - Taxi Licensing Safeguarding Follow Up	WODC Taxi Licensing Income Reconciliation.	Pending Remediation	2024/25	2	30/06/2025	31/03/2026	November 2025: The Officer advised this is still in progress, but she is meeting with finance to review the reconciliation process, and hopes to bring it in from April 2026. Deadline extended.
6603	6185	WODC - S106s 2023/24	Roles, responsibilities, and processes not clearly understood by all officers and external stakeholders.	Pending Remediation	2024/25	2	30/09/2025	28/02/2026	December 2025: Due to the introduction of CIL (Community Infrastructure Levy) these all need adapting / updating. The Infrastructure Delivery Team are working on process mapping and have delivered training.
6604	6186	WODC - S106s 2023/24	A review of engagement with the S106 consultation process is required.	Pending Remediation	2024/25	2	30/09/2025	28/02/2026	December 2025: Individual consultee meetings were set up earlier in the year to garner consultee engagement and needs. Regular meetings were set up between development management and infrastructure delivery, which included advice on consultations- recent (December) S106 negotiation has revealed areas where the process could be made even clearer, and current discussions between the relevant service areas on best practice are taking place
6605	6187	WODC - S106s 2023/24	Monitoring processes for non-financial clauses are insufficient	Pending Remediation	2024/25	2	31/12/2025	28/02/2026	December 2025: We are still exploring additional resourcing for this. We've taken procurement advice and are currently awaiting costings from potential consultants to address the public open space non-financial monitoring backlog.
6606	6188	WODC - S106s 2023/24	Improvements to S106 contribution management required	Pending Remediation	2024/25	3	31/12/2025	28/02/2026	December 2025: It is the Infrastructure Team's understanding that this work is already underway within Legal and the Infrastructure Team stands by to assist. Further joint-working is necessitated by CIL implementation and the timetable for this has overtaken the dates on the audit.

# Agenda Item 7

 <b>WEST OXFORDSHIRE DISTRICT COUNCIL</b>	<b>WEST OXFORDSHIRE DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 22 JANUARY 2026</b>
Subject	<b>STRATEGIC RISK REGISTER</b>
Wards affected	All
Accountable member	Councillor Andy Graham, Leader of the Council Email: <a href="mailto:andy.graham@westoxon.gov.uk">andy.graham@westoxon.gov.uk</a>
Accountable officer	Giles Hughes, Chief Executive. Email: <a href="mailto:giles.hughes@westoxon.gov.uk">giles.hughes@westoxon.gov.uk</a>
Report author	Cheryl Sloan, Assistant Director, Workforce Strategy & Transformation Email: <a href="mailto:cheryl.sloan@publicagroup.uk">cheryl.sloan@publicagroup.uk</a>
Summary/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.
Annexes	Annex A – Strategic Risk Register
Recommendation(s)	That the Audit and Governance Committee resolves to: I. Note the contents of the report and annex.
Corporate priorities	All
Key Decision	NO
Exempt	NO
Consultees/Consultation	Senior Leadership Team – the Chief Executive, Director of Finance, Director of Governance and Director of Place and wider Management Team on a Monthly basis.  Informal Executive on a quarterly basis.

## I. BACKGROUND

- 1.1 The Strategic Risk Register is presented to the Audit and Governance Committee ('the 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 Strategic Risk Register also provides an opportunity for Members of the Committee to raise questions and highlight any risks which they feel should be referenced and mitigated.

## 2. RISK REGISTER

- 2.1 The Strategic Risk Register is reviewed monthly by the Senior Leadership Team (SLT). All updates to the commentary since the last review in December 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 SLT.
- 2.2 In this summary, there have been no significant changes to the Strategic Risk Register. One risk has been reduced in likelihood, which is IRI Financial stability, all other risks have not changed in scoring, with all updates shown in red, or strike through, but do not impact on the risk scoring or significantly change the risk.
- 2.3 The most significant updates this month include:

**IRI Financial Stability.** A Provisional Funding Settlement was announced on 17 December 2025 which was significantly better than expected due to a change in methodology which has resulted in the Income Protection Floor being significantly better than anticipated. In summary, the Council were expecting to lose a significant amount of funding in the three-year settlement, and due to this change in methodology, the Council have not lost as much as were predicted. To reflect this, the likelihood of the risk happening has been reduced. The risk remains high, as this is scored on the medium-term financial strategy, and not the in-year financial position.

**SR2 Climate Emergency:** This provides an update in relation to the decision not to proceed to the next stages of the PSDS 3b decarbonisation project at Carterton Leisure Centre and the PSDS 4 project at Chipping Norton Leisure Centre following financial and technical feasibility assessments respectively, which will affect the Council's pathway to carbon neutrality and make achieving the 2030 target more challenging. As a result, alternative options will need to be identified to remain on track. Local Government Reorganisation (LGR) will also influence the Council's ability to meet this target. Due to mitigations being explored, this risk scoring has not changed.

## 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** The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Previous version of the West Oxfordshire District Council Strategic Risk Register presented to the Audit and Governance Committee.

**8.2** These documents will be available for inspection online at [www.westoxon.gov.uk](http://www.westoxon.gov.uk) or by contacting democratic services [democratic.services@westoxon.gov.uk](mailto:democratic.services@westoxon.gov.uk) for a period of up to 4 years from the date of the meeting.

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ID	Description of risk / opportunity / Impact	Responsible Officer	Updated By	Current Residual Score				Change since previous review	Follow on Action (if required)	Update comments	Direction of Travel since previous review)	
				Impact category	Impact score	Likelihood category	Likelihood score					
<b>Internal Risks</b>												
IR1	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).	Director of Finance s151	Madhu Richards	Major	4	Possible	3	12	-4	Continued in year budget monitoring and reporting. The 2025/26 Budget approved with an updated MTFS reviewed by Executive and Council. Review of earmarked reserves. Further consideration of options - particularly in areas of Waste and Asset Management with a view to bridging the financial gap identified within the MTFS. In addition, more member training to be considered has been carried out to increase profile of budgetary challenges.  The latest version of the 2026/27 budget is a balanced budget, following the Provisional Funding Settlement announced on 17th December 2025, however the five year MTFS still shows that funds will be depleted over the life of the MTFS and therefore this risk is still shown as a red. The risk is still scored a high / red, as the risk has been scored on the MTFS, not on the council's in-year position. During the summer WODC received numerous communications from MHCLG on 27th June indicating that WODC was "one of those councils who may need to manage larger losses". MHCLG indicated they would meet with councils concerned over the summer, but there has been no further communication re any such meeting. Financial modelling carried out over recent months reinforced this view. However, the Provisional Funding Settlement announced on 17th December 2025 was significantly better than expected due to a change in methodology which has resulted in the Income Protection Floor being significantly better than anticipated. In summary, WODC were expecting to lose a significant amount of funding in the three year settlement, and due to this change in methodology, we have not lost as much as were expecting. Therefore the risk in this area has not changed.	This risk is scored based on the MTFS for the council, which is a 5-year financial plan. Whilst there is now a more positive three year financial settlement, taking the Council up to the proposed date for the creation of Unitary Councils, anything beyond this date, remains uncertain. If this risk was scored on the in-year financial position for WODC, the risk scoring would be lower.	
IR2	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	Assistant Director Workforce Strategy & Transformation	Cheryl Sloan	Major	4	Possible	3	12	0	All emails received from at risk location are quarantined and inspected by ICT staff before being released.  See also risk P5 on cyber security.  98% of staff now trained in cyber awareness and final 2% being reviewed.  PSN renewal underway, and paperwork to be submitted this month.  New data protection training is currently being rolled out to all staff. This is a mandatory course and it is also intended to roll it out to Members  New Governance Officer now appointed. Work is ongoing on closing out areas for improvement raised in the internal audit for data protection. Work now underway to update the data retention policy and this will then feed into a new data base which will monitor updates, changes, privacy statements etc.  New Data Breach reporting policy now in place and quarterly reporting is being presented to SMT.  Comms has gone out on the new data breach policy, and this is being used.		
IR3	If the council and its contractors / partners are not compliant with the Health & Safety at Work etc Act and other relevant legislation, there is an increased and significant risk of a major accident and work related ill health through occupational disease leading to possible criminal prosecution/financial penalties, enforcement action, reputational damage and risk to the provision of council services.	Business Partner - Health and Safety	Claire Locke	Major	4	Possible	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.  Data analysed and protective action taken to address any trends.	Job profile to provide coverage for a closer role with WODC Property/Assets Team. Compliance has now been agreed in principle which should be a full time role. Job spec is being amended to ensure a property compliance bias and to support the WODC Assets Team directly to be agreed by with the Executive Director Corporate Services, the Business Partner - Health and Safety and Asset Team Manager  In the interim SA and the H&S Team will continue to support WODC directly and proportionately with competent H&S management and advice.	
IR4	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	Head of Legal Services	Leonie Woodward	Minor	2	Probable	4	8	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. Manager Assurance statement will be going out in early 2025 for completion.  Likelihood increased as new legislation comes into force and a greater risk of non-compliance while new procedures bed in and training is rolled out		

IR7	If the council do not provide sufficient focus on embedding the services back into the council, including working with employees on a people strategy and developing the culture for WODC, there is a risk to staff retention, morale and service delivery.	CEO	Giles Hughes	Moderate	3	Remote	2	6	0	This is an ongoing piece of work. Cultural change will be over at least the next 24 months. WODC staff engagement session took place on Monday 3rd November to further development the employee strategy and culture for WODC	An Employee Briefing event took place on the 3rd November, this considered the Councils new People Strategy, and the implications of Local Government Reorganisation.	
IR8	WODC is working with Oxfordshire Councils to remove two tier councils, and establish Unitaries as required under the English Devolution White Paper - Local Government Reorganisation. This is a significant programme of works, with a deadline of 2028. If this programme is not run effectively, this will create uncertainty resulting in an impact on recruitment, retention, staff morale and a risk to the delivery of council. If we do not retain our employees, this places the delivery of services in the new Unitary at risk.	for the Compliance	Phil Martin	Major	4	Possible	3	12	0	The first Mayoral combined elections have timeline of May 2026. Proposals will need to be developed for our area, with indicative dates for new Unitary Authorities from 2027 and 2028. The council is involved in discussions with partners in Oxfordshire and neighbouring areas to explore potential mayoral combined geographies. The council is working with other councils in Oxfordshire to explore Unitary options and will also need to consider how the services delivered by Publica will reflect new geographical areas. Proposals need to be submitted in November and the Government will make their decision by mid 2026. Regular communications is being provided to our employees and our partner employees to ensure they are kept abreast of any plans, timelines and how this will effect them, as well as providing support during this process.	Good progress is being made in regards <a href="#">the drafting of</a> the 2 Unitary Council model and the team continues to work closely with colleagues drafting the Ridgeway proposal. The proposals were presented to <a href="#">Timescales have been agreed in regards to when the proposal will be presented to</a> the O&S Committee, the Executive and Full Council <a href="#">across the County to align decision making</a> prior to the submission of proposals on the 28th November. A meeting with the CEO and LGR Leads is scheduled for the 18th December to discuss the approach to the work involved during the pre-decision phase. <a href="#">Leader of Oxford City recently took place to discuss key principles of the 2 Unitary Council model that they are drafting and Officers will continue to work closely together</a> . Work continues in regards the MSA Proposal and CEOs from Oxfordshire, Swindon and Berkshire meeting on a regular basis to discuss this, a report will be presented to Cllrs in December for consideration.	
IR9	WODC currently is a shareholder for Publica and Ubico. There remains a number of options available, however a decision by the Shareholders is required to ensure future certainty is given to the employees and ensure that a programme of works is in place for the preferred option to protect employees. If there remains uncertainty there is a risk around recruitment, retention, staff morale and a risk to the delivery of council services. If we do not retain our employees, this places the delivery of services in the new Unitary at risk.	Assistant Director Workforce Strategy & Transformation	Cheryl Sloan	Major	4	Probable	4	16	0	Publica will continue to work with WODC and other partner councils to seek best solution for our employees, the new unitary and the company. It is very early stages of thinking as we will not know what the Unitary Councils are until mid 2026. Regular communications will be provided to our partner employees to ensure they are kept abreast of any plans, timelines and how this will effect them, as well as providing support during this process. <a href="#">An Publica all staff briefing took place in October and a number of possible scenario's for Publica were presented, however, Publica employees continue to be in a period of uncertainty about what will happen with Publica until a decision is made. From the last staff survey, it is evident that this is having an impact on staff morale. All staff briefing scheduled for October and new LGR portal page going live in September with FAQs</a>		

External Risks												
ER1	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	Chief Technology Officer	John Chorlton	Major	4	Possible	3	12	0	98% of staff now trained in cyber awareness and final 2% being reviewed. Ongoing investment in cyber team with dedicated team in place. Regular review of User Privileges and Information Asset Register. Cyber updates being presented to Council Audit & Governance committees, Publica Audit & Risk Committee (ARAC) and Governance Meetings. Preparation underway to submit latest PSN submission.		→
ER2	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	Executive Director - Corporate Services	Claire Locke	Moderate	3	Possible	3	9	0	Watching brief should a further pandemic be predicted. Emergency Planning exercise currently taking place in Oxfordshire to test plans for a potential pandemic.		→
ER3/IR9	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. If the Council does not have controls, checks and measures in place to prevent and detect fraud, bribery and corruption, there is a risk of financial loss and reputational impact.	CFEU	Emma Cathcart	Moderate	3	Possible	3	9	0	CFEU currently developing service specific risk registers for fraud to further improve awareness and controls. Fraud Risk Strategy under review and Fraud Response Plan to be drafted. Any changes to processes / controls will be monitored / managed for any services which may transition from Publica to direct Council delivery.		→
ER4	If there is an increase in refugees / asylum seekers into the District, the Council may need to find alternative accomodation which may impact on the Council in terms an increased demand on housing support and services. There is a risk of disorder / disruption and increase in community tension around the placement of refugees / asylum seekers	Director of Place	Phil Martin	Moderate	3	Possible	4	12	0	WoDC is working with Cottsway Housing to provide additional properties using the LA Housing Fund from the Home Office. The numbers now in the hotel are increasing following a period of stability and we continue to see considerable churn as the HO speeds up the processing of Asylum Claims, which is placing pressure on our housing teams and we have increased the capacity to meet this. No significant additional demand expected currently from ARAP/ACRS. New cohorts of refugees is BAU. Due to protests at Asylum Hotels in some parts of the country, which are largely driven by national politics and media the risk rating has been increased and Officers are working closely with TVP to safeguard staff who are supporting individuals in the hotel along with changing working practices and procedures.  29/8 Risk updated and increased to reflect current UK wide tensions.		→

Strategic Risks																	
SR1	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.	Executive Director Corporate Services	Claire Locke	Moderate	3	Probable	4	12	0	WoDC Coordination Team and Rest Centres teams now in place, which is then supported by wider shared resource across Publica. Training completed for Coordination Team, Rest Centre Team and Duty Officers and Managers. All documentation updated and transferred to 365. Plans tested during recent floods due to Storm Bert when Tactical Coordinating Group (TCG) stood up and a locality team to complete door knocking, onsite presence to obtain local information, coordination of sandbags and response. Lessons learnt currently being undertaken. The transition of services has impacted on the 365 emergency cover arrangements. In response to this, a dedicated WODC on call arrangement has been put in place. Staff are now remunerated for being on call to encourage volunteers to be part of the on call rota. All those who are on call have been trained and have been issued with on call packs. The new arrangements commenced on 4th April 2025. Work continues to review plans and work with the local resilience forum.  5/25 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.							
SR2	The Council has declared a climate and ecological emergency and pledged to become carbon neutral by 2030. Failure to achieve carbon neutrality by this date would mean the Council does not meet its commitment. Inadequate preparation for the impacts of climate change impacts, including insufficient climate resilience measures, could result in damage to Council assets and negatively affect service delivery. Some carbon reduction and climate adaptation initiatives may require significant investment, particularly if the UK Government does not provide sufficient funding to support project delivery. Rising investment and capital costs may also make it more challenging to develop viable business cases.	Climate Change Manager	Hannah Kenyon	Moderate	3	Probable	4	12	0	Following a financial assessment of the PSDS 3b decarbonisation project at Carterton Leisure Centre decarbonisation and a technical assessment of the PSDS 4 project at Chipping Norton Leisure Centre it was decided not to progress to the respective stages of the projects. This will affect the Council's pathway to carbon neutrality and make achieving the 2030 target more challenging. As a result, alternative options will need to be identified to remain on track. Local Government Reorganisation (LGR) will also influence the Council's ability to meet this target. The combined impacts of LGR and the decision not to proceed with the PSDS schemes at two leisure centres mean the Council will need to explore alternative opportunities to achieve carbon neutrality by 2030, including potential offsetting. Asset data will continue to be updated to maximise opportunities for carbon reduction and climate resilience. Continued climate involvement in asset management, along with the establishment of net zero targets by the shadow or new authorities, will be essential to accelerating climate action. Work to support the districtwide 2050 net zero target will also continue. Progress against climate projects is monitored and reported through the Council's Project Governance Process.							
SR4	WODC being unable to demonstrate that it has an adequate 5-year supply of deliverable housing land in accordance with national policy. This position has been exacerbated and confirmed through the publication of the revised NPPF in December 2024 which introduced a new standard method for assessing housing need that has increased WODC's per annum requirement from 549 homes per year to 905 homes per year. This has had a direct effect on the Council's housing land supply position – effectively worsening it and thereby clearly engaging the 'tilted balance' set out in paragraph 11 of the NPPF whereby there is a presumption in favour of planning permission being granted unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits. The result is expected to be greatly increased pressure from speculative development and a much greater likelihood of 'planning by appeal'.	Head of Planning	Chris Hargraves	Moderate	3	Almost certain	5	15	0	Member Briefings / training to raise awareness. WODC to continue to work with OCC in relation to proposed A40 improvements in order to provide greater clarity to developers and landowners. Continued engagement with developers and landowners of existing allocations and permissions to obtain clear and defensible information on anticipated delivery trajectories and to understand/potentially unblock any key constraints to delivery. Potential additional legal support to ensure timely completion of Section 106 agreements on larger sites. Preparation of updated Housing and Economic Land Availability Assessment (HELAA) to identify 'long-list' of potentially suitable sites. Timely progression of the new Local Plan to identify new draft site allocations drawing on the long-list referenced above. Progression of the Salt Cross Area Action Plan (AAP) to adoption by securing greater clarity from Government in relation to national policy on energy efficiency in new buildings and the status of the current Written Ministerial Statement (WMS) on this. Local Plan infrastructure evidence to identify necessary upgrades (e.g. foul water capacity) to help avoid the need for Grampian conditions.  5/25 Risk increased as NPPF was published on 12/12/24 and the housing target for WODC has nearly doubled	New HELAA now published as part of Local Plan 2043 Spatial Options Consultation. The consultation runs for 7 weeks until Christmas. Good progress also being made with the Salt Cross AAP with public consultation on Main Modifications to Policy 2 – Net Zero Carbon Development having taken place until 14 November and formal adoption expected in January 2026. Updated housing land supply position statement for 2025–2030 to be published in December 2025. HELAA published as part of Local Plan Spatial Options Consultation which closed on 22 December 2025. Salt Cross AAP now scheduled for adoption in February following receipt of Inspector's report on 7 January 2026. Updated housing land supply position statement covering the 5-year period 1st April 2025 - 31st March 2030 still in preparation with the intention to publish in late Jan/early Feb 2026.						

Partnership Risks													
PR1	If the waste and environmental services partner (Ubico) 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, could result in Ubico being unable to meet its obligations for waste, recycling collections and environmental services.	AD Commercial Development	Si Pocock-Cluley	Major	4	Possible	3	12	0	A review of the service has been completed and will be reported to The Executive and Council in January 2025.	New Environmental Services and Waste team in place. New performance monitoring mechanisms are being implemented. Ubico are currently meeting their obligations. A flexible resource model is being implemented using the Alloy system (in-cab technology) to record resource allocation and help ensure they are used at their optimum level. Clarity of data is a current challenge, increasing the risk that costs may not be transparent and therefore Value for Money cannot be evidenced		
PR2	If the leisure provider does not continue to deliver operationally including maintaining and improving operational performance, ensuring staff retention, maintaining financial stability, and retaining and growing its' customer base, there is a risk to the management fee, contract delivery and public dissatisfaction with the service.	AD - Property & Regeneration	Stuart Wilson	Major	4	Possible	3	12	0	Working collaboratively to market services. Strategic Leisure Manager now in post at WODC to focus on the mitigation of this risk. Monthly & Quarterly meetings in place with leisure provider. An enhanced meeting schedule is being prepared following recruitment of Leisure contract Manager. Monitoring and management of KPIs. Retention strategy being developed to retain employees. Financial monitoring in place, as well as asset management under new Leisure Contract Manager post Preparation underway to review options as we near the end of the current contract term (July 27, report due for consideration Oct 25). Ahead of leisure contract renewal work is underway to ensure estate is in good repair (improvement plan being prepared for approval Sept 25) and carbon efficient to achieve optimum contract offer. Windrush PSDS programme has been approved which will require its own risk register to mitigate impacts on services, customers, impact on contract costs/value, and relationship with GLL. Condition surveys commissioned for leisure assets, Solar PV now live on Windrush and Carterton.	Condition surveys completed and reports now being received. Windrush PSDS programme being delivered by a multi-disciplinary team including the Climate Team, Property and Assets Team and the Leisure Team. Planned Improvement Programme (PIP) report has been approved by the Executive.		
PR3	If Publica does not continue to deliver operationally including maintaining and improving operational performance, ensuring staff retention, meeting statutory requirements, this will have a direct impact on WODC financially, legally and reputational.	Managing Director	Frank Wilson	Moderate	3	Possible	3	9	0	Services identified under phase 1 and phase 2 have now been transferred from Publica to WODC. Enhanced pension scheme agreed. Publica is working with the Shareholders to prepare the company for LGR and the decisions which may be made about the future. The priority is to protect the staff and give certainty to improve retention, morale and continue to provide services. New company governance arrangements in place with two Council Officers on the Board, representing the Shareholders. New Operational Forum now in place to monitor performance and to discuss shared working arrangements. The future shape and size of Publica needs to be agreed to enable certainty to be provided to Publica staff, and for Publica to be able to progress with the development of future business plans, and people strategy. Legal advice being sought on options for the future. Risk has reduced with stability post phase 2 but could increase as we get closer to reorganisation. A new Operational Forum is now in place being established from November 2025 to monitor the performance of Publica with the other shareholder councils. Monitoring impact on Publica for LGR specifically recruitment and retention. See IR5 and IR6 for more detail.			

Major Project Risks (MPR)												
MR1	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	Assistant Director of property & regeneration	Mark Pritchard	Moderate	3	Possible	3	9	0	Portal pages being created with guidance, support documents and other info to improve PM across organisation. This includes updated project proposal forms SLT to review PM work programme and agree where PM support is provided New project proposal process to be introduced with business planning training in September. All significant projects to have completed proposal with sign off from Director and potentially SLT	Service planning process now live as are the project management pages. Comms to follow.	

# Agenda Item 8

 <b>WEST OXFORDSHIRE DISTRICT COUNCIL</b>	<b>WEST OXFORDSHIRE DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 22 JANUARY 2026</b>
Subject	<b>LOCAL CODE OF CORPORATE GOVERNANCE</b>
Wards affected	All
Accountable member	Councillor Andy Graham, Leader of the Council Email: <a href="mailto:andy.graham@westoxon.gov.uk">andy.graham@westoxon.gov.uk</a>
Accountable officer	Andrea McCaskie, Director of Governance & Regulatory Services (Monitoring Officer) Email: <a href="mailto:andrea.mccaskie@westoxon.gov.uk">andrea.mccaskie@westoxon.gov.uk</a>
Report author	Cheryl Sloan, Assistant Director – Workforce Strategy and Transformation – Governance and Risk Email: <a href="mailto:Democratic@westoxon.gov.uk">Democratic@westoxon.gov.uk</a>
Summary/Purpose	To present the latest version of the Local Code of Corporate Governance for adoption by West Oxfordshire District Council
Annexes	Annex A – The Local Code of Corporate Governance (showing changes) Annex B – The Local Code of Corporate Governance (clean version) Annex C – Delivering Good Governance in Local Government: framework. Addendum, covering the annual review of governance and the annual governance statement.
Recommendation(s)	That the Audit and Governance Committee: <ol style="list-style-type: none"> <li>I. Review and adopt the latest version of the Local Code of Corporate Governance.</li> </ol>
Corporate priorities	<ul style="list-style-type: none"> <li>• All</li> </ul>
Key Decision	NO
Exempt	NO
Consultees/Consultation	N/A

## **I. EXECUTIVE SUMMARY**

**I.1** To present to the Audit and Governance Committee the reviewed Local Code of Corporate Governance ('the Code') for adoption by the Committee and Council.

## **2. BACKGROUND**

**2.1** The Code is a document which sets out the framework within which West Oxfordshire District Council ('the Council') will conduct its business and affairs. It is best practice for all Local Authorities to develop a local code of corporate governance.

**2.2** The Local Code of Corporate Governance has been reviewed and is presented to the Audit and Governance Committee for adoption following the publication of the addendum in May 2025 of Delivering Good Governance in Local Government Framework.

**2.3** The Code sets the overarching principles, which underpin the governance framework for the Council. On an annual basis, the Council will produce the Annual Governance Statement which details how it has delivered against the Code and its priorities (backward looking) and will produce an Annual Governance Statement Action Plan (forward looking) which details key areas for improvement over the financial year to ensure ongoing compliance and continuous improvement.

**2.4** The Annual Governance Statement and Action plan are presented to the Audit and Governance Committee with progress against the Annual Governance Action Plan presented on a 6-monthly basis.

## **3. MAIN POINTS**

**3.1** Corporate governance is about the systems, processes, and values by which councils operate and by which they engage with and are held accountable to their communities and stakeholders.

**3.2** The Council is committed to the principles of effective corporate governance and has therefore adopted a Code. This version has been updated to reflect the 'Delivering Good Governance in Local Government Framework, Addendum, covering the annual review of governance and the annual governance statement issued by the Society of Local Authority Chief Executives (SOLACE), and approved by the Chartered Institute of Public Finance and Accountancy (CIPFA) May 2025 ('the Framework Addendum'). This update will also be applied to the 2025/26 Annual Governance Statement which will be presented to Committee in June 2026.

**3.3** The Framework Addendum defines the seven core principles, each supported by sub-principles that should underpin the governance framework of a local authority.

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rules of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable, economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

**3.4** The Council has a good governance framework in place. The documents and arrangements which comprise the framework demonstrate that the Council continually seeks to ensure it is and remains, well governed, through integration of the core principles of the CIPFA/SOLACE Framework into all aspects of the Council's conduct and operation.

#### **4. CONCLUSIONS**

**4.1** It is recommended that the Committee reviews the revised Code attached at Annex A showing the tracked changes and agrees to adopt the clean version of the Code attached at Annex B.

#### **5. FINANCIAL IMPLICATIONS**

**5.1** There are no financial implications arising from this report.

#### **6. LEGAL IMPLICATIONS**

**6.1** There are no direct legal implications arising from this report.

#### **7. RISK ASSESSMENT**

**8.** If the Council's governance arrangements are weak then the 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.

#### **9. EQUALITIES IMPACT**

**9.1** An equalities impact assessment is not required for this report.

#### **10. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**10.1** There are no climate or ecological emergency implications arising from this report.

## **II. BACKGROUND PAPERS**

**II.1** The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- The Annual Governance Statement 2024/2025
- The Annual Governance Action Plan 2025/2026

**II.2** These documents will be available for inspection online at [www.westoxon.gov.uk](http://www.westoxon.gov.uk) or by contacting democratic services [democratic@westoxon.gov.uk](mailto:democratic@westoxon.gov.uk) for a period of up to 4 years from the date of the meeting.



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**WEST OXFORDSHIRE  
DISTRICT COUNCIL**

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**West Oxfordshire District Council**

**Local Code of Corporate Governance  
2025 / 2026**

## I. Delivering Good Governance

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**I.1** Delivering Good Governance in Local Government; Framework, published by CIPFA in association with SOLACE, sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities
- There is sound and inclusive decision making
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities

**I.2** Governance is a term used to describe the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

**I.3** Good governance enables the Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times.

**I.4** The Delivering Good Governance in Local Government; Framework, sets out seven core principles of governance as detailed in the diagram below. West Oxfordshire District Council is committed to these principles of good governance and confirms this through the adoption, monitoring and development of the document – The Council's Local Code of Corporate Governance.

**I.5** Our Local Code is underpinned by the Delivering Good Governance in Local Government; Framework and is comprised of policies, procedures, behaviours and values by which the Council is controlled and governed. These key governance areas and how the Council provides assurance that is complying with these are set out in more detail within its Governance Assurance Framework.

**I.6** The Council recognises that establishing and maintaining a culture of good governance is as important as putting in place a framework of policies and procedures. The Council expects Members and Officers to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability in carrying out their duties.

**I.7** The term 'Council' in this document, will also include its companies/partners that deliver services on behalf of the Council.

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An addendum to the 'Delivering good governance in local government: framework was published by Solace in May 2025. The application of this addendum is for annual governance statements for 2025/26 onwards. With regards to this Local Code, the new addendum recommends the following:

CIPFA and Solace recommend that authorities adopt a local code of governance which sets out their governance arrangements, showing how governance principles are put into practice at their authority. The code should:

- clearly align to the principles in Delivering Good Governance in Local Government Framework.

## Annex A

- take account of the best value statutory guidance or other statutory requirements of the appropriate national government<sup>3</sup>,
- be up-to-date and reviewed regularly to ensure it takes account of changes in the authority and its environment,
- identify what arrangements the authority has put in place to achieve each principle, so it is specific to the authority,
- include values and behaviours as well as processes, as these influence the authority's culture,
- include how the code is reviewed and updated.

Where an authority does not have a local code, the annual review will need to first identify the arrangements it has put in place to meet the governance principles. This information should be to hand from earlier annual reviews, even when a local code has not been formally approved.

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**1.8** This diagram illustrates how the various principles for good governance in the public sector relate to each other. Principle A and B permeate the implementation of Principles C to G.  
Further information regarding each of the above principles and the behaviours and actions that demonstrate good governance in practice are detailed at Appendix A.

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## 2. Status

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**2.1** Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its systems of internal control and include a statement reporting on the review with any published Statement of Accounts. This is known as an Annual Governance Statement.

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**2.2** The Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be prepared in accordance with proper practices in relation to accounts. Therefore a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government; Framework (2016) and this section of the Code.

### 3. Monitoring and Review

3.1 The Council will monitor its governance arrangements for their effectiveness in practice and will report them on a continuing basis to ensure that they are up to date. The Council's Governance Assurance Framework sets out in more detail how the Council will seek assurance on its adherence to the adopted principles of governance.

3.2 On an annual basis, the Chief Executive and Leader of the Council will publish an Annual Governance Statement which will:

- Assess how the Council has complied with this Code of Corporate Governance
- Provide an opinion on the effectiveness of the Council's arrangements
- Provide details of how continual improvement in the systems of governance will be achieved.

3.3 The Audit and Governance Committee considers the Annual Governance Statement before it is published as part of the Council's financial statements.

3.4 The Council also produced an annual governance action plan which identifies actions for the following financial year to further improve our governance arrangements. Progress updates are reported to the Audit and Governance Committee.

### 4. Certification

4.1 We hereby certify our commitment to this Code of Corporate Governance and will ensure that the Council continues to review, evaluate and develop the Council's Governance arrangements to ensure continuous improvement of the Council's systems.

Councillor Andy Graham  
Leader of the Council

Date:

Giles Hughes  
Chief Executive

Date:

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Giles Hughes¶  
Leader of the Council Chief Executive¶

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Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<b>A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law</b>  Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and respect the rule of the law.  • Arrangements to ensure ethical conduct for both members and officers, including codes of conduct, management of conflicts of interest, declarations of gift and	<p><b>Behaving with integrity</b></p> <ul style="list-style-type: none"> <li>Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</li> <li>Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)</li> <li>Leading by example and using the above standard operating principles or values as a framework for decision making and other actions</li> <li>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</li> <li><u>The organisation has a code of conduct in place for Members and officers to ensure expectations are in place for behaviours. Contracts are in place for contractors which sets out expectations.</u></li> <li><u>Ensuring policies and procedures are in place for Members and Officers to declare gifts, hospitality and sponsorship.</u></li> <li><u>Ensuring policies and processes are in place for Members and Officers to declare 'Conflicts of Interest'.</u></li> <li><u>A West Oxfordshire District Council People Strategy is now in place.</u></li> </ul> <p><b>Demonstrating strong commitment to ethical values</b></p> <ul style="list-style-type: none"> <li>Seeking to establish, monitor and maintain the organisation's ethical standards and performance</li> <li>Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation</li> <li>Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</li> <li>Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation</li> </ul> <p><b>Respecting the rule of the law</b></p> <ul style="list-style-type: none"> <li>Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</li> </ul>	

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Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:	<p>hospitality, training and evaluation.</p> <ul style="list-style-type: none"> <li>Arrangements covering the ethical behaviour of external service providers.</li> <li>Arrangements to support whistleblowing.</li> <li>How compliance with laws and regulations and internal policies and procedures is ensured and arrangements to ensure expenditure is lawful.</li> <li>How breaches of ethical arrangements, laws, regulations and procedures are addressed and learning adopted.</li> <li>How all those in governance roles and senior managers demonstrate their leadership of an ethical culture</li> </ul>	<ul style="list-style-type: none"> <li>Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</li> <li>Striving to optimize the use of the full powers available for the benefit of citizens, communities and other stakeholders</li> <li>Dealing with breaches of legal and regulatory provisions effectively</li> <li>Ensuring corruption and misuse of power are dealt with effectively</li> <li>Whistle blowing policy <a href="#">is in place</a> that is communicated to our employees and is managed, monitored and reviewed three yearly, or as required.</li> <li>Ensuring policies and procedures are in place, which are reviewed periodically and / or as changes are made to ensure compliance with laws, regulations and best practice.</li> </ul>
<b>B. Ensuring openness and comprehensive stakeholder engagement</b>  Local government is run for the public good, organisations therefore should ensure openness	<b>Openness</b>	Where possible: <ul style="list-style-type: none"> <li>Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</li> <li>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens, and service users, as well as institutional stakeholders.		<ul style="list-style-type: none"> <li>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</li> <li>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action</li> </ul>
NB: Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.	<b>Engaging comprehensively with institutional stakeholders</b>	<p>Where possible:</p> <ul style="list-style-type: none"> <li>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcome for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</li> <li>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively <ul style="list-style-type: none"> <li>Ensuring that partnerships are based on: trust</li> <li>A shared commitment to change</li> <li>A culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>How the authority ensures that decisions are made in the public interest and the rationale for decisions is recorded.</li> <li>How the authority achieves expected standards of openness and transparency, including a culture of internal challenge and self-assessment.</li> <li>The arrangements for consultation and engagement with citizens, service users and stakeholders and how these inform decision-making.</li> </ul>	<b>Engaging with individual citizens and service users effectively</b>	<ul style="list-style-type: none"> <li>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individuals, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes</li> <li>Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</li> <li>Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs</li> <li>Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account</li> <li>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</li> <li>Taking account of the impact of decisions on future generations of tax payers and service users</li> </ul>

Annex A

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<ul style="list-style-type: none"> <li>The ways in which the authority communicates with the community and stakeholders</li> </ul>		
<p><b>C. Defining outcomes in terms of sustainable, economic, social and environmental benefits</b></p> <p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p> <ul style="list-style-type: none"> <li>How the authority establishes its vision, target outcomes, and associated long-term</li> </ul>	<p><b>Defining outcomes</b></p> <p><b>Sustainable, economic, social and environmental benefits</b></p>	<ul style="list-style-type: none"> <li>Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning or other decisions</li> <li>Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</li> <li>Delivering defined outcomes on a sustainable basis within the resources that will be available</li> <li>Identifying and managing risks to the achievement of outcomes</li> <li>Managing service users' expectations effectively with regard to determining priorities and make the best use of resources available</li> </ul> <ul style="list-style-type: none"> <li>Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision and ensuring best value and value for money for our residents.</li> <li>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</li> <li>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</li> <li>Ensuring fair access to services</li> <li>Ensuring strong governance arrangements are in place to commission services through our partnership organisations.</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<p>plans to deliver sustainable outcomes.</p> <ul style="list-style-type: none"> <li>Its decision-making arrangements and how it ensures consideration and demonstration of value for money and best value.</li> <li>Arrangements to achieve fair access to services.</li> <li>The authority's strategic approach to commissioning across the entity and its partnerships and collaborations</li> </ul>		
<p><b>D. Determining the interventions the necessary to optimise the achievement of the intended outcomes</b></p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need to ensure that their defined outcomes can be achieved in a</p>	<p><b>Determining interventions</b></p> <p><b>Planning Interventions</b></p>	<ul style="list-style-type: none"> <li>Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided</li> <li>Considering feedback from individuals and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</li> </ul> <ul style="list-style-type: none"> <li>Establishing and implementing robust planning and control cycles that cover strategic and operational plans, <b>projects, programmes</b>, priorities and targets</li> <li>Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</li> <li>Considering and monitoring risks facing each partner when working collaboratively, including shared risks</li> <li>Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised. <ul style="list-style-type: none"> <li>• The arrangements for medium and short-term service planning, supported by projects and programmes, to ensure alignment to the vision and objectives.</li> <li>• How budgets and resource strategies align to the delivery of objectives.</li> <li>• How the authority uses self-assessment and continuous improvement to achieve value for money.</li> <li>• The authority's performance management arrangements to ensure continued alignment to its objectives.</li> <li>• Arrangements for the achievement of social value in commissioning, procurement and contracting</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured</li> <li>• <b>Ensuring KPIs are monitored, managed and reported with effective scrutiny and challenge.</b></li> <li>• Ensuring capacity exists to generate the information required to review service quality regularly</li> <li>• Preparing budgets in accordance with objectives, strategies and the medium term financial strategy</li> <li>• Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy</li> <li>• <b>Having processes and procedures in place for procurements of goods and services that are compliant with legislation and help achieve social value.</b></li> </ul> <p><b>Optimising achievement of intended outcomes</b></p> <ul style="list-style-type: none"> <li>• Ensuring the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints</li> <li>• Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and long term</li> <li>• Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.</li> <li>• <b>Ensuring we have processes in place to assess our performance including lessons learnt to ensure continuous improvement and value for money.</b></li> </ul>	

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</b>  Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the	<p><b>Developing the entity's capacity</b></p> <ul style="list-style-type: none"> <li>Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</li> <li>Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently</li> <li>Recognising the benefits of partnerships and collaborative working where added value can be achieved</li> </ul> <p><b>Developing the capability of the entity's leadership and other individuals</b></p> <ul style="list-style-type: none"> <li>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</li> <li>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</li> <li>Ensuring the leader and the Senior Leadership Team have clearly defined and distinctive leadership roles within a structure whereby the corporate team lead in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</li> <li>Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged           <ul style="list-style-type: none"> <li>Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> </ul> </li> </ul>	

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
<p>Acting in the public interest that requires a commitment to and effective arrangements for:</p> <p>structure and diversity of communities.</p> <ul style="list-style-type: none"> <li>• Member and officer protocols and clarity over roles and responsibilities, including schemes of delegation.</li> <li>• Application of the Code of Practice on Good Governance for Local Authority Statutory Officers.</li> <li>• How financial management roles align with: – CIPFA Financial Management Code (FM Code) – CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015), The Role of the CFO in Combined Authorities (2024) or The Role of Chief Financial Officers in Policing (2021), as appropriate.</li> <li>• The arrangements in place for the discharge of the monitoring officer function.</li> <li>• The arrangements in place for the discharge of the head of paid service function.</li> <li>• Induction and development programmes to meet the needs of members and senior</li> </ul>		<ul style="list-style-type: none"> <li>* Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> <li>* Ensuring that there are structures in place to encourage public participation</li> <li>* Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</li> <li>* Holding staff to account through regular performance reviews which take account of training and development needs</li> <li>* Ensuring arrangements are in place to maintain the health and wellbeing of the workforce, <b>for our workforce to learn and develop</b>, and support individuals in maintaining their own physical mental wellbeing</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
officers in relation to their strategic roles. • Workforce planning and organisational development. Arrangements for learning and development, and health and wellbeing		
<b>F. Managing risks and performance through robust internal control and strong public financial management</b>  Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the	<b>Managing risk</b>  <b>Managing performance</b>  <b>Robust internal control</b>	<ul style="list-style-type: none"> <li>Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</li> <li>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</li> <li>Ensuring that responsibilities for managing individual risks are clearly allocated</li> </ul> <ul style="list-style-type: none"> <li>Monitoring service delivery effectively including planning, specification, execution and independent post implementation review</li> <li>Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</li> <li>Ensuring an effective scrutiny or/and oversight function (independent of the <u>executive</u> <u>Executive</u>) is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible</li> <li>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</li> <li>Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)</li> </ul> <ul style="list-style-type: none"> <li>Aligning the risk management strategy and policies on internal control with achieving objectives</li> </ul>

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Annex A

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
achievement of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.		<ul style="list-style-type: none"> <li>Evaluating and monitoring risk management and internal control on a regular basis <b>across the council, partnerships, our Teckal companies and collaborations.</b></li> <li>Ensuring effective counter fraud and anti-corruption arrangements are in place</li> <li><b>Ensuring effective controls are in place for Cyber, AI, Information Security, information governance, asset management and procurement / contract management.</b></li> <li>Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor <ul style="list-style-type: none"> <li>Ensuring an audit <b>and governance</b> committee (Audit and Governance) which is independent of the executive and accountable to the council: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li> <li>That its recommendations are listened to and acted upon</li> <li><b>That conforms to Global Internal Audit Standards in the UK public sector (GIAS and the Application Note) and the CIPFA Code of Practice on the Governance of Internal Audit</b></li> </ul> </li> <li>Arrangements are in place for overview and scrutiny</li> </ul>
<ul style="list-style-type: none"> <li>Risk management policy, strategy and arrangements for review.</li> <li>How financial management arrangements align with the Financial Management Code.</li> <li>Internal control arrangements including: – Cyber, AI and information security arrangements – information governance – asset</li> </ul>	<b>Managing data</b>	<ul style="list-style-type: none"> <li>Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</li> <li>Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</li> <li>Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</li> </ul>
	<b>Strong public financial management</b>	<ul style="list-style-type: none"> <li>Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance</li> </ul>

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Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
<p>Acting in the public interest that requires a commitment to and effective arrangements for:</p> <ul style="list-style-type: none"> <li>management – procurement and contract management.</li> <li>• Assurance frameworks across the three lines. The framework should set out how the leadership team obtains its assurance, including from management, risk and compliance arrangements, and internal audit.</li> <li>• Internal audit arrangements in conformance with the Global Internal Audit Standards in the UK public sector (GIAS and the Application Note) and the CIPFA Code of Practice on the Governance of Internal Audit.</li> <li>• Arrangements for formal overview and scrutiny (as applicable).</li> <li>• Facilitation of internal and external challenge.</li> <li>• Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2022).</li> <li>• Counter fraud and anti-corruption developed and maintained in accordance with</li> </ul>		<ul style="list-style-type: none"> <li>• Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and control</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<p>the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).</p> <ul style="list-style-type: none"> <li>• Governance, risk and control arrangements across companies, partnerships, collaborations and arm's length bodies.</li> </ul>		
<p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>	<p><b>Implementing good practice in transparency</b></p> <p><b>Implementing good practices in reporting</b></p>	<ul style="list-style-type: none"> <li>• Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring they are easy to access and interrogate</li> <li>• Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</li> </ul> <ul style="list-style-type: none"> <li>• Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</li> <li>• Ensuring members and senior management own the results reports</li> <li>• Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)</li> <li>• Ensuring this Framework is applied to jointly managed or shared service organisations</li> <li>• Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<ul style="list-style-type: none"> <li>• Arrangements for the timely response and support to the work of external audit, internal audit and other inspection or regulatory action.</li> <li>• Approach to welcoming external challenge and implementing recommendations.</li> <li>• How learning and improvement are actioned.</li> <li>• How transparency and accountability are maintained across collaborations and arm's length bodies, such as trading companies and joint ventures.</li> <li>• Accountability to the public and stakeholders is supported by clear assurance and ensures core areas are covered to enable better accountability in practice</li> </ul>	<b>Assurance and effective accountability</b>	<ul style="list-style-type: none"> <li>• Ensuring that all recommendations for corrective actions made by <b>internal and external audit or other inspections or regulatory action</b> are acted upon <b>in a timely manner</b>.</li> <li>• Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon</li> <li>• Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</li> <li>• Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</li> <li>• Ensuring when working in partnership, arrangements for accountability <b>and transparency</b> are clear and the need for wider public accountability has been recognised and met</li> </ul>

# Annual Governance Statement

**Council**

Leader and  
Chief  
Executive  
sign AGS  
on behalf of  
the Council

Page 109

## Audit and Governance Committee

### Executive

### Overview and Scrutiny Committees

### Planning and Licensing Committees

Risk Management

External Audit

Internal Audit  
and Counter  
Fraud Unit

Management  
Annual Assurance  
Statements

Internal  
Management  
Arrangements

Other external  
assurance  
e.g. RIPA Inspection  
Ombudsman

Performance  
reports , risk  
management and  
external  
assurance

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**WEST OXFORDSHIRE  
DISTRICT COUNCIL**

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**West Oxfordshire District Council**

**Local Code of Corporate Governance 2025 /  
2026**

## I. Delivering Good Governance

I.1 Delivering Good Governance in Local Government; Framework, published by CIPFA in association with SOLACE, sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities
- There is sound and inclusive decision making
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities

I.2 Governance is a term used to describe the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

I.3 Good governance enables the Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times.

I.4 The Delivering Good Governance in Local Government; Framework, sets out seven core principles of governance as detailed in the diagram below. West Oxfordshire District Council is committed to these principles of good governance and confirms this through the adoption, monitoring and development of the document – The Council’s Local Code of Corporate Governance.

I.5 Our Local Code is underpinned by the Delivering Good Governance in Local Government; Framework and is comprised of policies, procedures, behaviours and values by which the Council is controlled and governed. These key governance areas and how the Council provides assurance that is complying with these are set out in more detail within its Governance Assurance Framework.

I.6 The Council recognises that establishing and maintaining a culture of good governance is as important as putting in place a framework of policies and procedures. The Council expects Members and Officers to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability in carrying out their duties.

I.7 The term ‘Council’ in this document, will also include its companies/partners that deliver services on behalf of the Council.

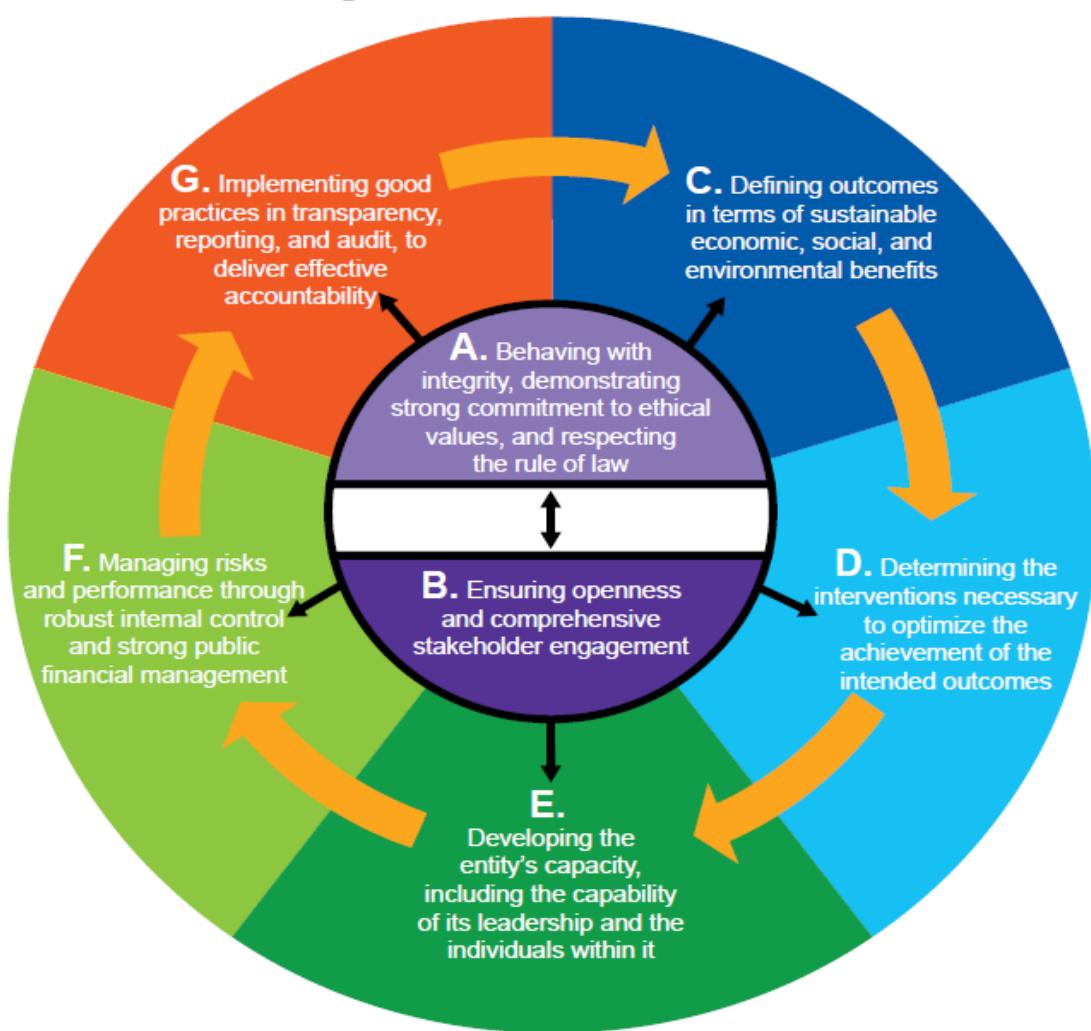
An addendum to the ‘Delivering good governance in local government: framework was published by Solace in May 2025. The application of this addendum is for annual governance statements for 2025/26 onwards. With regards to this Local Code, the new addendum recommends the following:

CIPFA and Solace recommend that authorities adopt a local code of governance which sets out their governance arrangements, showing how governance principles are put into practice at their authority. The code should:

- clearly align to the principles in Delivering Good Governance in Local Government: Framework,
- take account of the best value statutory guidance or other statutory requirements of the appropriate national government<sup>3</sup>,
- be up-to-date and reviewed regularly to ensure it takes account of changes in the authority and its environment,
- identify what arrangements the authority has put in place to achieve each principle, so it is specific to the authority,
- include values and behaviours as well as processes, as these influence the authority's culture,
- include how the code is reviewed and updated.

Where an authority does not have a local code, the annual review will need to first identify the arrangements it has put in place to meet the governance principles. This information should be to hand from earlier annual reviews, even when a local code has not been formally approved.

## Achieving the Intended Outcomes While Acting in the Public Interest at all Times



1.8 This diagram illustrates how the various principles for good governance in the public sector relate to each other. Principle A and B permeate the implementation of Principles C to G1.9

1.9 Further information regarding each of the above principles and the behaviours and actions that demonstrate good governance in practice are detailed at Appendix A.

## 2. Status

2.1 Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its systems of internal control and include a statement reporting on the review with any published Statement of Accounts. This is known as an Annual Governance Statement.

2.2 The Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be prepared in accordance with proper practices in relation to accounts. Therefore a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government; Framework (2016) and this section of the Code.

### **3. Monitoring and Review**

3.1 The Council will monitor its governance arrangements for their effectiveness in practice and will report them on a continuing basis to ensure that they are up to date. The Council's Governance Assurance Framework sets out in more detail how the Council will seek assurance on its adherence to the adopted principles of governance.

3.2 On an annual basis, the Chief Executive and Leader of the Council will publish an Annual Governance Statement which will:

- Assess how the Council has complied with this Code of Corporate Governance
- Provide an opinion on the effectiveness of the Council's arrangements
- Provide details of how continual improvement in the systems of governance will be achieved.

3.3 The Audit and Governance Committee considers the Annual Governance Statement before it is published as part of the Council's financial statements.

3.4 The Council also produced an annual governance action plan which identifies actions for the following financial year to further improve our governance arrangements. Progress updates are reported to the Audit and Governance Committee.

### **4. Certification**

4.1 We hereby certify our commitment to this Code of Corporate Governance and will ensure that the Council continues to review, evaluate and develop the Council's Governance arrangements to ensure continuous improvement of the Council's systems.

**Councillor Andy Graham  
Leader of the Council**

Date:

**Giles Hughes  
Chief Executive**

Date:

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<b>A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law</b>	<b>Behaving with integrity</b>	<ul style="list-style-type: none"> <li>Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</li> <li>Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)</li> <li>Leading by example and using the above standard operating principles or values as a framework for decision making and other actions</li> <li>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</li> <li>The organisation has a code of conduct in place for Members and officers to ensure expectations are in place for behaviours. Contracts are in place for contractors which sets out expectations.</li> <li>Ensuring policies and procedures are in place for Members and Officers to declare gifts, hospitality and sponsorship.</li> <li>Ensuring policies and processes are in place for Members and Officers to declare 'Conflicts of Interest'.</li> <li>A West Oxfordshire District Council People Strategy is now in place.</li> </ul>
	<b>Demonstrating strong commitment to ethical values</b>	<ul style="list-style-type: none"> <li>Seeking to establish, monitor and maintain the organisation's ethical standards and performance</li> <li>Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation</li> <li>Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</li> <li>Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation</li> </ul>
	<b>Respecting the rule of the law</b>	<ul style="list-style-type: none"> <li>Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:	<p>interest, declarations of gift and hospitality, training and evaluation.</p> <ul style="list-style-type: none"> <li>• Arrangements covering the ethical behaviour of external service providers.</li> <li>• Arrangements to support whistleblowing.</li> <li>• How compliance with laws and regulations and internal policies and procedures is ensured and arrangements to ensure expenditure is lawful.</li> <li>• How breaches of ethical arrangements, laws, regulations and procedures are addressed and learning adopted.</li> <li>• How all those in governance roles and senior managers demonstrate their leadership of an ethical culture</li> </ul>	<ul style="list-style-type: none"> <li>• Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</li> <li>• Striving to optimize the use of the full powers available for the benefit of citizens, communities and other stakeholders</li> <li>• Dealing with breaches of legal and regulatory provisions effectively</li> <li>• Ensuring corruption and misuse of power are dealt with effectively</li> <li>• Whistle blowing policy is in place that is communicated to our employees and is managed, monitored and reviewed three yearly, or as required.</li> <li>• Ensuring policies and procedures are in place, which are reviewed periodically and / or as changes are made to ensure compliance with laws, regulations and best practice.</li> </ul>
<p><b>B. Ensuring openness and comprehensive stakeholder engagement</b></p> <p>Local government is run for the public good, organisations therefore should ensure openness</p>	Openness	<p>Where possible:</p> <ul style="list-style-type: none"> <li>• Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</li> <li>• Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens, and service users, as well as institutional stakeholders.  NB: Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.	<b>Engaging comprehensively with institutional stakeholders</b>	<ul style="list-style-type: none"> <li>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</li> <li>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action</li> </ul> <p>Where possible:</p> <ul style="list-style-type: none"> <li>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcome for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</li> <li>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively <ul style="list-style-type: none"> <li>Ensuring that partnerships are based on: trust</li> <li>A shared commitment to change</li> <li>A culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>How the authority ensures that decisions are made in the public interest and the rationale for decisions is recorded.</li> <li>How the authority achieves expected standards of openness and transparency, including a culture of internal challenge and self-assessment.</li> <li>The arrangements for consultation and engagement with citizens, service users and stakeholders and how these inform decision-making.</li> </ul>	<b>Engaging with individual citizens and service users effectively</b>	<ul style="list-style-type: none"> <li>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individuals, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes</li> <li>Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</li> <li>Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs</li> <li>Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account</li> <li>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</li> <li>Taking account of the impact of decisions on future generations of tax payers and service users</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for: <ul style="list-style-type: none"> <li>The ways in which the authority communicates with the community and stakeholders</li> </ul>		
<b>C. Defining outcomes in terms of sustainable, economic, social and environmental benefits</b>  The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.  <ul style="list-style-type: none"> <li>How the authority establishes its vision, target outcomes, and associated long-term</li> </ul>	<b>Defining outcomes</b>  <b>Sustainable, economic, social and environmental benefits</b>	<ul style="list-style-type: none"> <li>Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning or other decisions</li> <li>Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</li> <li>Delivering defined outcomes on a sustainable basis within the resources that will be available</li> <li>Identifying and managing risks to the achievement of outcomes</li> <li>Managing service users' expectations effectively with regard to determining priorities and make the best use of resources available</li> </ul> <ul style="list-style-type: none"> <li>Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision and ensuring best value and value for money for our residents.</li> <li>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</li> <li>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</li> <li>Ensuring fair access to services</li> <li>Ensuring strong governance arrangements are in place to commission services through our partnership organisations.</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:		
Acting in the public interest that requires a commitment to and effective arrangements for:				
<p>plans to deliver sustainable outcomes.</p> <ul style="list-style-type: none"> <li>Its decision-making arrangements and how it ensures consideration and demonstration of value for money and best value.</li> <li>Arrangements to achieve fair access to services.</li> <li>The authority's strategic approach to commissioning across the entity and its partnerships and collaborations</li> </ul>				
<p><b>D. Determining the interventions the necessary to optimise the achievement of the intended outcomes</b></p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need to ensure that their defined outcomes can be achieved in a way that provides the best trade-</p>	<p><b>Determining interventions</b></p>	<ul style="list-style-type: none"> <li>Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided</li> <li>Considering feedback from individuals and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</li> </ul>	<p><b>Planning Interventions</b></p>	<ul style="list-style-type: none"> <li>Establishing and implementing robust planning and control cycles that cover strategic and operational plans, projects, programmes, priorities and targets</li> <li>Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</li> <li>Considering and monitoring risks facing each partner when working collaboratively, including shared risks</li> <li>Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
<p>Acting in the public interest that requires a commitment to and effective arrangements for:</p> <p>off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.</p> <ul style="list-style-type: none"> <li>• The arrangements for medium and short-term service planning, supported by projects and programmes, to ensure alignment to the vision and objectives.</li> <li>• How budgets and resource strategies align to the delivery of objectives.</li> <li>• How the authority uses self-assessment and continuous improvement to achieve value for money.</li> <li>• The authority's performance management arrangements to ensure continued alignment to its objectives.</li> <li>• Arrangements for the achievement of social value in commissioning, procurement and contracting</li> </ul>		<ul style="list-style-type: none"> <li>• Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured</li> <li>• Ensuring KPIs are monitored, managed and reported with effective scrutiny and challenge.</li> <li>• Ensuring capacity exists to generate the information required to review service quality regularly</li> <li>• Preparing budgets in accordance with objectives, strategies and the medium term financial strategy</li> <li>• Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy</li> <li>• Having processes and procedures in place for procurements of goods and services that are compliant with legislation and help achieve social value.</li> </ul>
	<p><b>Optimising achievement of intended outcomes</b></p>	<ul style="list-style-type: none"> <li>• Ensuring the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints</li> <li>• Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and long term</li> <li>• Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.</li> <li>• Ensuring we have processes in place to assess our performance including lessons learnt to ensure continuous improvement and value for money.</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</b>  Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the	<b>Developing the entity's capacity</b>	<ul style="list-style-type: none"> <li>Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</li> <li>Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently</li> <li>Recognising the benefits of partnerships and collaborative working where added value can be achieved</li> </ul>
	<b>Developing the capability of the entity's leadership and other individuals</b>	<ul style="list-style-type: none"> <li>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</li> <li>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</li> <li>Ensuring the leader and the Senior Leadership Team have clearly defined and distinctive leadership roles within a structure whereby the corporate team lead in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</li> <li>Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged           <ul style="list-style-type: none"> <li>* Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> </ul> </li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
<p>Acting in the public interest that requires a commitment to and effective arrangements for:</p> <p>structure and diversity of communities.</p> <ul style="list-style-type: none"> <li>• Member and officer protocols and clarity over roles and responsibilities, including schemes of delegation.</li> <li>• Application of the Code of Practice on Good Governance for Local Authority Statutory Officers.</li> <li>• How financial management roles align with: – CIPFA Financial Management Code (FM Code) – CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015), The Role of the CFO in Combined Authorities (2024) or The Role of Chief Financial Officers in Policing (2021), as appropriate.</li> <li>• The arrangements in place for the discharge of the monitoring officer function.</li> <li>• The arrangements in place for the discharge of the head of paid service function.</li> <li>• Induction and development programmes to meet the needs of members and senior</li> </ul>		<ul style="list-style-type: none"> <li>* Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> <li>* Ensuring that there are structures in place to encourage public participation</li> <li>* Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</li> <li>* Holding staff to account through regular performance reviews which take account of training and development needs</li> <li>* Ensuring arrangements are in place to maintain the health and wellbeing of the workforce, for our workforce to learn and develop, and support individuals in maintaining their own physical mental wellbeing</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
officers in relation to their strategic roles. • Workforce planning and organisational development. Arrangements for learning and development, and health and wellbeing		
<b>F. Managing risks and performance through robust internal control and strong public financial management</b>  Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities. A strong system of financial management is essential for the achievement of policies and the	<b>Managing risk</b>	<ul style="list-style-type: none"> <li>Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</li> <li>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</li> <li>Ensuring that responsibilities for managing individual risks are clearly allocated</li> </ul>
	<b>Managing performance</b>	<ul style="list-style-type: none"> <li>Monitoring service delivery effectively including planning, specification, execution and independent post implementation review</li> <li>Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</li> <li>Ensuring an effective scrutiny or/and oversight function (independent of the Executive) is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible</li> <li>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</li> <li>Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)</li> </ul>
	<b>Robust internal control</b>	<ul style="list-style-type: none"> <li>Aligning the risk management strategy and policies on internal control with achieving objectives</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.		<ul style="list-style-type: none"> <li>Evaluating and monitoring risk management and internal control on a regular basis across the council, partnerships, our Teckal companies and collaborations.</li> <li>Ensuring effective counter fraud and anti-corruption arrangements are in place</li> <li>Ensuring effective controls are in place for Cyber, AI, Information Security, information governance, asset management and procurement / contract management.</li> <li>Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor <ul style="list-style-type: none"> <li>Ensuring an audit and governance committee (Audit and Governance) which is independent of the executive and accountable to the council: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li> <li>That its recommendations are listened to and acted upon</li> <li>That conforms to Global Internal Audit Standards in the UK public sector (GIAS and the Application Note) and the CIPFA Code of Practice on the Governance of Internal Audit</li> </ul> </li> <li>Arrangements are in place for overview and scrutiny</li> </ul>
<ul style="list-style-type: none"> <li>Risk management policy, strategy and arrangements for review.</li> <li>How financial management arrangements align with the Financial Management Code.</li> <li>Internal control arrangements including: – Cyber, AI and information security arrangements – information governance – asset</li> </ul>	<b>Managing data</b>	<ul style="list-style-type: none"> <li>Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</li> <li>Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</li> <li>Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</li> </ul>
	<b>Strong public financial management</b>	<ul style="list-style-type: none"> <li>Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
<p>Acting in the public interest that requires a commitment to and effective arrangements for:</p> <ul style="list-style-type: none"> <li>management – procurement and contract management.</li> <li>Assurance frameworks across the three lines. The framework should set out how the leadership team obtains its assurance, including from management, risk and compliance arrangements, and internal audit.</li> <li>Internal audit arrangements in conformance with the Global Internal Audit Standards in the UK public sector (GIAS and the Application Note) and the CIPFA Code of Practice on the Governance of Internal Audit.</li> <li>Arrangements for formal overview and scrutiny (as applicable).</li> <li>Facilitation of internal and external challenge.</li> <li>Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2022).</li> <li>Counter fraud and anti-corruption developed and maintained in accordance with</li> </ul>		<ul style="list-style-type: none"> <li>Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and control</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<p>the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).</p> <ul style="list-style-type: none"> <li>• Governance, risk and control arrangements across companies, partnerships, collaborations and arm's length bodies.</li> </ul>		
<p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>	<p><b>Implementing good practice in transparency</b></p> <p><b>Implementing good practices in reporting</b></p>	<ul style="list-style-type: none"> <li>• Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring they are easy to access and interrogate</li> <li>• Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</li> </ul> <ul style="list-style-type: none"> <li>• Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</li> <li>• Ensuring members and senior management own the results reports</li> <li>• Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)</li> <li>• Ensuring this Framework is applied to jointly managed or shared service organisations</li> <li>• Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<ul style="list-style-type: none"> <li>• Arrangements for the timely response and support to the work of external audit, internal audit and other inspection or regulatory action.</li> <li>• Approach to welcoming external challenge and implementing recommendations.</li> <li>• How learning and improvement are actioned.</li> <li>• How transparency and accountability are maintained across collaborations and arm's length bodies, such as trading companies and joint ventures.</li> <li>• Accountability to the public and stakeholders is supported by clear assurance and ensures core areas are covered to enable better accountability in practice</li> </ul>	<b>Assurance and effective accountability</b>	<ul style="list-style-type: none"> <li>• Ensuring that all recommendations for corrective actions made by internal and external audit or other inspections or regulatory action are acted upon in a timely manner.</li> <li>• Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon</li> <li>• Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</li> <li>• Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</li> <li>• Ensuring when working in partnership, arrangements for accountability and transparency are clear and the need for wider public accountability has been recognised and met</li> </ul>

# Annual Governance Statement

**Council**  
Leader and Chief Executive sign AGS on behalf of the Council

Page 129

## Audit and Governance Committee

Executive

Overview and Scrutiny Committees

Planning and Licensing Committees

Risk Management

External Audit

Internal Audit and Counter Fraud Unit

Management Annual Assurance Statements

Internal Management Arrangements

Other external assurance e.g. RIPA Inspection Ombudsman

Performance reports, risk management and external assurance

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# Delivering good governance in local government: framework

Addendum, covering the annual review of governance and the annual governance statement

Approved by  
Public Financial Management Board, CIPFA  
Policy Board, Solace

May 2025

For application to annual governance statements for 2025/26 onwards



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**SOLACE** (the Society of Local Authority Chief Executives and Senior Managers) is the representative body for senior strategic managers working in the public sector. The Society promotes public sector management excellence and provides professional development for its members who come from all areas of the public sector. Whilst the vast majority of its members work in local government it also has members operating in senior positions in health authorities, police and fire authorities and central government. SOLACE spans all of the UK, having membership in Northern Ireland, Wales, Scotland and England.

# Delivering good governance in local government: framework

Addendum, covering the annual review of governance and the annual governance statement

Approved by  
Public Financial Management Board, CIPFA  
Policy Board, Solace

May 2025

For application to annual governance statements for 2025/26 onwards



Published by:

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## Applicability and status of the addendum

Local authorities are accountable to the public and other stakeholders for ensuring they have a sound system of governance. They are required to prepare and publish an annual governance statement (AGS) in accordance with statutory regulations of the appropriate national government<sup>1</sup>.

The statement should be consistent with the principles of good governance set out in [Delivering Good Governance in Local Government: Framework](#) (Governance Framework) (CIPFA and Solace, 2016).

The statement includes the result of a review of the effectiveness of its system of internal control and provides assurance on whether the authority's governance arrangements are fit for purpose.

This addendum is the first update of the guidance since 2016 and replaces chapter 7 of the Framework publication. The 2016 publication and the seven principles of good governance remain unchanged.

Authorities should ensure that the AGS for 2025/26 onwards complies with this guidance, and they are encouraged to consider it for 2024/25.

The guidance applies to all principal local government bodies<sup>2</sup>, including:

- county councils
- district, borough and city councils
- metropolitan and unitary councils
- the Greater London Authority and functional bodies
- combined authorities, combined county authorities, city regions, devolved structures
- Scottish councils and other local government bodies under section 106 of the Local Government (Scotland) Act 1973
- the City of London Corporation
- fire authorities in England and Wales
- police and crime commissioners, and police, fire and crime commissioners
- chief constables in England and Wales
- national park authorities
- passenger transport executives
- corporate joint committees (Wales)

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1. The Accounts and Audit Regulations 2015, the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Local Authority Accounts (Scotland) Regulations 2014 and the Accounts and Audit (Wales) Regulations 2014.

2. The appropriate regulations define the relevant authorities.

## Audience

The addendum is important for elected representatives, senior management and all those involved in the annual review of governance and preparation of an annual governance statement (AGS). It is also relevant for the internal auditors and external auditors of the authority.

Key roles	Responsibilities
Elected representatives, including councillors and fire authority members	Overall responsibility for the governance of the local authority and for the fulfilment of accountabilities to the public and stakeholders.
Police and crime commissioners (PCC)	Approval of the governance arrangements of the authority, either directly or through delegations, including the Constitution and local code of governance.
Chief constables	In a local authority the AGS must be approved by a body charged with governance (full council) or delegated to an appropriate committee, such as an audit committee. The AGS must then be signed by a leading member, alongside the chief executive. (In Scotland the leader of the council must sign the AGS.)  In policing, the appropriate corporation sole (PCC and chief constable) must approve and sign the AGS.
	Following publication, elected representatives have oversight of and accountability for agreed actions to improve governance.
Chief executive (head of paid service), chief financial officer (section 151 or section 95, section 112 (fire) or section 73 officer (combined authority) as appropriate) and monitoring officer	Statutory officers with specific governance responsibilities.  Typically, the annual review and preparation of the AGS is overseen by one of them.  The chief executive must sign the AGS.
Other senior management	Responsible with the statutory officers to put in place the appropriate arrangements for governance and providing assurance on its effectiveness in their service areas.
Other officers with governance roles	Co-ordination of the annual review and drafting of the AGS in support of the statutory officers and other governance leadership responsibilities.
Head of internal audit	Provides an annual conclusion on governance, risk management and internal control as part of internal audit standards, which informs the review.  Provides additional assurance to senior management and elected representatives on the adequacy of the review of effectiveness.  To avoid impairments to professional independence, the Head of Internal Audit should not draft the AGS. Where the HIA drafts the AGS, this should be identified as a role beyond internal auditing. Under auditing standards, it must be included in the audit charter and safeguards agreed, such as alternative processes to gain assurance.

## Introduction

The last few years have tested the governance of many authorities. Pressures on financial resources, innovative approaches to the delivery of services and increased commercialisation, as well as the COVID-19 pandemic, have meant those charged with governance and leadership teams have had to make difficult decisions. The quality of governance arrangements is of paramount importance to enable authorities to make decisions with high-quality information, and with a good understanding of risk. Robust and trusted decisions are built from engagement with communities and stakeholders and with a focus on the public interest. In addition, they need confidence that their governance supports the effective implementation of those decisions, and that they have sufficient assurance to inform their understanding. Ensuring adequate capacity, capability and leadership are fundamental, together with a focus on longer-term planning rather than short-term fixes. In short, all seven principles of the Governance Framework must be fit-for-purpose.

### Delivering Good Governance in Local Government (CIPFA and Solace, 2016)



Unfortunately, governance has not been fit for purpose in all authorities. The governance reviews following Section 114 reports and reports in the public interest, or other interventions, have highlighted governance weaknesses as well financial concerns. Although not present in every case, the following have been noted:

- a culture that allows for widespread failure to follow due process, the constitution, and codes of conduct,
- leadership that has lost sight of an authority's role and function as a leader of place and provider or enabler of services,
- poor understanding of risk or inadequate management of risks,
- weaknesses in internal controls,
- weak oversight and challenge from those charged with governance,
- dysfunctional relationships between senior officers and members,
- reduced capacity and/or capability in critical areas,
- poor data quality or flawed information used in decision making,
- limited oversight of arm's length arrangements such as trading companies and joint ventures through a failure to put in place appropriate governance, risk and control arrangements,
- a lack of self-assessment and commitment to continuous improvement,
- a lack of transparency and/or openness to external challenge.

Some authorities have not demonstrated an awareness of where their governance is not fit for purpose. When authorities are unable or unwilling to recognise and acknowledge weaknesses, accountability to the public is not fulfilled. Some authorities have failed to take the early action that might have minimised or avoided more serious service or financial problems.

## Purpose

It is in this context that this update to the Delivering Good Governance in Local Government: Framework (CIPFA and Solace) should be adopted. It provides the opportunity for all those with a responsibility for good governance to reconnect with the principles they and their organisation should be striving to meet. Preparing an AGS is an opportunity to undertake a rigorous annual assessment of governance and consider whether it truly is fit for purpose. The review should take into account not just current demands but also anticipated challenges. The unexpected can and will happen, and authorities cannot be ready to meet every eventuality, but each organisation should have sufficient resilience to flex and adapt.

In the years ahead authorities must continue to meet significant challenges, for example:

- service and financial pressures in areas such as social care and housing,
- economic events impacting on funding and income generation,
- new legislation,
- devolution or structural change, including local government reorganisation,
- climate change and net zero,
- use of artificial intelligence in the authority's systems and processes.

Meeting these challenges is necessary to maintain the trust of the public in the authority. This means local authorities must be resilient and sustainable in their governance.

## THE REVIEW OF GOVERNANCE

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Authorities should review the effectiveness of their governance each year, to fulfil the requirements of both the regulations applicable to their authority and the Code of Practice on Local Authority Accounting in the United Kingdom.

The benchmark against which the review should be undertaken is the seven principles of good governance, as set out in the Governance Framework.

This guidance covers the following:

- description of an authority's governance arrangements in the local code of governance,
- conducting the annual review,
- content of the annual governance statement,
- publication and accountability.

### The local code of governance

CIPFA and Solace recommend that authorities adopt a local code of governance which sets out their governance arrangements, showing how governance principles are put into practice at their authority. The code should:

- clearly align to the principles in Delivering Good Governance in Local Government: Framework,
- take account of the best value statutory guidance or other statutory requirements of the appropriate national government<sup>3</sup>,
- be up-to-date and reviewed regularly to ensure it takes account of changes in the authority and its environment,
- identify what arrangements the authority has put in place to achieve each principle, so it is specific to the authority,
- include values and behaviours as well as processes, as these influence the authority's culture,
- include how the code is reviewed and updated.

Where an authority does not have a local code, the annual review will need to first identify the arrangements it has put in place to meet the governance principles. This information should be to hand from earlier annual reviews, even when a local code has not been formally approved.

### Core arrangements for the local code

The local code, or other description of governance arrangements, should include details of your arrangements that address areas that are core to good governance. These arrangements are essential for a corporate culture focused on achieving objectives, managing risk and fulfilling stewardship and statutory responsibilities, including best value. A more comprehensive code will provide stronger evidence of your authority's alignment to good governance principles, and CIPFA and Solace would recommend this approach. The annual governance statement will need to provide assurance that the following core arrangements are in place and operating effectively.

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3. For England: [Best value standards and intervention: a statutory guide for best value authorities](#) (May 2024) For Scotland: [Best Value: revised statutory guidance 2020](#) (March 2020) For Wales: Part 6 [Local Government and Elections \(Wales\) Act 2021](#) and part 2 s13 [Well-being of Future Generations \(Wales\) Act 2015](#) For Northern Ireland [Part 12 Local Government Act \(Northern Ireland\) 2014 Performance Improvement](#).

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

- Arrangements to ensure ethical conduct for both members and officers, including codes of conduct, management of conflicts of interest, declarations of gift and hospitality, training and evaluation. Where appropriate, include how codes of ethics for the sector are implemented and supported. Sector requirements include the Code of Practice for Ethical Policing and the Police Code of Ethics, and the Core Code of Ethics for Fire and Rescue Services – England.
- Arrangements covering the ethical behaviour of external service providers.
- Arrangements to support whistleblowing.
- How compliance with laws and regulations and internal policies and procedures is ensured and arrangements to ensure expenditure is lawful.
- How breaches of ethical arrangements, laws, regulations and procedures are addressed and learning adopted.
- How all those in governance roles and senior managers demonstrate their leadership of an ethical culture.

**Principle B: Ensuring openness and comprehensive stakeholder engagement**

- How the authority ensures that decisions are made in the public interest and the rationale for decisions is recorded.
- How the authority achieves expected standards of openness and transparency, including a culture of internal challenge and self-assessment.
- The arrangements for consultation and engagement with citizens, service users and stakeholders and how these inform decision-making.
- The ways in which the authority communicates with the community and stakeholders.

**Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits**

- How the authority establishes its vision, target outcomes, and associated long-term plans to deliver sustainable outcomes.
- Its decision-making arrangements and how it ensures consideration and demonstration of value for money and best value.
- Arrangements to achieve fair access to services.
- The authority's strategic approach to commissioning across the entity and its partnerships and collaborations.

**Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

- The arrangements for medium and short-term service planning, supported by projects and programmes, to ensure alignment to the vision and objectives.
- How budgets and resource strategies align to the delivery of objectives.
- How the authority uses self-assessment and continuous improvement to achieve value for money.

- The authority's performance management arrangements to ensure continued alignment to its objectives.
- Arrangements for the achievement of social value in commissioning, procurement and contracting.

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

- Member and officer protocols and clarity over roles and responsibilities, including schemes of delegation.
- Application of the [Code of Practice on Good Governance for Local Authority Statutory Officers](#).
- How financial management roles align with:
  - CIPFA [Financial Management Code](#) (FM Code)
  - [CIPFA Statement on the Role of the Chief Financial Officer in Local Government](#) (2015), [The Role of the CFO in Combined Authorities](#) (2024) or [The Role of Chief Financial Officers in Policing](#) (2021), as appropriate.
- The arrangements in place for the discharge of the monitoring officer function.
- The arrangements in place for the discharge of the head of paid service function.
- Induction and development programmes to meet the needs of members and senior officers in relation to their strategic roles.
- Workforce planning and organisational development.
- Arrangements for learning and development, and health and wellbeing.

**Principle F: Managing risks and performance through robust internal control and strong public financial management**

- Risk management policy, strategy and arrangements for review.
- How financial management arrangements align with the Financial Management Code.
- Internal control arrangements including:
  - Cyber, AI and information security arrangements
  - information governance
  - asset management
  - procurement and contract management.
- Assurance frameworks across the three lines. The framework should set out how the leadership team obtains its assurance, including from management, risk and compliance arrangements, and internal audit.
- Internal audit arrangements in conformance with the Global Internal Audit Standards in the UK public sector([GIAS](#) and the [Application Note](#)) and the [CIPFA Code of Practice on the Governance of Internal Audit](#).
- Arrangements for formal overview and scrutiny (as applicable).
- Facilitation of internal and external challenge.

- Undertaking the core functions of an audit committee, as identified in [Audit Committees: Practical Guidance for Local Authorities and Police](#) (CIPFA, 2022).
- Counter fraud and anti-corruption developed and maintained in accordance with the [Code of Practice on Managing the Risk of Fraud and Corruption](#) (CIPFA, 2014).
- Governance, risk and control arrangements across companies, partnerships, collaborations and arm's length bodies.
- Internal governance and assurance standard (fire services only).

**Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability**

- Arrangements for the timely response and support to the work of external audit, internal audit and other inspection or regulatory action.
- Approach to welcoming external challenge and implementing recommendations.
- How learning and improvement are actioned.
- How transparency and accountability are maintained across collaborations and arm's length bodies, such as trading companies and joint ventures.
- Accountability to the public and stakeholders is supported by clear assurance and ensures core areas are covered to enable better accountability in practice.

The local code should be a public document or webpage, easily identifiable on the authority's website. It should be a useful reference for both officers, elected representatives and the public to understand how governance works and the authority's commitment to good governance.

Within the local government sector there will be aspects specific to some bodies but not all, for example the operation of the Force Management Statement and the Code of Ethics in police bodies.

While the preparation of a local code is strongly recommended, it is not a requirement of the regulations. Where an authority does not publish a local code, it will need to explain the elements set out above in its AGS.

## Conducting the annual review

The annual review is a requirement of the regulations of the national governments. It is an opportunity to take stock of governance, ensuring that the published AGS and associated improvement actions are based on robust evidence. Authorities should establish processes to gather assurance throughout the year, and not only at the year-end.

### Scope of the annual review

- Authorities should assess how effectively their arrangements meet the principles of good governance **in practice**. The identification of those arrangements in the local code facilitates the review.
- The review should consider if and how its governance arrangements support the achievement of the authority's purpose and objectives – its outcomes.
- The review should consider whether the authority's governance arrangements, including all the core arrangements listed above, are operating effectively. It should identify any areas for improvement.

## Gaining assurance for the annual review

- Authorities should approach the review in a way that will provide the required assurance in an efficient and effective manner. Each authority will have existing sources of assurance that make up its assurance framework to support the review:
  - the head of internal audit's annual conclusion on governance, risk management and internal control,
  - assurances from the statutory officers and other senior managers,
  - assurance from members, for example annual reports from committee chairs,
  - performance and data reports that demonstrate how well the authority has met its objectives and managed its resources; benchmarking data may help the assessment,
  - evidence of the management of risks from the risk management framework,
  - accreditations or independent assessments against control frameworks or standards such as ISO27001, and the NCSC Cyber Assessment Framework,
  - self-assessments against best practice guidance that underpin the core arrangements, such as the Code of Practice on Good Governance for Local Authority Statutory Officers or the Financial Management Code,
  - best value self-assessments or performance review assessments (using guidance applicable for the authority),
  - the findings of external assessments, from external audit, inspectorates, other regulators, peer reviews and any other commissioned reviews,
  - outcomes from relevant stakeholder engagement exercises,
  - force management statements (police forces only),
  - annual statement of assurance and self-assessment against the Internal Governance and Assurance Standard (fire services in England only).
- The review should include a range of perspectives. The authority's assurance framework should provide different sources of assurance across the three lines: management (first line), risk and compliance functions (second line) and internal audit (third line). It should also engage both senior managers and elected members to ensure wider engagement and ownership.
- Where the assurance framework does not provide sufficient assurance across all the governance principles, apply a risk-based approach to target where further work is required.

The review should consider the financial year to which the AGS relates. The regulations require the AGS to follow the same timetable as the financial statements and it relates to the same financial year. As well as looking backwards, the review must also look ahead to the risks and challenges the authority is facing.

## Evaluating the results of the annual review

- The review should be an open and honest assessment. By testing and challenging its own governance arrangements, the authority will gain more robust assurance and add value to the accountability it can deliver. For example:
  - checking consistency of understanding and interpretations across the authority,
  - testing whether assumptions are valid,
  - identifying gaps in the assurance framework,

- stress testing/scenario planning for anticipated risks, and
- building understanding of governance.
- As well as considering the financial year to which the AGS relates, the evaluation must also look ahead. Effectiveness means not only that the arrangements were sufficient to meet the challenges of that year, but also that the authority has built in sufficient governance resilience for the current and future years.
- Many authorities have found it helpful to have a governance group comprising key officers with key roles such as the monitoring officer, section 151 officer, head of internal audit, and lead officers for risk management lead and performance. The review should assess the evidence of effectiveness and identify weaknesses or other areas where further improvements can be made. A corporate review and ownership will support a robust conclusion on whether arrangements are fit for purpose.
- The results of the assessment should be reviewed by the leadership team and the audit committee before the final approval in accordance with the requirements of the appropriate regulations. When reviewing the AGS, the audit committee should consider the robustness of the underlying evaluation.

## Content of the AGS

To be meaningful as an accountability report, the AGS should be both deep, being based on a comprehensive view of governance, and also brief to communicate the results simply and clearly. Its content must be drafted with the end users in mind, including councillors and the public. The question *who is this for?* should guide officers to ensure accessible and easily understandable language is used.

The AGS should not include extensive description of the different aspects of the authority's governance arrangements, as these should normally be available in the local code. Where the authority has not developed a local code, it will need to set out how its core arrangements meet the principles of good governance in the AGS.

The AGS should be an honest reflection of the effectiveness of the authority's governance, based on a robust, evidenced review. It should be able to provide reasonable assurance on its effectiveness. Identifying areas for improvement and taking the actions needed are signs of a healthy approach to governance. An absence of improvement actions may be a product of a weak or superficial review.

There is no standard template for the AGS as it should derive from the results of assessment. It should contain the following elements, but presentation is flexible.

This is not a rigid template and authorities can present the specified content in the way they find most suitable.

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## Executive summary

*(A summary is an effective tool to improve communication of key messages and aid accountability.)*

The summary should pull out the key messages of the AGS.

Summary of key conclusions.

An overall opinion on whether governance is fit for purpose. An authority's governance arrangements are fit for purpose when its governance arrangements, including core areas identified in this guidance, are operating effectively, and support the achievement of the authority's outcomes.

Confirm whether the overall operation of governance arrangements was fit for purpose in the year of review.

Governance outlook and commitment to ensure that governance will be fit for purpose.

Significant changes or areas of improvement the authority will be actioning in the forthcoming year.

Signatures *(as required by the regulations)*

Date of approval

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## Our assessment of effectiveness

A statement of how the review of effectiveness was conducted and the results, including reference to:

- whether arrangements are adequately aligned to support the authority's delivery of planned outcomes and meet its responsibilities for value for money/best value,
- whether arrangements are in place and operating effectively, to support and deliver each of the principles of good governance,
- explicit assurance that each of the core arrangements for the local code are operating effectively *(they do not need to be individually listed where they are in place and effective if they are clearly identifiable in a publicly available local code).*
  - where any of the core arrangements are not in place, explain how your alternative arrangements achieve the same goal or include them as an area for improvement,
  - where any core or alternative arrangements are not operating effectively, include them as an area for improvement,
- the results of external assurance providers and internal audit's annual conclusion,
- an explanation of how the overall opinion has been agreed.

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## Where our governance needs to improve

Identify those areas of governance requiring improvement and how these are being addressed. Identify:

- where there are significant gaps in governance arrangements such as where core arrangements are not operating effectively,
- significant governance failures that occurred during the year and action taken,
- areas where governance arrangements could be easier to understand and comply with, if they are barriers to achieving the principles of good governance,
- action plans to address these in the coming year and beyond where necessary. The AGS action plan should be meaningful but brief. It would be expected that more detailed implementation plans will be used to manage and monitor progress. Include a reference to how the action plans will be monitored.

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## How we have improved our governance arrangements in *(insert the year)*

- How the governance issues identified in the previous year's statement have been addressed and whether further work is required.
- Any other significant steps to improve governance taken in the year.

*(Note you may want to acknowledge that some improvements extend beyond the year covered by the AGS.)*

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### Forward look on governance

An opportunity to identify where governance needs to change or develop to meet the future needs of the authority. Possible examples could be:

- establishment of new collaborative arrangements,
- new legislation requiring changes to governance structures, such as local government reorganisation,
- significant risks for the authority that will change or challenge governance in future years. (Risks should be linked to governance. There will be other risks, some of which may already be set out in the narrative report already.) This is not intended to be a complete list of all the risks on the authority's risk register.

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## Role of external auditors

Before final approval and publication, the AGS will be reviewed by the authority's external auditor in accordance with the Code of Audit Practice issued by the appropriate national audit body. The auditor will consider if the AGS has been prepared in accordance with the Governance Framework and is consistent with the auditor's knowledge of the authority.

## Approval

The annual governance statement should be approved at a meeting of the authority or delegated committee (in Scotland, the authority or a committee with a remit including audit or governance), as required by regulations.

In policing, approval will be from the police and crime commissioner and chief constable as corporations sole.

Where approval is delegated to a committee, such as the audit committee, steps should still be taken to engage with the full authority, as the body ultimately charged with governance. For example, the AGS should be shared with all elected members together with a report from the audit committee on their review. This will help all elected representatives to have sight of the conclusions and agreed actions.

## Publication

The timetable for publication is set out in regulations, with deadlines amended from time to time. The timetable is the same as that of the financial statements and in Scotland the AGS is required to be a component of the annual accounts. Where it is necessary to publish the financial statements before the completion of the audit, (for example under the backstop arrangements in England) the AGS should still be published on the website with an explanatory note, in accordance with the dates specified by regulations.

## Accountability: presentation and communication of the AGS

The AGS supports the authority's accountability to the public, stakeholders and government. Easy access and communication of its purpose and role are important elements of accountability. Where the AGS is published within the financial statements, further steps should be taken to improve access. Suggested examples of good practice:

- Creating a webpage on governance with plain English explanations of what governance is and why it is important.
- Including the AGS on a governance webpage, alongside other materials such as a local code.
- Use of diagrams or other design features to improve understanding.

- Ensuring the AGS is identifiable on the authority's website. For example, would a search for 'governance' or 'annual governance statement' on the website bring up the latest AGS?
- There should remain a clear link back to the financial statements to ensure the regulations are satisfied.

As well as an important external accountability report, the AGS is informative for staff and elected members. Their actions all contribute to the governance culture of the authority and are key to implementing robust arrangements and improvements. The authority should plan internal communications to share key messages and show staff and members how they contribute to the implementation of the action plan and support good governance.

## MEMBERS OF THE REFERENCE GROUP

<b>Chair</b>	Paul Hanson, former Chief Executive North Tyneside MBC
<b>Secretariat</b>	
CIPFA	Diana Melville, Governance Advisor
	Naomi Whitmore, Internal Audit Advisor
Solace	Alex Thomson, Director of Policy and Business Partners
	David Paine, Senior Policy Officer
<b>Observers</b>	
MHCLG	Ben Grubb
Scottish Government	Elanor Davies
Welsh Government	Emma Smith
Northern Ireland	Jeff Glass
<b>Stakeholders</b>	
Local Government Association (England)	Heather Wills, Assistant Director Programme (Corporate)
National audit bodies	Paul Mayers, National Audit Office (Observer) Colette Kane, Northern Ireland Audit Office Kate Havard, Audit Wales Paul O'Brien, Audit Scotland
Police representative (England and Wales)	James Atkinson, Policy and Partnership Manager, Association of Police and Crime Commissioners
Lawyers in Local Government (England and Wales)	Helen Bradley, Director of Law and Governance, Durham County Council
Centre for Governance and Scrutiny	Ed Hammond, Deputy Chief Executive
<b>Practitioners</b>	
	Rob Winter, Member of CIPFA Governance and Assurance Forum, formerly Barnsley MBC
	Laura Williams, Member of CIPFA Governance and Assurance Forum, Head of Internal Audit, Liverpool City Region Combined Authority
	Marion Pryor, Head of Audit and Risk, Isle of Anglesey County Council
	Allison Mitchell, Head of Governance, North Tyneside
	Paul Stone, Director of Resources, North West Leicestershire DC
	Kelvin Menon, CFO, Surrey Police and Crime Commissioner's Office
	Duncan Savage, Assistant Director, East Sussex Fire and Rescue Service
	Emma Foy, former Director of Corporate Services, West Lindsey
	Hannah Doney, CFO, Watford Borough Council



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05/2025



WEST OXFORDSHIRE  
DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME  
1 JANUARY 2026 – 30 APRIL 2026

The Audit and Governance Committee responsible for monitoring the adequacy and effectiveness of the Council's governance arrangements. This includes overseeing the audit function, annual accounts and the work of the internal auditors, promoting and maintaining high standards of conduct of members and, through its Standards Sub-Committee, determining standards matters.

The Committee has the following powers under the Council's Constitution:

- To require the attendance of any Council officers and/or members in order to respond directly to any issue under consideration;
- To review any issues referred to it by the Chief Executive, other statutory officer or any Council body;
- To report and make recommendations to Council;
- To call expert witnesses from outside the Council to give advice on matters under review or discussion;
- The ability to raise issues at a meeting of the Executive; and
- The power to establish Sub-Committees.

This work programme sets out the expected business for meetings of the Audit and Governance Committee.

Item	Meeting Date	Lead Officer
<b>Thursday 22 January 2026</b>		
Internal Audit Progress Report	22 Jan 2026	Lucy Cater, Assistant Director SWAP <a href="mailto:lucy.cater@publicagroup.uk">lucy.cater@publicagroup.uk</a>
Strategic Risk Register	22 Jan 2026	Cheryl Sloan, Assistant Director <a href="mailto:cheryl.sloan@publicagroup.uk">cheryl.sloan@publicagroup.uk</a>
Code of Corporate Governance	22 Jan 2026	Cheryl Sloan, Assistant Director <a href="mailto:cheryl.sloan@publicagroup.uk">cheryl.sloan@publicagroup.uk</a>
Budget Strategy Papers	22 Jan 2026	Georgina Dyer, Head of Finance <a href="mailto:georgina.dyer@westoxon.gov.uk">georgina.dyer@westoxon.gov.uk</a>
<b>Thursday 19 March 2026</b>		
Provisional member induction and training programme	19 Mar 2026	Andrew Brown, Head of Democratic and Electoral Services <a href="mailto:andrew.brown@westoxon.gov.uk">andrew.brown@westoxon.gov.uk</a>
Finance and Procedure Rules	19 Mar 2026	Andrea McCaskie, Director of Governance and Regulatory Services <a href="mailto:andrea.mccaskie@westoxon.gov.uk">andrea.mccaskie@westoxon.gov.uk</a>
Audit and Governance Committee Annual Council Report	19 Mar 2026 20 May 2026	Mathew Taylor, Democratic Services Officer <a href="mailto:Mathew.Taylor@Westoxon.gov.uk">Mathew.Taylor@Westoxon.gov.uk</a>
Internal Audit Progress Report	19 Mar 2026	Lucy Cater, Assistant Director SWAP <a href="mailto:lucy.cater@publicagroup.uk">lucy.cater@publicagroup.uk</a>

Internal Audit Plan 2026/27	19 Mar 2026	Lucy Cater, Assistant Director SWAP lucy.cater@publicagroup.uk
External Audit Plan 2025/26	19 Mar 2026	Madhu Richards, Director of Finance madhu.richards@westoxon.gov.uk
CFEU Update Report (RIPA and IPA annual update)	19 Mar 2026	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit emma.cathcart@cotswold.gov.uk
Annual Governance Statement Action Plan for 2025/26 Update	19 Mar 2026	Cheryl Sloan, Assistant Director cheryl.sloan@publicagroup.uk
Quarter 3 Treasury Management Performance	19 Mar 2026	Madhu Richards, Director of Finance madhu.richards@westoxon.gov.uk

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# Agenda Item 11

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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