

For the year ended 31 March 2024



Ref: PLWE109788/AW
Date: 20 January 2025

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

Dear Sirs and Madams

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

A handwritten signature in black ink that reads "Bishop Fleming LLP". The signature is written in a cursive, flowing style.

BISHOP FLEMING LLP

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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 2024.

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 2023/24; 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 September 2024.

2. Executive summary

Results from the audit of the financial statements

We completed our audit of the financial statements and we expect to issue 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 completed our review of other matters in line with our issuing of the audit opinion. There were a number of minor areas that required updating and amending in the financial statements, which have been completed by management. 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 2024.

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

Financial sustainability		No significant weaknesses in arrangements identified but recommendations for improvement made.
Governance		No significant weaknesses in arrangements identified but recommendations for improvement made.
Improving economy, efficiency and effectiveness		No significant weaknesses in arrangements identified but recommendations for improvement made.

Please note a number of the recommendations for improvement referred to above were made by the predecessor auditor in their 2022/23 Auditor's Annual Report. As this report was not issued until August 2024, the Council did not have a chance to fully address them in the 2023/24 financial year and therefore the recommendations are still relevant to this report.

Key:

	No significant weaknesses in arrangements identified and no recommendations made
	No significant weaknesses in arrangements identified but recommendations made
	Significant weaknesses in arrangements 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 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We expect to give an unqualified opinion on the Council's financial statements.

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 30 January 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 2024.

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 2023/24 outturn

The Council's Financial Performance Report for 2023/24 (year-end) was considered by the Council's Executive on 22 July 2024. This included the Council's general fund final outturn for the financial year 2023/24. The final outturn position was a contribution to the general fund reserves of £11,215k.

The report included a narrative summary which explained the financial year 2023/24 had been challenging for the Council due to:

- pressure on fee earning activities such as Building Control, Land Charges and Development Management;
- a significant overspend on the Ubico Limited contract (used for waste and recycling collection by the Council), due to the impact of the National Joint Council pay award and additional costs for vehicle hire; and
- voids and rent free periods in the Council's Investment Property portfolio exacerbating the year end position.

The 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 2023/24, quarterly meetings were held between the finance team and budget holders to complete a budget forecast and identify variances against the original budget set, and the reasons for them which were then recorded by the finance team in a central system. The finance team then produced quarterly budget monitoring reports for the financial year 2023/24 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 2023/24. The Overview and Scrutiny Committee also considered a Treasury Management update report and the Treasury Management Outturn Report 2023/24.

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 aim is to steer the Council's response to the challenging financial situation, guide the preparation of a sustainable MTFS consistent with the Council

Plan, and oversee the delivery of the Council's work programme in terms of service transformation, investment and revenue generation. Included within the 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 MTFS.

2024/25 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 2024/25 began in the autumn of 2023 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 28 February 2024, full Council considered the Budget Report for 2024/25, and as already referenced in this report, this included a detailed assessment of local government finance and described the delays to the governments fair funding review and the business rates baseline reset.

The Council's Budget Report for 2024/25 included a 5-year MTFS 2023/24 – 2028/29 which assumed new homes bonus payments would end in 2024/25 and the outcome of the government's fair funding review and the business rates baseline reset would negatively impact the Council from 2025/26 resulting in a reduction of business rate income in comparison to 2024/25 leading to reliance on general fund reserves.

The local government sector is operating with a significant degree of financial uncertainty driven by short term local finance settlements, delays to 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 2024/25 budget process.

Prior year external audit recommendations

As we have mentioned in Section 2 of this report, six recommendations for improvement in the Council's financial sustainability arrangements were made by the predecessor auditor in their 2022/23 Auditor's Annual Report. As this report was not issued until August 2024, the Council did not have a chance to fully address them in the 2023/24 financial year and therefore these recommendations are still relevant. These are:

- the Council provides the Executive with an update on the Leisure contract;
- 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 enhances its treasury management activities by the adoption of a voluntary treasury management indicator, in relation to the Council exposure to liquidity risk, by monitoring the amount of cash available to meet unexpected payments within a defined period, without the need for additional borrowing; and
- 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 Register and explained. The Strategic Risk Register is received twice a year by the Audit and Governance Committee and the 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, we would expect the Strategic Risk Register to be considered quarterly at the Audit and Governance Committee. We have raised a recommendation to this effect in Section 8.

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.

West Oxfordshire District 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 planned for July 2025. We see that these dedicated risk registers are in development for the second phase, and we will review the situation further in our 2024/25 audit work.

The Council's Governance Structure is such that the 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 2023/24, South West Audit Partnership Limited ("SWAP") carried out an internal audit programme, with several reviews undertaken. Nineteen areas of potential improvement were identified and the Council as a result formulated a response, which was presented to the Audit and Governance Committee. From our review we have identified that all internal audit recommendations have been tracked as evidenced in the quarterly updates received by the Audit and Governance Committee.

Internal control

The Audit and Governance Committee has a key role to play in ensuring the overall effectiveness of internal controls. The 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 2023/24 was approved by the Committee on 30 March 2023.

The annual opinion of SWAP for 2023/24 on the Council gives a “medium reasonable” level of assurance and was presented to the Audit and Governance Committee in July 2024, 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 2023/24 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 leadership team with other senior members and attendance at governance meetings. Leadership 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. The recommendations were presented to the full Council at its meeting on 22 May 2024. The key areas in the survey included organisational knowledge, the Audit and Governance Committee 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 which 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.

During the year, the Council identified a gap in the completion of its Fit and Proper Person register. This was rectified and in our review, we have not identified anything that has contradicted this. 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 we have mentioned in Section 2 of this report, two recommendations for improvement in the Council's governance arrangements were made by the predecessor auditor in their 2022/23 Auditor's Annual Report. As this report was not issued until August 2024, the Council did not have a chance to fully address them in the 2023/24 financial year and therefore these recommendations are still relevant. These are:

- the Council reviews the number of elected 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; and
- the Council explores ways to foster greater engagement and attendance for member training sessions.

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. This 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 governments 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 have raised a recommendation for the Council to undertake one in the next 12 months in 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. Phase 2 is expected around July 2025. We are aware that due diligence and monitoring of the transitional plans are underway. We will consider the situation further in our 2024/25 audit work.

The functions to repatriate 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.

The functions to repatriate to the Council in Phase 2 are planned to include: Waste, Assets and Leisure.

The Council is in the process of this transition and establishing frameworks for accountability and responsibility. The Council has appointed a Programme Director to ensure best outcomes are achieved. An example of oversight and decision making is the Officer Transition Board ('OTB') who first met on 21 December 2023. The OTB consists of the Programme Director, a member of the project office, the Managing Director of Publica as well as finance and governance representatives. There is evidence of consideration by the Executive, Overview and Scrutiny Committee and full Council of bringing the services back in house.

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. We will further consider the repatriation in our 2024/25 audit work.

We have therefore made a recommendation in Section 8 to ensure this continues to be actively monitored and discussed considering the significance to the Council.

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.

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 has a new procurement and project management strategy in place, having been updated in September 2023. It aims to take value for money, local economy, compliance, transparency, fairness and environmental/ethical procurement practices into account. This procurement strategy was updated for the first time since 2015 as a result of the publishing of a new procurement bill by the Government. We have therefore made a recommendation in Section 8 around a more regular review cycle of the procurement strategy in light of the Procurement Act 2024, which is due to go live on 24 February 2025.

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 thoroughly 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 we have mentioned in Section 2 of this report, three recommendations for improvement in the Council's improving economy, efficiency and effectiveness arrangements were made by the predecessor auditor in their 2022/23 Auditor's Annual Report. As this report was not issued until August 2024, the Council did not have a chance to fully address them in the 2023/24 financial year and therefore these recommendations are still relevant. These are:

- the Council provides an update report, to those charged with governance, in respect of the commissioned waste service review and the environmental services innovation program (ESIP);
- the Council incorporates several measures and considerations within its planning of the repatriation of Publica services; and
- the Council develops and approves a partnership strategy and association partnership register.

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:



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




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



Quarterly Review of Strategic Risk Register	
<p>Governance</p> <p>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.</p> <p>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.</p>	<p>Recommendation</p> <p>We recommend the Strategic Risk Register to be considered quarterly at the Audit and Governance Committee meetings.</p> <p>Management Comment</p> <p>The Strategic Risk Register is reviewed at the monthly management team meeting, quarterly at Informal Executive and taken to every other Audit and Governance meeting.</p> <p>Management considers this to be an appropriate level and frequency of review.</p>
Procurement Strategy Reviews	
<p>Improving Economy, Efficiency and Effectiveness</p> <p>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>Recommendation</p> <p>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>Management Comment</p> <p>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>



Peer Review	
	
<p><i>Improving Economy, Efficiency and Effectiveness</i></p> <p>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.</p> <p>It is recommended that one occurs once every five years. The Council last had a corporate peer review completed in 2018.</p>	<p><u>Recommendation</u> We recommend the Council organise a peer review in the coming 12 months.</p> <p><u>Management Comment</u> 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.</p> <p>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.</p>


Ongoing Publica Transition	
	
<p><i>Improving Economy, Efficiency and Effectiveness</i></p> <p>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.</p> <p>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.</p>	<p><u>Recommendation</u> 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:</p> <ul style="list-style-type: none"> • 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. <p><u>Management Comment</u> Agreed.</p> <p>The Phase 2 work is underway, and the Council has every intention of using the "same factors from Phase 1" to ensure as smooth a transition as took place on 1st November 2024 for Phase 1.</p>


Prior Year Issues reported by the predecessor auditor – Ongoing


The below issues for follow-up were raised by the Council's predecessor auditor (Grant Thornton) in the Auditor's Annual Report for 2022/23. As this report was not issued until August 2024, the Council did not have a chance to address them fully in the 2023/24 financial year and therefore the recommendations are still relevant to this report.

Wider Financial Scenario Planning	
	
<p>Financial Sustainability</p> <p>Original Finding The local government sector is operating within a significant degree of financial uncertainty.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>2024 Update We consider this matter ongoing.</p> <p>2024 Management Comment Agreed.</p>
Developing Planned Savings	
	
<p>Financial Sustainability</p> <p>Original Finding The Council's MTFS 2022/23 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 2023/24 - 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>	<p>Original Recommendation 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>Original Management Comment 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>2024 Update We consider this matter ongoing.</p> <p>2024 Management Comment Agreed.</p> <p>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>

Threshold of Unallocated General Funds Reserves	
	
<p>Financial Sustainability</p> <p>Original Finding The Council budget setting reports for 2023/24 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.</p> <p>This recommendation seeks to further enhance the Council's management and oversight of the Council's reserves levels.</p>	<p>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.</p> <p>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.</p> <p>2024 Update We consider this matter ongoing.</p> <p>2024 Management Comment The management response is the same as previously stated.</p>
The Council's Capital, Investment and Treasury Management Strategies	
	
<p>Financial Sustainability</p> <p>Original Finding 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 2022/23 and 2023/24. 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>Original Recommendation 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>Original Management Comment Agreed.</p> <p>2024 Update We consider this matter ongoing.</p> <p>2024 Management Comment 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>



Members per Committee	
	
<p>Governance</p> <p>Original Finding During 2022/23 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 2022/23 the Council operated three Overview and Scrutiny Committees, each with 15 members. During 2023/24 the Council has resolved to have only one Overview and Scrutiny Committee but with 24 members.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>2024 Update We consider this matter ongoing.</p> <p>2024 Management Comment A review of Overview and Scrutiny is to be considered by the committee in April 2025.</p> <p>Any resulting recommendations will be taken to the Council, in May 2025, via the Constitution Working Group.</p> <p>A 12-month review of the Audit and Governance Committee will be considered in Quarter 2 of 2025.</p> <p>Any resulting recommendations will be taken to the Council via the Constitution Working Group.</p>


Members Training	
	
<p>Governance</p> <p>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 adhered to the members code of conduct and support the Council's governance arrangements.</p> <p>This improvement recommendation seeks to further strengthen the Council's governance arrangements and ensure relevant training is undertaken by members.</p>	<p>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.</p> <p>Original Management Comment Agreed.</p> <p>2024 Update We consider this matter ongoing.</p> <p>2024 Management Comment This year the Council has introduced monthly All Member Briefings and provided members access to the ihasco training platform.</p> <p>This is alongside signposting to relevant training courses via the Local Government Association.</p> <p>A detailed report on member training will be taken to the March 2025 Audit and Governance Committee meeting.</p>


Partnership Strategy and Association Partnership Register	
	
<p><i>Improving Economy, Efficiency and Effectiveness</i></p> <p><u>Original Finding</u> The Council has significant partnership arrangements which it regularly monitors and reviews. This recommendation seeks to enhance existing arrangements.</p> <p>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.</p>	<p><u>Original Recommendation</u> The predecessor auditor recommended the Council develops and approves a partnership strategy and association partnership register, to include: Improvement</p> <ul style="list-style-type: none"> • 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. <p><u>Original Management Comment</u> 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.</p> <p><u>2024 Update</u> We consider this matter ongoing.</p> <p><u>2024 Management Comment</u> There is now a Framework for Partnership Working and listing of partnerships on the Council website</p> <p>https://westoxon.gov.uk/about-the-council/plans-and-policies/partnerships/</p> <p>A Strategic Partnership Update is presented to the full Council meeting annually.</p>

Prior Year Issues reported by the predecessor auditor – Resolved/Superseded

The below issues for follow-up were raised by the Council's predecessor auditor (Grant Thornton) in the Auditor's Annual Report for 2022/23.

Leisure Contract	
	
<p>Financial Sustainability</p> <p>Original Finding The leisure contract management fee is a significant income source to the Council and non-payment presents risk the financial suitability of the Council.</p> <p>The Council has taken proactive steps to normalise the contractual obligations under its current leisure contract, which does not expire until 2027, and this improvement recommendation seeks to enhance transparency and support decision making in respect of this key provider.</p>	<p>Original Recommendation The predecessor auditor recommended the Council provides the Executive with an update on the Leisure contract to include:</p> <ul style="list-style-type: none"> • 2023/24 management fee income projections • Update on recent negotiations with the leisure provider • An appraisal of options required to maintain continuity of service and to normalise contractual arrangements for the remaining contract term. <p>Original Management Comment Update was provided to the Informal Executive, in December 2023, with regards to recent discussions with GLL. The update covered the possibility of an agency arrangement and marketing work being done to increase membership. This contract is also on the agenda for the Transformation Group and on the Risk Register which is reviewed bimonthly by the Projects, Performance and Risks Management Team meeting. The emerging Leisure & Wellbeing Strategy is also on the Overview and Scrutiny Work Plan and a Task & Finish Working Group has been created to provide Member oversight of and support into the Strategy.</p> <p>2024 Update We consider this matter closed as an update report has been provided.</p>
Treasury Management Indicator	
	
<p>Financial Sustainability</p> <p>Original Finding The Council's Treasury Management Strategy does not currently include a voluntary measure of liquidity and the inclusion of a liquidity measure would support the Council's financial planning.</p> <p>The recommendation seeks to enhance further the Council's treasury management activities.</p>	<p>Original Recommendation The predecessor auditor recommended the Council enhances its treasury management activities by the adoption of a voluntary treasury management indicator, in relation to the Council exposure to liquidity risk, by monitoring the amount of cash available to meet unexpected payments within a defined period, without the need for additional borrowing.</p> <p>Original Management Comment The Treasury Management Outturn Report for 22/23, the 23/24 Quarter 1 update position and the half year report were all fully compliant against the Strategy. Cash monitoring has been tightened. The Council has no external borrowing.</p> <p>2024 Update We consider this matter closed as this has been considered as part the 23/24 budget.</p>

Commissioned Waste Service Review Update	
	
<p>Improving Economy, Efficiency and Effectiveness</p> <p>Original Finding There is considerable Council activity surrounding the activities of Ubico; all of which could have implications for the type and level of service delivery commissioned and have subsequent consequences to the Council's financial planning and financial sustainability.</p> <p>This improvement recommendation seeks to enhance further the existing oversight and transparency arrangements relating to significant streams of activity relating to the Council's waste service and partnership with Ubico.</p>	<p>Original Recommendation The predecessor auditor recommended the Council provides an update report, to those charged with governance, in respect of the commissioned waste service review and the environmental services innovation program (ESIP) and how these commissioned streams of work will:</p> <ul style="list-style-type: none"> • Shape service delivery and impact future environmental services procurement • Impact the Council's financial planning <p>The predecessor auditor also recommended the report includes a road map of activities and milestones including a proposed model of governance to ensure effective oversight and to support transparency.</p> <p>Original Management Comment Agreed.</p> <p>2024 Update We consider this matter closed as an update report has been provided.</p>

Planning of Repatriation of Publica Services	
	
<p>Improving Economy, Efficiency and Effectiveness</p> <p>Original Finding The Publica Review report, considered by the Executive on 16 November 2023, recommended most of the services current provided by Publica should be returned to the Council. This decision will necessitate the Council to place a significant focus on a wide range of complex requirements and dependencies.</p> <p>This improvement recommendation seeks to highlight important factors that the Council will be required to manage in the repatriation of service Improvement opportunity identified from Publica back to within direct control of the Council.</p>	<p>Original Recommendation The predecessor auditor recommended the Council incorporates the following measures and considerations within its planning of the repatriation of Publica services:</p> <ul style="list-style-type: none"> • 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. • Ensure 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. <p>Original Management Comment Agreed. A Programme Director is now in place, started on 22nd January 2024, to oversee the Publica Review and these recommendations will be a Management comments part of the detailed Transition Plan that is anticipated to be delivered in June 2024.</p>

2024 Update

We consider this matter superseded, with a new recommendation raised in the current year.



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