

# Auditor's Annual Report West Oxfordshire District Council

For the year ended 31 March 2025



Ref: PLWE109788/CM/JS  
Date: 12 November 2025

Members of the Audit and Governance Committee  
West Oxfordshire District Council  
Woodgreen Office  
Witney  
OX28 1NB

Dear Members

**West Oxfordshire District Council ('the Council') – Auditor's Annual Report**

We are pleased to attach our draft Auditor's Annual Report. This report summarises our audit conclusions and highlights the key findings arising from our value for money work.

We have initially discussed the contents of our report with management, and we have incorporated their comments where relevant.

This report is intended to be solely for the information and use of the Council's officers and those charged with governance of the Council. It should not be shared with anyone beyond the Council without our prior approval.

We would like to take this opportunity to thank the Council's officers for the co-operation and assistance afforded to us during the course of the audit.

Yours faithfully

*Bishop Fleming Audit Limited*

**BISHOP FLEMING AUDIT LIMITED**

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# 1. Introduction

Our Auditor's Annual Report ('AAR') summarises the work that we completed for West Oxfordshire District Council ('the Council') for the year ended 31 March 2025.

The Council is responsible for keeping proper accounts and proper records in relation to the accounts and for maintaining an appropriate system of internal control. The Council is responsible for the preparation of annual accounts for each financial year. Such accounts must present a true and fair view and comply with the requirements of enactments that apply to them.

The Council is also responsible putting in place appropriate arrangements to secure the economy, efficiency and effectiveness in its use of resources and to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives whilst safeguarding and securing value for money from the public funds at their disposal.

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

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

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

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

In addition, we are also responsible for reviewing the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We carried out our work in accordance with our External Audit Plan that we issued to the Council in March 2025.

## 2. Executive summary

### Results from the audit of the financial statements

We have substantially completed our audit of the financial statements, and we anticipate issuing an unmodified audit opinion. See Section 3 for more details.

We also completed component auditor procedures, in line with the National Audit Office group auditor instructions. We had no matters to report from this work.




### Results on our work on other matters

We are currently completing our work relating to other matters in line with our audit plan. For those minor areas that have required updates or amendments, management have engaged constructively with us and responded positively to our requests. See Section 3 for more details.




### Results from our work on VFM arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

Our conclusions are summarised below. See Sections 4 to 8 for more details.

<b>Financial sustainability</b>	 <i>Amber</i>	We did not identify any significant weaknesses in the Council's arrangements for financial sustainability.  We have three unresolved improvement recommendations, originally raised by the predecessor auditors. See Section 8 for details.
<b>Governance</b>	 <i>Green</i>	We did not identify any significant weaknesses in the Council's arrangements for governance and no recommendations made.
<b>Improving economy, efficiency and effectiveness</b>	 <i>Amber</i>	We did not identify any significant weaknesses in the Council's arrangements for improving economy, efficiency and effectiveness.  We have raised one improvement recommendation and have two unresolved improvement recommendation from the prior year. See Section 8 for details.

#### Key:

 <i>Green</i>	No significant weaknesses in arrangements identified and no recommendations made
 <i>Amber</i>	<b>No significant weaknesses</b> in arrangements identified <b>but recommendations made</b>
 <i>Red</i>	<b>Significant weaknesses in arrangements</b> identified and recommendations made

### 3. Audit of the financial statements

#### Audit opinion on the financial statements

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

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We have substantially completed our audit of the financial statements, and we anticipate issuing an unmodified audit opinion.

#### Key issues arising from the accounts audit

Our testing and review of the financial statements have not identified any significant issues that need to be brought to the attention of the members. The draft accounts and working papers provided were of a good quality, supporting the appropriate progression of the review process and only a few amendments were required.

#### Other matters

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

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

We concluded that there were no matters to bring to the Council's attention in respect of these matters.

More detailed findings can be found in our Audit Completion Report which was reported to the Audit and Governance Committee on 27 November 2025.

## 4. Value for Money

Under the National Audit Office ('NAO') Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

The Code requires us to report our commentary on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

The NAO has issued guidance for auditors to report against each of the three specified reporting criteria. The guidance also includes a number of further areas for review within each criteria for the auditor to assess those arrangements.

Our risk assessment did not identify any risk of significant weakness.

We asked management to complete an evidenced self-assessment of the Council's arrangements. We then reviewed the evidence provided and carried out follow up work as appropriate to consider whether there are any significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our commentary on the Council's arrangements in each of these three areas is set out in Sections 5, 6 and 7 of the report.

Our recommendations for improvement are included in Section 8.

## 5. Financial sustainability

We considered how the Council plans and manages its resources to ensure it can continue to deliver its services, including how it:

- ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- plans to bridge its funding gaps and identifies achievable savings;
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

### Overview and 2024/25 outturn

The Council's financial performance report for 2024/25 was considered by the Council's Executive on 9 July 2025. This included the Council's general fund final outturn for the financial year 2024/25. The final outturn position was a contribution to the general fund reserves of £6,345k.

The Financial Performance Report included a narrative summary. It explained the financial year had been challenging for the Council due to an overspend on services, arising from expenditure on temporary emergency accommodation, and worsened by the loss of the Housing Benefit Subsidy. This was mitigated; however, by encouraging results from Treasury activities.

The Financial Performance Report also included explanations of significant variances, and a full list of all budget variances which supports transparency and is in line with good practice.

### Financial planning and monitoring

On 28 February 2024, full Council considered the Budget and Medium-Term Financial Strategy ('MTFS') Report for 2024/25. The report provided a comprehensive assessment of factors and risk, and was supported by the Council's outlook of potential future local government finance settlements, and an explanation of the further deferral of local government finance reform.

The 2024/25 Budget Report reflected on the short-term nature of government finance settlements and the resultant difficulty, experienced by the sector, in accurately forecasting future finance settlements. The Council's detailed analysis and assessment of implications of the current and predicted future local government settlements provided context to the 2024/25 budget report and demonstrates good practice.

During 2024/25, quarterly meetings were held between the finance team and budget holders to complete a budget forecast and identify variances against the original budget set. The reasons for them were then recorded by the finance team in a central system. The finance team then produced quarterly budget monitoring reports for the financial year 2024/25 which were assessed by the Executive with each report detailing and explaining the Council's revenue and capital expenditure, with a supporting narrative explaining significant variances.

Additionally, the Council's Overview and Scrutiny Committee provided additional oversight to the Council's financial performance and considered the quarterly budget monitoring reports for the financial year 2024/25. The Audit and Governance Committee considered a Treasury Management update report and the Treasury Management Outturn Report 2024/25 during a meeting held on 26 June 2025.

### Achieving efficiency savings

The Council has a Transformation Working Group whose membership includes the Council leader, Finance Portfolio Lead, Deputy Leader, and statutory officers of the Council. The Transformation Working Group aims is to steer the Council's response to the challenging financial situation, guide the preparation of a sustainable MTFS consistent with the Council's Local Plan 2031, and oversee the delivery of the Council's work programme in terms of service transformation, investment and revenue generation. Detailed within the Transformation Working Group's terms of reference are the following objectives:



- Reach a common understanding of the financial challenges facing the Council and its financial position;
- Champion effective financial planning, and help the Executive/Council develop a sustainable financial strategy which will deliver both a balanced budget and Council Plan priorities; and
- Monitor areas of financial risk and track transformation activity and planned savings.

The Council has put in place arrangements to identify alternatives to the use of reserves to support budget gaps in the Council's MTFS.

## 2025/26 financial planning

The Council's budget setting process follows an established process that involves thorough internal and external engagement that includes elected members, officers, key partners, and stakeholders which is reasonable practice.

The budget setting process for 2025/26 began in the autumn of 2024 with the Chief Finance Officer and finance team holding meetings with all budget managers where a 'line by line' assessment of each budget area was conducted. During these meetings revenue, capital and earmarked reserves were discussed with budget holders also identifying cost pressures, opportunities for savings or income generation, fees and charges proposals and any service changes that might have a budgetary impact. The Council also stated that in parallel to budget holder engagement there were further meetings held between the respective senior leadership teams of the Council, and the Council's significant partners being Publica and Ubico which provided additional input to the emerging budget position. The output of all the meetings was captured and assessed by the finance team who then produced budget working papers.

On 11 December 2024, the Executive received the first draft of the 2025/26 budget. At this stage, the focus was primarily on the revenue element and the costs associated with the provision of services, while the component remained largely unchanged. The draft budget was prepared on the basis that it was assumed there would be no fundamental changes in government funding in 2025/26.

The Council's Budget Report for 2025/26 included a five-year MTFS 2025/26 – 2029/30 which assumes that the new homes bonus and Extended Producer Responsibility (Waste) payments would end in 2025/26. Furthermore, the outcome of the government's fair funding review will significantly decrease the Council's income from Business Rates from 2026/27. It is therefore likely that the General Fund will be needed to finance the cost of services from 2026/27 to the foreseeable future.

The local government sector is operating with a significant degree of financial uncertainty driven by short term local finance settlements, local government finance reform, and wider economic drivers.

The level of uncertainty faced by the sector has not subsided and scenario planning can be a beneficial tool in supporting financial planning. It can enhance transparency and oversight to the budget setting process and is something that the Council has applied for the 2025/26 budget process.

## Prior year external audit recommendations

As part of our audit process for 2024/25, we have revisited the recommendations provided to management following the prior year audit and determined whether changes have been implemented. These are:

- the Council introduces wider financial scenario planning within its MTFS and to include such information in annual budgeting setting reports;
- the Council places a significant and immediate focus on developing planned savings, and wider alternatives to the use of reserves, in the management of budget gaps identified within the Council's MTFS;
- the Council considers the adoption of a voluntary minimum threshold of unallocated general funds reserves and includes details of both unallocated and earmarked reserves in annual budget setting reports;
- the Council clarifies, 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.

Progress on addressing the recommendations and management's comments is set out in Section 8.

***Based on the work carried out, we are satisfied that there are no significant weaknesses in the Council's financial sustainability arrangements. We have made recommendations for areas of improvement in Section 8.***

## 6. Governance

We considered how the Council ensures that it makes informed decisions and properly manages its risks, including how it:

- monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- approaches and carries out its annual budget setting process;
- ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

### Risk management

The Council's Strategic Risk Register covers all identified risks for the Council and ranks them by impact and likelihood. Any changes made to the risk score are recorded within the Strategic Risk Register and explained. The Strategic Risk Register is reviewed by the Senior Management Team on a monthly basis and by Informal Executive on a quarterly basis.

For each risk, the type and level of acceptable risk, risk assessment and potential mitigation is documented. The Council provides a detailed written explanation for the scores assigned to each risk, along with the controls in place to mitigate the risk and planned actions. Each risk is also assigned to a risk owner who is responsible for monitoring this risk.

The Council are within the Publica arrangement (this is considered in full in Section 7 "Publica outsourcing arrangements") and the transition of repatriating services are overseen with dedicated risk registers covering each of the two phases of change. The first phase took effect on 1 November 2024, with second phase completed in July 2025. We see that these dedicated risk registers have been in development for the second phase, and have been monitored by the Executive.

The Council's Governance Structure is such that the Strategic Risk Register is maintained by the Business Manager for Governance, Risk and Business Continuity and the Senior Management Team. This is then taken to the Executive Leadership Team for consultation before presentation to the Audit and Governance Committee. This allows for reliable and direct channels of communication between management and elected members to report any risks.

In regard to management of fraud risk, the Council has a Counter Fraud Enforcement Unit ('CFEU') in order to perform reactive review if a fraud is identified or a referral received. We have seen evidence of steps taken by the CFEU of both proactive and reactive positive review actions.

During 2024/25, South West Audit Partnership Limited ('SWAP') delivered the Council's internal audit programme, undertaking a series of reviews across key areas. Each internal audit report summarised the assurance opinion for the work completed and set out agreed management actions arising from the findings, prioritised on a scale from 1 (highest) to 3 (lowest). SWAP reports quarterly on the progress made in implementing these actions, enabling the Audit and Governance Committee to maintain effective oversight. This includes identifying actions that are delayed or not progressing as expected, allowing the Audit and Governance Committee to challenge and support management in ensuring timely resolution.

### Internal control

The Audit and Governance Committee has a key role to play in ensuring the overall effectiveness of internal controls. The Audit and Governance Committee discharges this function appropriately by adhering to its terms of reference and challenging officers in relation to internal and external audit findings.

A key element of internal control is the role of Internal Audit. As referred to above, the Council's Internal Audit is provided by SWAP, who have a representative at each of the Audit and Governance Committee meetings to present any findings. The Audit and Governance Committee approves the Annual Internal Audit Plan and is provided with a progress report

against the plan at each meeting. The plan for 2024/25 was approved by the Audit and Governance Committee on 19 March 2024.

The annual opinion of SWAP for 2024/25 on the Council gives a “reasonable” level of assurance and was presented to the Audit and Governance Committee in June 2025, with it stating there is “generally a sound system of governance, risk management and control in place”.

We are satisfied with the internal control arrangements at the Council.

### **Budget setting and budgetary control**

Budgets are designed and set by budget holders before presentation and consultation by the Executive. This is done with review of the performance against the prior year undertaken. Once agreed, it is then ultimately approved at a full Council meeting. Capital programmes and growth forecasts are included as part of the budget setting process.

The budget setting process for 2024/25 considered the risks identified in the risk register and quantified the impact this could have on the budgets. An example is the uncertainty around local government funding from 2026/27 onwards which poses a risk to the financial sustainability of the Council due to the reliance on General Fund reserves to meet increasing budget gaps.

Sufficient evidence has been seen through review of minutes to provide assurance that the budget setting and monitoring processes are reported frequently throughout the year in the quarterly Financial Performance Reports as reported to the Overview and Scrutiny Committee. Appropriate analysis of budget variations and explanations were included in the reporting.

### **Decision making**

We are satisfied that appropriate arrangements are in place to ensure that all relevant information is provided to decision makers before major decisions are made, and that there are arrangements for challenge of such decisions before they are made.

There is an appropriate culture set by senior officers, driven by the code of conduct set out in the Council’s Constitution. This includes appropriate levels of engagement by the Executive Leadership Team with other senior members and attendance at governance meetings. Leadership of the Council also ensure that the appropriate experts are consulted for unusual or complex transactions such as the Publica transition reports.

The Audit and Governance Committee commissioned a CIPFA self-review exercise of their governance arrangements during the year. As part of our work, we have reviewed the output recommendations from the report and their implementation across the Council. We can conclude that the Council have implemented adequate governance arrangements through their Framework for Partnership Working. The key areas in the survey included organisational knowledge, the Audit and Governance Committee’s role and functions, governance, internal audit, financial management and reporting, external audit, risk management, counter fraud, values of good governance and treasury management. Following on from the self-assessment exercise, it was agreed by full Council that the size of the Audit and Governance Committee would be reduced to eleven Councillors, up to two Independent Members (not Councillors) recruited to the Audit and Governance Committee, and that members of the Executive are excluded from sitting on the Audit and Governance Committee.

### **Ensuring appropriate standards**

The Council has appropriate policies and procedures in place to ensure appropriate standards are maintained. These include the code of conduct in the Council’s Constitution. It follows the Local Government Transparency Code 2015, which sets out the requirements for local authorities to publish data. Training on this is given to all councillors.

Gifts and hospitality are clearly detailed and recorded as shown on the Gifts and Hospitality Register on the councillor page of the Council’s website. It is published quarterly, including any reasons why gifts have been received.

A register of interest for all councillors is maintained on the Council website and is updated annually. In addition, all Council meetings begin with a declaration of interests.

### Prior year external audit recommendations

As part of our audit process for 2024/25, we have revisited the recommendations provided to management following the prior year audit and determined whether changes have been implemented. These are:

- the Council's Strategic Risk Register to be considered quarterly at the Audit and Governance Committee meetings.

Progress on addressing the recommendations and management's comments is set out in Section 8.

***Based on the work carried out, we are satisfied that there are no significant weaknesses in the Council's governance arrangements. We have made recommendations for areas of improvement in Section 8.***

## 7. Improving economy, efficiency and effectiveness

We considered how the Council uses information about its costs and performance to improve the way it manages and delivers its services, including:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Council evaluates the services it provides to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.

### Assessing performance and evaluating service delivery

The Council reports its performance against its key objectives to the Executive and the Overview and Scrutiny Committee with a detailed assessment of performance against the budget. The quarterly 'service performance report' monitors the reasons for movements to identify where actions should be taken for improvements to be made. This report identifies the Council's progress in the year towards achieving its budgeted position. The Council also takes part in the Local Government Inform steering group, where local authorities compare performance across the year and share knowledge and expertise.

The Council also received quarterly reports from Publica that cover service delivery in all areas. These are then reviewed and an improvement plan developed if any specific weakness or recommendations are identified.

We note that the last corporate peer review was undertaken in 2018. It is recommended that one occurs once at least every five years. We raised a recommendation in the prior year that the Council undertakes one in the next 12 months (see Section 8)

### Publica outsourcing arrangements

The Council is one of four local authorities that outsource many core functions (including much of the finance function) to Publica Group Limited ('Publica'). Publica is a 'Teckal company' owned by Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council and West Oxfordshire District Council. It was established in 2017.

Since 2017, Publica has delivered council services on behalf of the Council. A Local Government Association independent peer review was commissioned in 2022 by Cotswold District Council to look at whether Publica was still able to meet the current and future needs of its owners. Subsequently, an options appraisal was undertaken by the consulting firm, Human Engine, which recommended that the majority of services should move from Publica back to the respective councils, leaving Publica to deliver a reduced number of back office and customer services for the respective councils.

West Oxfordshire District Council agreed with the recommendation made and the Chief Executive organised a detailed transition plan that covered phase 1 of the transfer on 1 November 2024, in conjunction with the respective councils. We are aware that due diligence and monitoring of the transitional plans are in place within the Executive. The Publica Transition Plan - Phase 2 was taken to the Executive on 12 March 2025 where the Executive recommended the implementation of Phase 2. The Council accepted the recommendations on 19 March 2025. Phase 2 was then completed 1 July 2025. We will continue to review the situation further in our 2025/26 audit work.

The functions repatriated to the Council in Phase 1 included: Development management; Democratic Services and Elections; Corporate Plan and Policy; Economic Development; Communities; Climate change / environment / sustainability; Strategic finance; Strategic Housing; and Community Wellbeing. For Phase 2, the functions included were: Waste, Property and Estates, and Leisure.

West Oxfordshire District Council and Cotswold District Council are open to sharing certain roles, to share specialist expertise to support them in the delivery of corporate plan objectives and avoid the need to recruit or use specialist service providers. The relevant employees moved across under TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006) from Publica on 1 November 2024.

In our 2023/24 report, we recommended that the transition process continues to be actively monitored and discussed. Given that Phase 1 and Phase 2 of the transition have now been completed, this recommendation has been superseded with a recommendation in Section 8, to ensure a review of the plan implementation is undertaken, assessing whether the

benefits have been realised and identifying further opportunities and challenges that have arisen following the completion of Phase 2.

### Partnership working

The Council participates in a wide range of local partnerships and has a track record of working with strategic partners to develop strategies and translate those into actions for the Council to deliver. Its partnerships cover, for example, regeneration and economic development, planning, procurement, and leisure.

The Council completes a Strategic Partnership Update, and also maintains a Partnership Activity Report which monitors its partnership and collaborative working with other services. These are reported annually to the Audit and Governance Committee who review the progress made within the partnerships in line with the framework for partnership working. An update was presented to the Council meeting on 21 May 2025

The Council has included statements in its Constitution with regards to ensuring that stakeholders are consulted and their responses considered where appropriate.

### Commissioning and procuring services

The Council is planning to update their Procurement and Contract Management Strategy in late 2025, having updated its Contract Procedure Rules in April 2025. The Procurement and Contract Management Strategy aims to take value for money, local economy, compliance, transparency, fairness and environmental/ethical procurement practices into account. The strategy was last updated in September 2023 to address the requirements of The Procurement Act 2023 (Consequential and Other Amendments) Regulations 2025, which came into effect on 24 February 2025. In the prior year, we recommended that a regular review cycle be introduced for the Procurement and Contract Management Strategy. Management have informed us that the next review is planned for Quarter 3 2025. As this has not yet occurred, we consider this recommendation ongoing.

There is no evidence that suggests the Council is failing to operate a fair procurement exercise for significant contracts.

Throughout the year, monitoring of contracts is undertaken through the Publica Performance Report which sets out all services and how they have performed against previous quarters. There are also quarterly performance reports to monitor the performance of key providers and sub-contractors as well as monthly portfolio holders' meetings to ensure performance of commissioned services is operating effectively. Any underperforming areas have been seen to be reviewed and a plan to resolve issues put in place.

It has also been noted that the Council monitors its waste contract to ensure that Ubico Limited are meeting their obligations with regards to the environmental services provided.

### Prior year external audit recommendations

As part of our audit process for 2024/25, we have revisited the recommendations provided to management following the prior year audit and determined whether changes have been implemented. These are:

- The Council ensures that a more regular update cycle is put in place in regard to the procurement and contract management strategy
- The Council organise a peer review in the coming 12 months.
- The Council ensures that proper due diligence is taken on Phase 2 of the Publica transition

Progress on addressing the recommendations and management's comments is set out in Section 8.

***Based on the work carried out, we are satisfied that there are no significant weaknesses in the Council's arrangements for improving economy, efficiency and effectiveness. We have made recommendations for areas of improvement in Section 8.***

## 8. Recommendations

### KEY:





RED – Recommendations that refer to issues that have **resulted in a significant weakness in the Council's arrangements.**



AMBER – Recommendations that should improve the arrangements in place at the Council but are **not as a result of identifying a significant weakness.**

### Current Year Issues

Publica Transition Outcomes and Lessons Learned	
 <i>Amber</i>	
<p><b><i>Improving Economy, Efficiency and Effectiveness</i></b></p> <p>The Publica Review report, considered by the Executive on 16 November 2023, recommended that most services currently provided by Publica should be returned to the Council.</p> <p>The Council developed a detailed transition plan for Phase 1, which was completed on 1 November 2024. The plan for Phase 2 was approved in March 2025 and completed on 1 July 2025.</p> <p>Following the completion of both phases of the Publica transition, it is important that the Council monitors the implementation to assess whether the intended benefits and objectives have been achieved. This review should also identify any new opportunities or challenges that have emerged as a result of the transition.</p>	<p><b><u>Recommendation</u></b></p> <p>We recommend that, now that Phase 1 and Phase 2 of the Publica Transition Plan have been completed, the Council undertakes a comprehensive post-implementation review. This should:</p> <ul style="list-style-type: none"> <li>• Evaluate whether the transition objectives have been met and the anticipated benefits realised.</li> <li>• Assess the effectiveness of the transition process, including planning, governance, and delivery.</li> <li>• Identify any further areas for development or refinement in service delivery.</li> <li>• Capture lessons learned to inform and apply to future organisational change.</li> </ul> <p><b><u>Management Comment</u></b></p> <p>Whilst a “comprehensive post implementation review” has not been carried out, lessons learnt sessions were conducted after Phase 1 and the learnings applied to Phase 2.</p> <p>Following Phase 2 similar sessions have led to the appointment of two Non-Executive Directors to Publica Shareholder Forum and the creation of the Publica Operational Forum.</p> <p>Management is confident that these steps will ensure that objectives are met, benefits realised and identify further areas for development.</p> <p>The learning from Phase 1 and 2 will also be applied to organisational changes resulting from Local Government Reorganisation.</p>

Procurement Strategy Reviews	
 <i>Amber</i>	
<p><b><i>Improving Economy, Efficiency and Effectiveness</i></b></p> <p><b><u>Original Finding</u></b> We noted that the Council's Procurement Strategy was updated during the financial year in September 2023. Prior to this, it was last updated in 2015.</p> <p>Considering the changing landscape of procurement regulations, it is important to update the strategy on a regular basis.</p>	<p><b><u>Original Recommendation</u></b> The Council should ensure that a more regular update cycle is put in place in regard to the procurement and contract management strategy. It would reflect the review due date on the front sheet of the strategy. This is to ensure that the strategy is keeping pace with the fast-changing environment and any changes in legislation and/or regulation.</p> <p><b><u>Original Management Comment</u></b> The next review of the Procurement Strategy is planned for Quarter 3 2025 to bring it in line with the new Procurement Act going live in February 2025.</p> <p>The September 2023 strategy did not have a review date on the front sheet due to the uncertainty around the timing of the Procurement Act going live.</p> <p>The next iteration of the strategy will have a review date on the front sheet.</p> <p><b><u>2025 Update</u></b> The review has not yet happened. We consider this matter ongoing</p> <p><b><u>2025 Management Comment</u></b> The Procurement Act 2023 came into force in February 2025, marking the biggest change to public procurement regulation in over a decade.</p> <p>The focus of the team has been on ensuring that WODC's procurement activity is fully compliant with the new legislation. To achieve this, the Procurement Team has been developing new Contract Procedure Rules, creating toolkits, and delivering officer training, all while continuing to manage day-to-day procurement activity.</p> <p>Unfortunately, this has meant that the work on the strategy has slipped to March 2026. This strategy is on the Forward Plan to come to the 11 March 2026 Executive Committee meeting.</p>



## Peer Review



Amber

### ***Improving Economy, Efficiency and Effectiveness***

#### **Original Finding**

A corporate peer review, as overseen by the Local Government Association, supports continuous improvement by providing insight, guidance and challenge, as well as assurance to local leaders and residents.

It is recommended that one occurs once every five years. The Council last had a corporate peer review completed in 2018.

#### **Original Recommendation**

We recommend the Council organise a peer review in the coming 12 months.

#### **Original Management Comment**

A peer review was considered last year but was not carried out due to the Phase 1 Publica Transition work and the fact that the council was in a period of change.

Whilst management can see the benefits of a peer review, given the announcement of the Devolution White Paper in December 2024 (and the possible impact of that on the future of District Councils) and the ongoing work on Phase 2 of the Publica Transition, the next 12 months would not be the best time to conduct such a review.


#### **2025 Update**

While the development of Local Government Reorganisation is ongoing, we continue to recommend the occurrence of a peer review to ensure management are more informed to make plans for the future.

#### **2025 Management Comment**

The response is the same as the previous year as management do not consider now to be the best time for a peer review. The Council has just been through Phase 1 and Phase 2 of the Publica Transition, and more changes are on the horizon with the Local Government Reorganisation timeline.

It is not clear how a peer review now could help make “plans for the future” when the shape of that future is so uncertain at present.

The Council's Capital, Investment and Treasury Management Strategies	
 <i>Amber</i>	
<p><b>Financial Sustainability</b></p> <p><b>Original Finding</b> Capital, Investment and Treasury Management Strategies were not considered by the Council's Scrutiny Committees or the Audit and Governance Committee ahead of the full Council annual budget setting meeting for the financial years 2023/24 and 2024/25. Members have also recently sought clarity in respect of the responsibility for oversight of the Council's key financial strategies.</p> <p>Oversight and scrutiny of the Council's key financial strategies would enhance transparency and strengthen oversight of Council budgetary decision making.</p>	<p><b>Original Recommendation</b> The predecessor auditor recommended the Council clarifies, 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.</p> <p><b>Original Management Comment</b> Agreed.</p> <p><b>2024 Update</b> We consider this matter ongoing.</p> <p><b>2024 Management Comment</b> Agreed.</p> <p>Due to staff illness, the finance team were unable to implement this process for the 2025/26 budget setting process, but this will be implemented in 2026/27 with the January Audit and Governance meeting reviewing the strategies ahead of the Council budget setting in February.</p> <p>The Constitution will be amended accordingly via the Constitution Working Group.</p> <p><b>2025 Update</b> Management informed us that due to staff illness, the finance team were unable to implement this process for the 2025/26 and the constitution will be amended via the Constitution working group. We therefore consider this matter ongoing.</p> <p><b>2025 Management Comment</b> The constitution is to be 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.</p> <p>For the 2026/27 budget setting process, these strategies will be taken to the Audit and Governance Committee on 22nd January 2026 before the budget is approved by the Executive and Council in February 2026.</p>

## Wider Financial Scenario Planning



Amber

### Financial Sustainability

#### Original Finding

The local government sector is operating within a significant degree of financial uncertainty.

An assessment of differing financial scenarios as part of the MTFS, and the inclusion of these within the annual budgeting setting reports, would improve opportunity identified enhance transparency, strengthen oversight and support financial sustainability of the Council.

#### Original Recommendation

The predecessor auditor recommended the Council introduces wider financial scenario planning within its MTFS and to include such information in annual budgeting setting reports.

#### Original Management Comment

The MTFS updated for 2024/25 includes scenarios around key uncertainties including business rates reset, changes to New Homes Bonus funding and the Publica review.

#### 2024 Update

We consider this matter ongoing.

#### 2024 Management Comment

Agreed.

#### 2025 Update

We have seen in the 2025/26 MTFS that it has included the key assumptions used in developing the budget. However, it does not assess or present differing wider financial scenarios based.

#### 2025 Management Comment

Management agree that the scenario planning process is ongoing as it is carried out each year for the budget setting process – hence the management response is the same as last year.

Under the Financial Planning section of this report (page 7) the auditors state that:

“The level of uncertainty faced by the sector has not subsided and scenario planning can be a beneficial tool in supporting financial planning. It can enhance transparency and oversight to the budget setting process and *is something that the Council has applied for the 2025/26 budget process*”

Therefore, management are comfortable with the scenario planning applied to the budget setting process.

## Threshold of Unallocated General Funds Reserves



Amber

### Financial Sustainability

#### Original Finding

The Council budget setting reports for 2024/25 included an assessment of the adequacy of reserves but did not include a voluntary minimum threshold of unallocated general funds reserves and did not reference the level of the Council's earmarked reserves.

This recommendation seeks to further enhance the Council's management and oversight of the Council's reserves levels.

#### Original Recommendation

The predecessor auditor recommended the Council considers the adoption of a voluntary minimum threshold of unallocated general funds reserves and includes details of both unallocated and earmarked reserves in annual budget setting reports.

#### Original Management Comment

Earmarked reserves are reviewed on a regular basis to ensure that they are still appropriate. In the 2024/25 budget cycle four specific risk areas are being addressed via this review and repurposing exercise. These include the local government funding reforms, statutory override for financial instruments (set to end in 2025/26), Publica Review and the fluctuations in Investment Property income. This ongoing review is felt to be more conducive to maintaining an appropriate level of unallocated general funds rather than setting a voluntary minimum threshold. The latter could lead to decisions being made solely with regard to that minimum level rather than the business case for each decision.

#### 2024 Update

We consider this matter ongoing.

#### 2024 Management Comment

The management response is the same as previously stated.

#### 2025 Update

Although the approach considers the risk areas for the Council and reviews the earmarked reserves, the setting of a minimum level of unallocated general fund reserves as recommended would further enhance the oversight of the Council's level of reserves.

#### 2025 Management Comment

The response is the same as the previous year as management consider a regular review and repurposing of reserves, to address specific risk areas, to be more conducive to maintaining an appropriate level of unallocated general funds rather than setting a voluntary minimum threshold.

The latter could lead to decisions being made solely regarding that minimum level rather than the merits of each business case put forward for consideration.

Developing Planned Savings	
<p><b>Financial Sustainability</b></p>	<p><b><u>Original Recommendation</u></b> The predecessor auditor recommended the Council places a significant and immediate focus on developing planned savings, and wider alternatives to the use of reserves, in the management of budget gaps identified within the Council's MTFS.</p> <p><b><u>Original Management Comment</u></b> The Council has put in place a Transformation Group which includes asset management planning and a review of key contracts (Ubico and GLL) on its Work Plan.</p> <p><b><u>2024 Update</u></b> We consider this matter ongoing.</p> <p><b><u>2024 Management Comment</u></b> Agreed. The Transformation Group is still in place and has overseen the development of an Asset Management Strategy which should ensure that Council assets are fully utilised to help bridge the budget gap.</p> <p>The plans for next year include a review of the Ubico contract, including how waste services are delivered in the district, and the retender of the leisure contract.</p> <p>The Transformation Group will also continue to work on the council priorities especially considering the recent Local Government Review announcement.</p> <p><b><u>2025 Update</u></b> We have seen the work completed by the Council to focus on the delivery of efficiencies and savings, with the adoption of the asset management strategy, setting up the Waste and Environmental Services Transformation Programme, and review of the UBICO contract, demonstrating the focus on transformation and developing plans for savings.</p>
<p><b><u>Original Finding</u></b> The Council's MTFS 2023/24 to 2031/32 identifies a revenue budget gap of £31.8m and that general fund unallocated reserves will be exhausted by 2027/28. Additionally, the MTFS 2024/25 - 2031/32 does not include a plan to replenish these reserves which reduces the Council's ability to manage financial uncertainty.</p> <p>The Council does have sufficient reserves to support the budget gaps in the MTFS until 2027/28 however the current lack of identified savings and alternative to the use of reserves presents risk to the Council's financial sustainability in the medium term.</p>	

## Members per Committee

### Governance

#### Original Finding

During 2023/24 the Council's Audit and Governance Committee had 17 members. The CIPFA Audit Committees: Practical Guidance for Local Authorities and Police includes a recommendation that councils should strive to have no more than eight members. During 2023/24 the Council operated three Overview and Scrutiny Committees, each with 15 members. During 2024/25 the Council has resolved to have only one Overview and Scrutiny Committee but with 24 members.

This improvement recommendation seeks to ensure the number of members appointed to the Overview and Scrutiny and Audit and Governance Committees are proportionate and suitable for the Council's requirements.

#### Original Recommendation

The predecessor auditor recommended the Council reviews number of members that serve on the Overview and Scrutiny and Audit and Governance Committees to satisfy itself the numbers are optimum and of a number that supports effective oversight.

#### Original Management Comment

Agreed – As part of the CIPFA Self-Assessment the Audit & Governance Committee will be invited to consider their composition and, following the recent creation of a single Overview and Scrutiny Committee, a 12-month review will be undertaken to evaluate its effectiveness to include the number of members that serve on it.

#### 2024 Update

We consider this matter ongoing.

#### 2024 Management Comment

A review of Overview and Scrutiny is to be considered by the committee in April 2025.

Any resulting recommendations will be taken to the Council, in May 2025, via the Constitution Working Group.

A 12-month review of the Audit and Governance Committee will be considered in Quarter 2 of 2025.

Any resulting recommendations will be taken to the Council via the Constitution Working Group.

#### 2025 Update

We consider this matter closed as matter reviewed and reported to Full Council on 21 May 2025.

## Members Training

### Governance

#### Original Finding

The Council regularly provides training to its 49 elected members. However, there were low levels of attendance to recent member training sessions in respect of inclusion and diversity and social media usage. Increased levels of member participation in training sessions relating to these areas would support members to maintain appropriate standards, demonstrate adherence to the members code of conduct and support the Council's governance arrangements.

This improvement recommendation seeks to further strengthen the Council's governance arrangements and ensure relevant training is undertaken by members.

#### Original Recommendation

The predecessor auditor recommended the Council explores ways to foster greater engagement and attendance for member training sessions with a particular emphasis on inclusion and diversity, social media and the Members Code of Conduct.

#### Original Management Comment

Agreed.

#### 2024 Update

We consider this matter ongoing.

#### 2024 Management Comment

This year the Council has introduced monthly All Member Briefings and provided members access to the ihasco training platform.

This is alongside signposting to relevant training courses via the Local Government Association. A detailed report on member training will be taken to the March 2025 Audit and Governance Committee meeting.

#### 2025 Update

We consider this matter closed per the report taken to the 27 March 2025 Audit and Governance Committee.

## Partnership Strategy and Association Partnership Register

### ***Improving Economy, Efficiency and Effectiveness***

#### **Original Finding**

The Council has significant partnership arrangements which it regularly monitors and reviews. This recommendation seeks to enhance existing arrangements.

The introduction of a partnership strategy and register would help ensure partnership working is considered in decision-making process, help support partnership management within the Council, enhance transparency of partnership arrangements, and further strengthen the Council's wider governance arrangements.

#### **Original Recommendation**

The predecessor auditor recommended the Council develops and approves a partnership strategy and association partnership register, to include:

- A central record of Council's partnership activity, including partnership governance arrangements.
- An assessment of partnership risks and subsequent mitigations through the inclusion of a partnership risk register.
- Best practice information for officers in respect of partnership management.

#### **Original Management Comment**

As stated in the Auditor's Annual Report the Council has significant partnership arrangements and can demonstrate that they are regularly reviewed and assessed for their effectiveness. The Council will explore how the approval of a partnership strategy and associated partnership register would support the achievement of the Councils corporate objectives.

#### **2024 Update**

We consider this matter ongoing.

#### **2024 Management Comment**

There is now a Framework for Partnership Working and listing of partnerships on the Council website.

<https://westoxon.gov.uk/about-the-council/plans-and-policies/partnerships/>

A Strategic Partnership Update is presented to the full Council meeting annually.

#### **2025 Update**

The items noted in the prior year response have been in place through 2024/25, with a published list of partnerships and partnership activity. The Strategic Partnership Update taken to the 21 May 2025 Council meeting, which reports on the activities and partnerships throughout 2024/25. We consider this matter closed.

## Quarterly Review of Strategic Risk Register

### ***Governance***

The Strategic Risk Register is received twice a year by the Audit and Governance Committee, and the Executive Leadership Team keep all risks under review with each risk being assessed on a monthly basis.

In line with good practice which we have seen at other local authorities, the risk register should be considered quarterly by the Audit and Governance Committee.

### **Recommendation**

We recommend the Strategic Risk Register to be considered quarterly at the Audit and Governance Committee meetings.

### **Management Comment**

The Strategic Risk Register is reviewed at the monthly management team meeting, quarterly at Informal Executive and taken to every other Audit and Governance Committee meeting.

Management considers this to be an appropriate level and frequency of review.

### **2025 Update**

We consider this matter closed.

## Ongoing Publica Transition

***Improving Economy, Efficiency and Effectiveness***

The Publica Review report, considered by the Executive on 16 November 2023, recommended most of the services currently provided by Publica should be returned to the Council.

The Council had a detailed transition plan in place for phase 1. It is important that such a plan is drafted for phase 2 when ready. We are aware that due diligence is being undertaken for phase 2.

**Recommendation**

We are aware that management continue to actively monitor phase 2 of the Publica transition back into the Council. We agree with this as it is important a full consideration is undertaken in order to allow members to come to an informed decision. Using the same factors from phase 1, we therefore recommend that the Council continue to focus on:

- Careful alignment of governance and transition arrangements across the four respective Council's including reaching consensus on new operating models and services that are to be retained within Publica to ensure decision making and the pace of change is appropriate and measured.
- Ensuring appropriate ongoing oversight is provided to each stage of repatriation plan.
- Putting in place the required skills and capacity to ensure the repatriation programme is adequately resourced.
- Supporting the existing workforce, and maintaining sufficient workforce capacity, during the transition period.
- Monitoring and maintaining agreed levels of service performance during the transition period.
- Identifying and reporting the actual impacts of repatriation to the Council's MTFS and longer-term financial sustainability.

**Management Comment**

Agreed.

**2025 Update**

Recommendation superseded, see current year recommendation.





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