

# Notice of Meeting

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## Governance Committee

**Tuesday 29 July 2025 at 6.30 pm**

In The Council Chamber, Council Offices,  
Market Street, Newbury

**Note:** This meeting can be streamed live here: <https://www.westberks.gov.uk/governanceethicscommitteelive>

Date of despatch of Agenda: Monday 21 July 2025

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Darius Zarazel on 01635 519778  
e-mail: [Darius.Zarazel1@westberks.gov.uk](mailto:Darius.Zarazel1@westberks.gov.uk)

Further information and Minutes are also available on the Council's website at  
[www.westberks.gov.uk](http://www.westberks.gov.uk)



**WestBerkshire**  
C O U N C I L

## Agenda - Governance Committee to be held on Tuesday 29 July 2025 (continued)

**To:** Councillors Erik Pattenden (Chairman), Howard Woollaston (Vice-Chairman), Dominic Boeck, Jeremy Cottam, Laura Coyle, Carolyn Culver, Billy Drummond, Owen Jeffery, Stephanie Steevenson, Simon Carey and David Southgate

**Substitutes:** Councillors Anne Budd, Adrian Abbs, Dennis Benneyworth, Paul Dick, Janine Lewis and Alan Macro

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# Agenda

## Part I

### Page No.

- |   |  |         |
|---|--|---------|
| 1 | <b>Apologies</b><br>To receive apologies for inability to attend the meeting (if any).   | 1 - 2   |
| 2 | <b>Minutes</b><br>To approve as correct records the Minutes of the meetings of this Committee held on 29 April 2025 and 15 May 2025.   | 3 - 12  |
| 3 | <b>Declarations of Interest</b><br>To remind Members of the need to record the existence and nature of any personal, disclosable pecuniary or other registrable interests in items on the agenda, in accordance with the Members' <a href="#">Code of Conduct</a> .  | 13 - 14 |
| 4 | <b>Forward Plan</b><br>Purpose: To consider the Forward Plan for the next 12 months.   | 15 - 22 |
| 5 | <b>Annual Internal Audit Assurance Report 2024/25</b><br>Purpose: The Public Sector Internal Audit Standards (PSIAS) require the Audit Manager to make a formal annual report to those charged with governance within the Council. The report is required to include an opinion on the effectiveness of the Council's governance, risk management and internal control frameworks, which in turn supports the Council's Annual Governance Statement. | 23 - 50 |



- 6      **Annual Treasury Management Report**      51 - 68  
Purpose: This Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the prudential/treasury indicators for 2024/25. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code)
- 7      **Financial Statements 2024/25 Highlights and Going Concern Assessment**      69 - 80  
Purpose: This report is to inform Members of the key highlights within the Council's draft/unaudited 2024/25 financial statements and summarise management's assessment of the Council's ability to operate as a going concern.
- 8      **Annual Governance Statement**      81 - 110  
Purpose: The report sets out the Annual Governance Statement (AGS) for the Council for 2024-25 for approval. The AGS summarises the key governance issues for the Council and the action plan to address these. The AGS is required to be approved by those charged with governance, the Governance Committee at West Berkshire, under the Accounts and Audit Regulations 2015.
- The AGS will form part of the Council's financial statements and will be considered by the Council's external auditors, KPMG as part of their annual audit for 2024-25. The deadline for the production of the financial statements is the 30 June, and a draft AGS has been included in the draft financial statements. This can be amended as part of the revisions to the financial statements during the KPMG external audit. The AGS will form part of the final financial statements for approval by the Governance committee upon receipt of the external audit of the 2024-25 financial statements.
- The Code of Corporate Governance details how the Council complies with the CIPFA/SOLACE (The Chartered Institute of Public Finance and Accountancy, ("CIPFA") and the Society of Local Authority Chief Executives ("SOLACE") framework for good governance and supports the principles of good governance contained within this.



*Sarah Clarke.*

Sarah Clarke  
Interim Executive Director - Resources

West Berkshire Council is committed to equality of opportunity. We will treat everyone with respect, regardless of race, disability, gender, age, religion or sexual orientation.

If you require this information in a different format or translation, please contact Darius Zarazel on telephone (+44)1635 519778.



Governance Committee – 29 July 2025

## **Item 1 – Apologies for Absence**

Verbal Item

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Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

## GOVERNANCE COMMITTEE

### MINUTES OF THE MEETING HELD ON TUESDAY 29 APRIL 2025

**Councillors Present:** Erik Pattenden (Chairman), Howard Woollaston (Vice-Chairman), Dominic Boeck, Jeremy Cottam, Billy Drummond, Owen Jeffery, David Marsh, and Stephanie Steevenson

**Also Present:** Jonathan Brown (KPMG), Anne Budd (Substitute for David Southgate – Parish Council Representative), Simon Carey (Independent Member – Audit), Sam Chiverton (Zoom Host), Chris Dagnall (Senior Financial Controller (Interim)), Julie Gillhespey (Audit Manager), Elizabeth Griffiths (Deputy Section 151 Officer), Ed Mills (KPMG), Beatriz Teixeira (Performance, Research and Consultation Manager), Nicola Thomas (Deputy Monitoring Officer and Service Lead, Legal and Democratic Services), and Darius Zarazel (Principal Democratic Services Officer)

**Apologies for inability to attend the meeting:** Councillor Laura Coyle and David Southgate (Parish Council Representative)

#### PART I

##### 1 Minutes

**RESOLVED:** That the Minutes of the meeting held on 28 January 2025 were approved as a true and correct record and signed by the Chairman.

**RESOLVED:** That the Minutes of the meeting held on 11 March 2025 were approved as a true and correct record and signed by the Chairman subject to the below amendments:

- Paragraph 9 of Section 2, amend 'brining' to 'bring'
- Paragraph 9 of Section 2, amend 'oversite' to 'oversight'

##### 2 Declarations of Interest

There were no declarations of interest received.

##### 3 Forward Plan

The Committee considered the Governance Committee's Forward Plan (Agenda Item 4). Satisfied with the plan, they agreed that it could be noted.

##### 4 KPMG External Audit Plan and Strategy: 2024-25

The Committee considered a report (Agenda Item 5) concerning KPMG's external audit plan and strategy for 2024-25.

The representative from KPMG introduced the report and noted that the details were similar to that in the previous year's report. However, he highlighted that the level of materiality had slightly increased due to quarter three forecasts from management and that the level of materiality for the audit was therefore considered to be £12.7m. This figure was the threshold for determining if misstatements were significant enough to affect KPMG's opinion on the accounts. Additionally, he indicated that misstatements of £635,000 and above would be reported to the Governance Committee.

## **GOVERNANCE COMMITTEE - 29 APRIL 2025 - MINUTES**

It was also highlighted that KPMG considered the significant audit risks from the previous year to still be applicable, those being around the valuation of land and investments, management overriding controls, pensions, and the fraud risk of management moving expenditure at year end in order to meet targets. The Committee was informed that the audit for 2024/25 would be using the IFRS 16 audit standard which would mean that any leases which would previously have been held off the balance sheet, would now be included. Although the representative from KPMG indicated that they did not believe that it would be highly material, as this was a new standard, it was still considered to be an audit risk. In addition, the Council's new payroll system was also flagged as being a potential audit risk.

On the value for money risk assessment, the representative from KPMG indicated that they had not received all the needed information from management prior to the meeting, so this report would aim to be taken to the next meeting of the Committee. In addition, KPMG noted that they were awaiting guidance from central government about some of the issues that had arisen as a result of the audit backstop arrangement – such as how they would be dealing with opening balances. However, they were preparing a contingency plan if this was not cleared up by the time their audit was due.

Finally, KPMG highlighted the independence declaration in the report which confirmed that they were acting independently and objectively when it came to the Council's audit.

In response to a question about the nature of the guidance that KPMG were waiting on central government for, the representative from KPMG indicated that they were expecting some form of alteration on the guidance to allow them to draw a line under past statements regarding reserves. If this was not provided, there was the potential risk that KPMG would need to test back to the last audited statements. He indicated that KPMG were awaiting the outcome of a consultation on the issue.

Members questioned the level of misstatements which would trigger them being brought to the Committee's attention, noting that £635,000 was a very large figure. However, they were assured that this figure was derived from a percentage of overall expenditure and was a standard used across the audit space and was also in line with the risk profile of similar organisations. This level would only be changed if there was a clear justification for a lower level and Members noted that this justification was not present in the case of West Berkshire Council.

Overall, as the Committee was satisfied with the report, they agreed to note KPMG's External Audit Plan and Strategy for 2024-25.

### **5 Internal Audit Update Report - Quarter Three 2023/24**

The Committee considered a report (Agenda Item 6) concerning the internal audit update report for quarter three 2024/25.

The Audit Manager introduced the report and highlighted that there had been no significant issues of concern arising from the work that had been completed in the quarter. She highlighted that the audit team had a target to achieve 80 per cent of the audits on the approved audit plan by the end of the year and that, at this point, they were projected to complete 87 per cent.

Members were informed that there had been zero no assurance, one limited assurance, two reasonable assurance, and three substantial audits over the quarter. However, there had been an unsatisfactory follow-up which was noted as going to receive another follow-up in six months. The Committee noted that a follow-up would be carried out after a limited assurance audit rating.



## GOVERNANCE COMMITTEE - 29 APRIL 2025 - MINUTES

The Committee thanked the work of the internal audit team and welcomed the news that they were ahead of their audit plan target. As they were satisfied with the report, the Committee agreed to note the Internal Audit Update Report for Quarter Three 2024/25.

### 6 Internal Audit Draft Plan 2025-28

The Committee considered a report (Agenda Item 7) concerning the internal audit draft plan for 2025-28.

The Audit Manager introduced the report and highlighted that it was a requirement to obtain the Committee's approval for the audit plan and charter. She highlighted to Members that new professional standards, implemented from April, fed into the revision of the audit charter. In addition, the new audit strategy would help to assist the internal audit team in taking a longer-term view of audit work.

Members noted the suggestion that there be an informal meeting between the Audit Manager and the Committee Members, without senior Council Officers present, in order to create a forum for more open communication. The Committee agreed that the Chairman would look to arrange an optional meeting between Members and the Audit Manager at a suitable time.

On a question about if the new audit framework would put additional workload pressure on Officers, the Audit Manager confirmed that the changes primarily related to the method of working, not necessarily the scope of the work, but that there was now an emphasis on proactive advisory work.

Overall, as the Committee was satisfied with the report, they agreed to approve the recommendations.

**RESOLVED:** That the Committee approve the Proposed Audit Plan and Internal Audit Charter.

### 7 Amendments to the Constitution to Support Changes to Overview and Scrutiny Arrangements

The Committee considered a report (Agenda Item 8) concerning amendments to the Constitution to support changes to the Council's overview and scrutiny arrangements.

The Deputy Monitoring Officer and Service Lead for Legal and Democratic Services introduced the report and highlighted that since the publication of the agenda, it had been proposed that each of the three new Scrutiny Committee's would comprise of nine Members. In addition, it was suggested that the new arrangements would begin operation immediately upon their approval at Annual Council, rather than on 1 September 2025.

The Committee was informed that currently, the Council had been operating two Scrutiny Committees – the Scrutiny Commission and the Health Scrutiny Committee – and that the proposal was to move to a three-committee model – a Resources and Place Scrutiny Committee, Children and Young People Scrutiny Committee, and a Health and Adult Social Care Scrutiny Committee. In addition, the three current advisory groups – the Transport Advisory Group (TAG), the Planning Advisory Group (PAG), and the Environment Advisory Group (EAG) – were proposed to be replaced by a single Policy Development Group (PDG) which would be a group of the Executive. These Committee changes would more closely align the Council's Scrutiny structure with other councils of a similar size.

Members welcomed the move to the three-committee structure but raised concerns about the proposed size of the committees. Debating the potential number of Members on each Committee, they agreed that nine Members on each of the three Scrutiny

## GOVERNANCE COMMITTEE - 29 APRIL 2025 - MINUTES

Committees would be too large as it would result in a significant proportion of all Council Members needing to sit on a Scrutiny Committee. The Committee agreed that the number proposed would place an even greater workload on Members who would, in turn, not be able to provide as much attention as was needed to these important areas. It was also indicated that the current Chairman of the Health Scrutiny Committee believed that seven was a sufficient number.

Overall, due to the workload and time needed to properly invest in these new Scrutiny Committees, the Committee agreed to recommend to Council that each of the new Committees would be more appropriate if they were comprised of seven members.

Members also expressed reservations about the lack of detail on the impact these changes would have on Officer resources. Emphasising the need for proper resourcing in order to achieve the maximum potential of these new Committees, Members requested assurances that the Democratic Services workload would be reviewed. In response, the Deputy Monitoring Officer and Service Lead for Legal and Democratic Services indicated that the Council was conducting an internal review of workloads in order to highlight areas of pressure and to ensure that adequate support could be provided for the new structure. As new scrutiny functions would be taking place, it was noted that additional scrutiny resources, at principal level, would be required.

Questions were also raised about the timeline for implementation of the new scrutiny arrangements. The Committee emphasised the importance in the proper consideration of these changes and that actioning the proposed committees immediately after Annual Council would not provide sufficient time for this. Therefore, the Committee could not agree with the recommendation as proposed. As some Members indicated that the initially proposed 1 September date for implementation was also an ambitious timeline, the Committee agreed that the timescale should be removed from their recommendation to Council.

Members also questioned the wording about the Chairing of the new Committees as it was not clear if the opposition groups would retain Chairmanship.

The Committee moved on to discuss the Policy Development Group (PDG) and emphasised that there was a lack of clarity about this in the report. Specifically, they highlighted that there was no confirmation about how many Members would be on it, what the political proportionality would be, what powers it would have, how often and on what specific dates it would meet, or about how it would relate to the new Scrutiny Committees. Although it was noted that the Terms of Reference for the Group was being confirmed internally, and that the PDG was an Executive Group rather than one needing to be approved by Council, the Committee believed that this proposal had not been presented in sufficient detail and that these points should be clarified prior to the approval of the new Scrutiny Committees.

On a point of clarity about the Crime and Disorder Committee, Members noted that this responsibility had been taken on by the Scrutiny Commission and the hope was that the new structure would make the functions of each Committee clearer. In addition, it was requested that point 4.3 on page 157 be amended as 'looked after children' was not the term used by the Council.

Members noted that, as per recommendation B, the amendments to the Constitution to facilitate these changes would be delegated to the Monitoring Officer.

Overall, the Committee was not satisfied with the recommendations as presented. Although the three Scrutiny Committee structure was considered to be a positive improvement to the Scrutiny functions of the Council, it was agreed that the timeline for their implementation was inappropriate and that the number of Members on the

## GOVERNANCE COMMITTEE - 29 APRIL 2025 - MINUTES

Committee should be seven, rather than nine. For these reasons they agreed to amend the proposed recommendation to Council.

**RESOLVED:** That the Committee recommend to Council that it:

- (a) approves the proposed changes to the Scrutiny Model, replacing the two existing committees (Scrutiny Commission and Health Scrutiny Committee), with three committees as follows:
  - Resources and Place Scrutiny Committee
  - Children and Young People Scrutiny Committee
  - Health and Adult Social Care Committee
- (b) delegates amendments to the Constitution that are necessary to accommodate the above changes to the Scrutiny Model (outlined in Section 5 of this report) to the Monitoring Officer in consultation with the Constitution Review Task Group
- (c) approves the updated programme of public meetings required to accommodate the above changes to the Scrutiny Model (as set out in Appendix C to the report)
- (d) that the three Committees be comprised of seven Members.

(This was recommended due to the consideration of time and workload that would be placed on Members)

### 8 Planning Appendix Constitutional Update

The Committee considered a report (Agenda Item 9) concerning Constitutional changes to the Planning Appendix.

The Deputy Monitoring Officer and Service Lead for Legal and Democratic Services introduced the report and highlighted that it followed from the routine programme of the Constitution Review Task Group. She noted that the planning appendix would be absorbing some of the planning related sections from the codes and protocols section which had been removed in the last update to the Constitution. In addition, the Planning Appendix had been updated to ensure that decisions taken would be compliant with updates to the legal framework. It was also noted that the Planning Advisory Group had reviewed and contributed to the proposed amendments.

Members highlighted a number of typographical errors in the report, such as the need to capitalise Development Plan and to add 'whichever' before 'level the application is being considered' in point 14.3 on page 17.

In addition, on points 14.1 and 14.2 on page 16 of the Supplement Pack, the Committee discussed the most appropriate way of ensuring that Members were not predetermined in situations where they had heard the application in a previous Committee meeting – such as when an application was taken to both an Area Planning Committee and the District Planning Committee. The Committee agreed to propose that both points 14.1 and 14.2 end after, 'may well change their mind.'

Some Members questioned the need for specific details relating to conduct in Planning Committees, and that it was excessive and indicated that there was a lack of trust in Members.

In response to a question on why other attendees on site visits were not permitted to express opinions regarding the merits of the application, the Deputy Monitoring Officer and Service Lead for Legal and Democratic Services highlighted that site visits should be conducted in the same way that a committee would be conducted, and that the proposed updates would be clarifying that point. She also noted that some legislation had been referenced in the report but was not in the list of legislation and would look to correct this.

## GOVERNANCE COMMITTEE - 29 APRIL 2025 - MINUTES

Members were also assured that the reference in point 19.10.4, on page 22, would be inserted, but that this point had been suggested in order to allow for a proposal at a Planning Committee to be presented again following further debate.

In response to a question about if the timescale for implementation was appropriate, as the report had been through the Policy Advisory Group, the Constitution Review Task Group, and other internal procedures, the papers was considered ready to be adopted on 1 June 2025.

Overall, as the Committee was satisfied with the report, they agreed to recommend that the changes be adopted by Council.

**RESOLVED:** That the Committee recommend to Council that it approves, subject to the agreed amendments:

- (a) Part 6.8 Planning Appendix be adopted as set out in Appendix A to this report;
- (b) Part 11 Scheme of Delegation be updated as set out in Appendix B to this report;
- (c) to delegate to the Monitoring Officer, in consultation with the Chairman of the Constitution Review Task Group, the power to update Parts 6.8 and 11 of the Constitution to ensure that this reflects the new rules, and to make any minor additional corrections to the parts of the Constitution to ensure consistency in terminology and presentation; and
- (d) that the changes to the Constitution detailed in this report, take effect from 1 June 2025.

### 9 Strategic Risk Register Q3 2024/25

The Committee considered a report (Agenda Item 10) concerning the Council's Strategic Risk Register for Q3 2024/25.

The Performance, Research and Consultation Manager introduced the report and highlighted that one financial risk had the highest risk level of 16, two risks had been reduced, one additional new risk had been added to the Corporate Risk Register, and one asset-related risk have been closed. She provided assurances to the Committee that risk management activities in the Council, including around training on the new Risk Management Strategy, was ongoing.

Members noted that the national risk register had been updated, and that this had been reflected in the report with all risk owners invited to revisit the register and account for the changes in their assessments.

As the Committee was satisfied with the public section of the report, they agreed to proceed into Part II.

### 10 Exclusion of Press and Public

**RESOLVED:** That members of the press and public be excluded from the meeting for the under-mentioned item of business on the grounds that it involves the likely disclosure of exempt information as contained in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the [Local Government \(Access to Information\)\(Variation\) Order 2006](#). [Section 10, Part 10 of the Constitution also refers.](#)

### 11 Strategic Risk Register Q3 2024/25

The Committee considered the exempt report (Agenda Item 12) concerning the Strategic Risk Register for Q3 of 2024/25.

**GOVERNANCE COMMITTEE - 29 APRIL 2025 - MINUTES**

The Committee discussed the risks on the risk register, new risks, and the movement of risks on the Risk Matrix.

Overall, as the Committee was satisfied with the report, they agreed to note the Strategic Risk Register Q3 2024/25.

*(The meeting commenced at 6.30pm and closed at 8.01pm)*

**CHAIRMAN** .....

**Date of Signature** .....

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# DRAFT

Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

## GOVERNANCE COMMITTEE

### MINUTES OF THE MEETING HELD ON THURSDAY 15 MAY 2025

**Councillors Present:** Dominic Boeck, Jeremy Cottam, Carolyn Culver, Owen Jeffery, Erik Pattenden, and Howard Woollaston

**Also Present:** Sarah Clarke (Monitoring Officer and Interim Executive Director for Resources), Joseph Holmes (Chief Executive), and Darius Zarazel (Principal Democratic Services Officer)

**Apologies for inability to attend the meeting:** Councillor Laura Coyle, Councillor Billy Drummond, and Councillor Stephanie Steevenson

#### PART I

##### 1 Election of the Chairman

**RESOLVED:** That Councillor Erik Pattenden be elected as Chairman of the Governance Committee for the 2025/26 Municipal Year.

##### 2 Election of the Vice-Chairman

**RESOLVED:** That Councillor Howard Woollaston be elected as Vice-Chairman of the Governance Committee for the 2025/26 Municipal Year.

*(The meeting commenced at 9.50pm and closed at 9.51pm)*

**CHAIRMAN** .....

**Date of Signature** .....

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Governance Committee – 29 July 2025

## **Item 3 – Declarations of Interest**

Verbal Item

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**WEST BERKSHIRE COUNCIL  
GOVERNANCE COMMITTEE WORK PROGRAMME  
JULY 2025 – MAY 2026**

1. This document gives notice of decisions which the Governance Committee is expected to take.
2. The document is updated as required and is available to the public on the Council's website.
3. Copies of the Council's Constitution and agenda and minutes for all meetings of the Governance Committee may be accessed on the Council's website.
4. For copies of reports or other documents, and for detailed information regarding specific issues to be considered by the committee, please contact the named Lead Officer for the item concerned.
5. For further details on the time of meetings and general information about the Plan please email [executivecycle@westberkshire.gov.uk](mailto:executivecycle@westberkshire.gov.uk)

Publication Date: 15 May 2025

Nicola Thomas  
Service Lead  
Legal & Democratic Services  
West Berkshire Council, Council Offices  
Market Street  
Newbury  
RG14 5LP

Decision Due Date	Title	Purpose	Lead Officer e.g report author	Report likely to be considered in private (i.e., it contains confidential or exempt information)
<b>29 July 2025</b>				
29 Jul 2025	Annual Internal Audit Assurance Report 2024/25		Julie Gillhespey	
29 Jul 2025	Draft Financial Statements and Going Concern Assessment		Chris Dagnall	Open
29 Jul 2025	Treasury Outturn Report		Shannon Coleman-Slaughter	Open
29 Jul 2025	Treasury Management Annual Report	To summarises the results of the Council's management of cash-flow, borrowing and investments in the financial year 2023/24.	Shannon Coleman-Slaughter	
29 Jul 2025	Strategic Risk Register Q4 2024/25	To scrutinise individual items on the Risk Register.	Beatriz Teixeira	
29 Jul 2025	Annual Governance Statement	<p>To summarise the key governance issues for the Council and the action plan to address these. The Annual Governance Statement (AGS) will be approved by those charged with governance, the Governance Committee at West Berkshire, under the Accounts and Audit Regulations 2015.</p> <p>The AGS will form part of the Council's Statement of Accounts.</p>	Sarah Clarke	
29 Jul 2025	Governance Committee Annual Report	To provide an annual summary of the activities of the Governance Committee for the 2024-25 municipal year. The report is intended for Full Council to provide a summary of key areas that the Committee has considered during the Municipal Year 2024-25 as well	Sarah Clarke	

Decision Due Date	Title	Purpose	Lead Officer e.g report author	Report likely to be considered in private (i.e., it contains confidential or exempt information)
		as some of the actions and changes that have occurred due to the Committee's activities.		
29 Jul 2025	Monitoring Officers Report	To provide the annual report on matters relating to standards and conduct and to bring to the attention of Members a summary of complaints or other problems within West Berkshire. The report highlights that standards of conduct by councillors in West Berkshire remains high.	Sarah Clarke - Interim Executive Director	
<b>30 September 2025</b>				
30 Sep 2025	Internal Audit Update Report - Quarter One 2025/26	<p>To update the Committee on the status of Internal Audit work as at the end of quarter one 2025/26.</p> <p>The Public Sector Internal Audit Standards (PSIAS), as adapted by CIPFA's "Local Government Application Note", require the Audit Manager to provide periodic updates to senior officers and members on performance against the Audit Plan. As stated in the Council's approved Internal Audit Charter, quarterly updates are required to be presented to the Committee.</p> <p>The periodic reports aim to provide a progress update against the work in the Audit Plan together with highlighting any emerging significant issues/risks that are of concern.</p>	Julie Gillhespey	
30 Sep 2025	Strategic Risk Register Q1 2025/26	To scrutinise individual items on the	Beatriz Teixeira	

Decision Due Date	Title	Purpose	Lead Officer e.g report author	Report likely to be considered in private (i.e., it contains confidential or exempt information)
		Risk Register.		
<b>18 November 2025</b>				
18 Nov 2025	Annual Internal Audit Report	The Public Sector Internal Audit Standards (PSIAS) require the Audit Manager to make a formal annual report to those charged with governance within the Council. The report is required to include an opinion on the effectiveness of the Council's governance, risk management and internal control frameworks, which in turn supports the Council's Annual Governance Statement.	Julie Gillhespey	
18 Nov 2025	Draft Financial Statements 2025/26 and Going Concern Assessment	To inform members of the key highlights from the draft financial statements 2025/26 and summarise management's assessment of the Council's ability to function as a going concern; this determination supporting the preparation of the Statement of Accounts for 2025/26.	Shannon Coleman-Slaughter, Richard Quayle	
<b>27 January 2026</b>				
27 Jan 2026	Mid-Year Treasury Report	To receive the Mid-Year Treasury Report, written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021). One of the primary requirements of the Code is receipt by the full Council of a mid-year review report, measuring	Richard Quayle, Chris Dagnall	

Decision Due Date	Title	Purpose	Lead Officer e.g report author	Report likely to be considered in private (i.e., it contains confidential or exempt information)
		performance against the adopted annual Investment & Borrowing Strategy (I&B). This report satisfies the mid-year reporting requirement.		
27 Jan 2026	Internal Audit Update Report - Quarter Two 2025/26	<p>To update the Committee on the status of Internal Audit work as at the end of quarter two 2025/26.</p> <p>The Public Sector Internal Audit Standards (PSIAS), as adapted by CIPFA's "Local Government Application Note", require the Audit Manager to provide periodic updates to senior officers and members on performance against the Audit Plan. As stated in the Council's approved Internal Audit Charter, quarterly updates are required to be presented to the Committee.</p> <p>The periodic reports aim to provide a progress update against the work in the Audit Plan together with highlighting any emerging significant issues/risks that are of concern.</p>	Julie Gillhespey	
27 Jan 2026	Strategic Risk Register Q2 2025/26	To scrutinise individual items on the Risk Register.	Beatriz Teixeira	
25 Apr 2025	Proposed Allocation of the Household Support Fund April 2025 - March 2026		Nick Caprara	Open
3 Jul 2025	Capital outturn report		Shail Vitish	Open
<b>28 April 2026</b>				
28 Apr 2026	External Audit Plan 2025/26		Jonathan Brown,	

Decision Due Date	Title	Purpose	Lead Officer e.g report author	Report likely to be considered in private (i.e., it contains confidential or exempt information)
			Edward Mills	
28 Apr 2026	Internal Audit Update Report - Quarter Three 2025/26	<p>To update the Committee on the status of Internal Audit work as at the end of quarter three 2025/26.</p> <p>The Public Sector Internal Audit Standards (PSIAS), as adapted by CIPFA's "Local Government Application Note", require the Audit Manager to provide periodic updates to senior officers and members on performance against the Audit Plan. As stated in the Council's approved Internal Audit Charter, quarterly updates are required to be presented to the Committee.</p> <p>The periodic reports aim to provide a progress update against the work in the Audit Plan together with highlighting any emerging significant issues/risks that are of concern.</p>	Julie Gillhespey	
28 Apr 2026	Internal Audit Draft Plan 2026-27	The Public Sector Internal Audit Standards (PSIAS) require the Council's Audit Plan and Internal Audit Charter to be approved by those charged with governance within the Council. The purpose of this report is to set out a risk-based plan of work for Internal Audit (IA) that will provide assurance to the Governance Committee on the operation of the Council's governance, risk management and internal control frameworks, and support the Committee's review of	Julie Gillhespey	



Decision Due Date	Title	Purpose	Lead Officer e.g report author	Report likely to be considered in private (i.e., it contains confidential or exempt information)
		the Council's Annual Governance Statement.		
28 Apr 2026	Strategic Risk Register Q3 2025/26	To scrutinise individual items on the Risk Register.	Beatriz Teixeira	
14 May 2026				
14 May 2026	Election of Chairman			
14 May 2026	Election of Vice-Chairman			

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## Internal Audit Annual Assurance Report 2024/25

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<b>Committee considering report:</b>	Governance Committee
<b>Date of Committee:</b>	29 <sup>th</sup> July 2025
<b>Portfolio Member:</b>	Councillor Iain Cottingham
<b>Report Author:</b>	Julie Gillhespey (Audit Manager)

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### 1 Purpose of the Report

The Public Sector Internal Audit Standards (PSIAS) require the Audit Manager to make a formal annual report to those charged with governance within the Council. The report is required to include an opinion on the effectiveness of the Council's governance, risk management and internal control frameworks, which in turn supports the Council's Annual Governance Statement.

### 2 Recommendation(s)

No recommendations are made within this report. The report is to inform the Governance Committee of the Internal Audit annual assurance opinion.

### 3 Implications and Impact Assessment

Implication	Commentary
<b>Financial:</b>	Not Applicable
<b>Human Resource:</b>	Not Applicable
<b>Legal:</b>	Not Applicable
<b>Risk Management:</b>	Internal Audit work helps to improve risk management processes by identifying control weaknesses in systems and procedures and making recommendations to provide mitigation. The aim of which is to help ensure that services

	and functions across the Council achieve their goals and targets, and the organisation as a whole meets its plans and objectives.			
<b>Property:</b>	Not Applicable			
<b>Policy:</b>	Not Applicable			
	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equalities Impact:</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
<b>Environmental Impact:</b>		X		
<b>Health Impact:</b>		X		
<b>ICT Impact:</b>		X		
<b>Digital Services Impact:</b>		X		
<b>Council Strategy Priorities:</b>		X		.

<b>Core Business:</b>		X		
<b>Data Impact:</b>		X		
<b>Consultation and Engagement:</b>				

## 4 Executive Summary

- 4.1 The Public Sector Internal Audit Standards (PSIAS) require the Audit Manager to make a formal report annually to those charged with governance in the Council. The report is required to include an opinion on the Council's governance, risk management and internal control framework, which in turn supports the Annual Governance Statement.
- 4.2 The audit opinion is based upon the audit assurance work undertaken during the year; knowledge gained from previous audit work; as well as intelligence gained from other sources of assurance, both internal and external, for example, Ofsted, External Audit and the Council's Finance and Governance Group.

### 4.3 Purpose of the Audit Manager's Annual Assurance Report

To provide:-

- (a) An opinion on the Council's governance, risk management and control environment;
- (b) Information to support the opinion given;
- (c) A summary of the work undertaken compared with planned;
- (d) Performance of the Internal Audit Team;
- (e) A statement as to whether the work of the Audit Team complies with the PSIAS.

### 4.4 Assurance Opinion

- (a) From the assurance work undertaken and other sources of control/governance information e.g. the Finance and Governance Group, the Audit Manager is able to conclude that reasonable assurance can be given that the governance, risk management and control framework remains robust.
- (b) With regards to governance, the Audit Manager has noted in her two previous annual reports concerns due to the level of senior management vacancies and acting up arrangements. This situation continues to improve with most senior vacancies now filled on a permanent basis. As was noted previously, Internal Audit work during the year had not identified any operational issues because of the senior management vacancies/new appointments, however, in giving an opinion on the arrangements in place for effectiveness of governance and risk management, this is an area to mention as the number of senior manager

vacancies as well as relatively new appointments do have the potential for increased risk of uncertainty and instability within an organisation. There is continued corporate awareness of difficulties in recruiting with plans for remedial action.

- (c) The Council's financial resilience continues to be a significant corporate risk. The current situation resulting in Exceptional Financial Support (EFS) funding being requested to assist with the 2024/25 outturn and to help balance the budget for subsequent financial years.
- (d) In relation to the assurance opinions given during the year there were 3 completed corporate reviews and 3 schools that were given a less than reasonable assurance opinion. The proportion of limited assurance reports continues to be very low compared with the number of completed audits given a reasonable assurance opinion and above. All of the low assurance reports are followed up to check on progress made on implementing agreed recommendations, with outcomes reported back to the Governance Committee.
- (e) There were 3 corporate audit follow-ups given an unsatisfactory progress rating, for two of these written updates have been provided to the Governance Committee providing assurance of further progress. For the third Internal Audit have scheduled a further follow-up to take place. There was one school audit follow-up given an unsatisfactory rating.

#### **4.5 Performance of the Audit Team**

- (a) The team has a service performance indicator to achieve 80% of the audit plan. For 2024/25 the actual result was 86% compared with the previous year's outcome of 89%.

## **5 Supporting Information**

### **Introduction**

- 5.1 The Accounts and Audit (England) Regulations (2015) require each local authority to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices.
- 5.2 The Public Sector Internal Audit Standards (PSIAS), including the CIPFA "Local Government Application Notes", require the Chief Audit Executive (the Audit Manager) to make a formal report annually to those charged with governance in the Council. The report is required to include an opinion on the Council's governance, risk management and internal control framework, which in turn supports the Annual Governance Statement.

### **Background**

- 5.3 This report sets out Internal Audit's annual opinion and includes information to support the opinion given. The report content has been compiled to conform to the requirements of the PSIAS.
- 5.4 The audit opinion is based upon the assurance work undertaken during the year and knowledge gained from previous assurance work, as well as intelligence gained from

other sources of assurance, both internal and external, for example, Corporate Board reports, Ofsted, External Audit and the Council's Finance and Governance Group.

- 5.5 A system of internal control cannot provide total assurance that all risk has been identified and mitigated; it is used to manage the level of risk so that it is at an acceptable level for an organisation, taking into account the Council's risk appetite.

### **Purpose of the Audit Manager's Annual Assurance Report**

- 5.6 To provide:-

- (a) An opinion on the Council's governance, risk management and control environment;
- (b) Information to support the opinion given;
- (c) A summary of the work undertaken compared with the work planned;
- (d) Information on the performance of the Internal Audit Team;
- (e) A statement as to whether the work of the Audit Team complies with the PSIAS.

### **Assurance Opinion**

- 5.7 From the assurance work undertaken and other sources of control/governance information e.g. the Finance and Governance Group, the Audit Manager is able to conclude that reasonable assurance can be given that the governance, risk management and control framework continues to be robust.
- 5.8 No system of internal control can provide absolute assurance against material misstatement or loss, therefore Internal Audit can only provide reasonable assurance.
- 5.9 With regards to governance, the Audit Manager noted concern in her annual report over the last couple of years regarding the level of senior management vacancies and acting up arrangements. By the end of 2024/25 the situation had improved with most senior vacancies now being recruited to. The findings of our audit work during this year have again not highlighted any obvious issues because of interim arrangements/new managers being in post.
- 5.10 The Council's financial resilience continues to be a significant risk. The current situation resulting in Exceptional Financial Support (EFS) funding being requested to assist with the 2024/25 outturn and to help balance the budget for subsequent financial years.
- 5.11 Internal audit work has not identified any noticeable deterioration in controls in our key financial systems and processes, the Audit Manager is aware of reviews being undertaken to re-assess the robustness of the financial controls considering the Council's financial position and need to further strengthen controls over spend and budget monitoring. Work in the audit plan for 2025/26 includes a review of Financial Governance, to assist with assessing whether the financial framework is sufficiently robust to meet the current financial challenges.
- 5.12 A detailed audit review was undertaken of the Council's Risk Management framework a few of years ago, the conclusion was that the framework was satisfactory/fit for

purpose. Risk management and effectiveness of controls to mitigate risk are covered as part of each assurance audit, and our work during the year has not identified any emerging trends/patterns of concern with how risks are being managed within the organisation.

- 5.13 There have been no limitations or restrictions on the audit plan coverage or scope of the work undertaken that could have a negative impact on the opinion. There have been no impairments to the objectivity or independence of the Audit team.

### Results of Work Undertaken to Support the Annual Internal Audit Opinion

- 5.14 An assessment of the number of reviews in each opinion category is the key factor used to determine the Internal Audit annual assurance opinion. Descriptions of the assurance opinion ratings used are detailed as follows:

Opinion	Description
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Usually moderate-to-minor issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited, but are not a cause for concern.
Limited Assurance	There is a large number of moderate weaknesses and/or significant weaknesses or non-compliance issues identified which are of concern. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

- 5.15 A summary of the Internal Audit assurance work completed during the year is detailed below analysed by the assurance opinion that was given:-

Audit Type	No Assurance	Limited Assurance	Reasonable Assurance	Substantial Assurance
Corporate Systems	0	3	9	4



Schools	0	3	3	7
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- 5.16 As the above table shows there were no completed audits given a No Assurance opinion during the year. There were 3 completed corporate reviews and 3 schools that were given a less than reasonable assurance opinion, however this number continues to be a small proportion of the audits completed in the year.
- 5.17 We carry out a follow-up review for all audits given a less than reasonable assurance opinion. We use three categories to provide a conclusion on the level of progress with implementing agreed recommendations, Fully Implemented, Satisfactory (no issues of concern still needing to be addressed), and Unsatisfactory (large number of recommendations outstanding and/or weaknesses of concern not addressed).
- 5.18 A summary of the outcome of audit follow-up work completed during the year is detailed below:-

Follow-up Type	Unsatisfactory	Satisfactory	Fully Implemented
Corporate Systems	3	1	0
Schools	1	3	0

Details to support the audits given a less than reasonable assurance opinion and unsatisfactory progress for Follow-up audits, are set out in each quarterly update report.

### Internal Audit Work Progress Update since the last Quarterly Report

- 5.19 Quarter 3 progress update was reported to the Governance Committee at the April 2025 meeting, attached to this report are the appendices listing work undertaken up to the end of the financial year, with completed work at Appendix A, work in progress at Appendix B, and table C showing progress on the specific Anti-Fraud Work Plan. During the final quarter there were no reviews given a less than Reasonable Assurance Opinion. There was one unsatisfactory School Follow-up, the summary detail covering the issues/why the opinion was given are set out below:-

#### Garland School (now Burghfield Common Federation) Unsatisfactory Follow-up

Although there were no issues of significant concern outstanding, the majority of the recommendations outstanding related to moderate areas of weakness, which resulted in the Unsatisfactory progress rating. Key areas still to be addressed relate to:-

- (a) Setting out processes for all quote/tender thresholds;

- (b) Review the need for requisitions or amend requirement in the Financial Management Policy, where it is decided to continue to use them it should be ensured this is complied with.
- (c) Undertake declarations of interest/skills assessments for staff with financial responsibilities.

5.20 Governance Committee has previously requested a written update on progress made/planned for the Accounts Receivable Unsatisfactory Audit Follow-up. This has now been provided by the Service Director, see Appendix D. From an Audit perspective this update provides assurance on progress undertaken/planned for the key outstanding recommendations.

5.21 A previous request from an Executive Briefing meeting was that Internal Audit update reports provide audit outcomes in a visual format. Appendix E sets out a visual presentation to support the audit report opinion in the format of an audit risk heatmap.

5.22 Whilst considering the options to look at a visual presentation of our findings, the opportunity was taken to consider the level of information provided to the Governance Committee regarding audit outcomes. Appendix F has been drafted to give further detail to support the corporate audit report opinion, it sets out the scoping of each audit as well as the number and significance of recommendations made.

### **Audit Team Resources and Performance**

5.23 The team has a service performance indicator to achieve 80% of the audit plan. For 2024/25 the actual result was 86% compared with last year's outturn of 89%.

5.24 The 80% target has been in place for quite a few years, the Audit Manager considers it remains a reasonable target, it is not easy to achieve nor one that over stretches the team. The reasonableness of the target also factors in that the calculation used for determining the number of productive days per team member is set at the higher end of days available when it has been benchmarked.

5.25 For context, there are other measures more of a qualitative nature that are as equally important because of the nature of internal audit work, these other performance factors shouldn't be put at risk because of the need to turnover audit work more quickly due to a more stringent corporate target.

5.26 All internal audit work has been undertaken in accordance with the requirements of the PSIAS, the Core Principles of Internal Audit and the Code of Ethics for Internal Audit. Under the PSIAS there is a requirement to have an external assessment of the internal audit service every five years. The last external assessment was undertaken in June 2023, the outcome of which was that the Council achieved a 'Fully Conforms' opinion, this is the highest category of compliance (the other possible conclusions being 'partially conforms' and 'does not conform'). The next assessment will be due before June 2028.

5.27 The PSIAS require IA to have an Improvement Programme. The plan last year included one area for improvement:-

- (a) To assess the scope of each audit to see if the use of some form of data analytics would be the preferred approach and/or a useful addition.

This has been established as a continuous action and takes place as part of planning each audit.

5.28 The Audit Team currently consists of five posts; the Audit Manager, a Principal Auditor, two Senior Auditors and one Auditor post (current post holder is undertaking an Internal Audit Apprenticeship).

### **Audit Plan Actual Coverage**

5.29 The following table shows the level of time spent in each type of audit activity compared with the planned time:-

<b>Audit Activity</b>	<b>Planned Time</b>	<b>Actual Time (up to allocated project time budgets)</b>
Assurance work	577	428
Investigations (potential fraud etc.)	0	29
Unplanned advisory project work e.g. ITrent	0	37
Grant Sign Off Work	15	13
Plan preparation and Monitoring (corporate and schools)/Governance Committee Update Reports	39	54
Adhoc advice requests (corporate and schools)	25	31
Follow-up audits	30	32
Other (external professional liaison, fraud training, monitoring of School Financial Value Standard (SFVS) Annual Returns.	29	33
Plan Contingency Days	45	
<b>Total Days</b>	<b>760</b>	<b>657</b>

(These are the totals that are used to calculate the productivity percentage i.e. the 86% referred to in 5.22)

### **5.30 Notes to support the information in the table at point 5.29 above:-**

- (a) The Audit Manager/Principal Auditor was involved in a few unplanned investigations during the year, some were at the request of senior managers, others were where allegations had been raised about potential for fraud/wrong-doing. There were also a few requests for Internal Audit to participate/provide advice on some projects.
- (b) Unplanned advisory/investigatory work reduces the level of assurance work that can be undertaken in a year. The team undertook 74% of actual assurance work compared with planned, if the team had not been required to spend time on unplanned investigation work/project advice, then the time spent on planned assurance work would have been in the region of 86%.
- (c) The planned work not undertaken is reviewed as part of risk assessing and preparing the new audit plan and rescheduled into the following year where deemed appropriate.

### **5.31 Under the Local Government Transparency Code 2015 the Council is required to publish certain information regarding fraud. In order to meet this duty the following information is provided:-**

- (a) There are no professionally accredited counter-fraud internal investigators, the Internal Audit team has the skills and experience to undertake such work where it arises.
- (b) There have been no occasions where the powers under the Prevention of Social Housing Fraud have been used by the Audit Team.
- (c) There were two investigations of potential fraud raised by a whistleblower. After an initial investigation into both cases it was considered there was no evidence to support the allegations made.
- (d) There have been no specific costs incurred for the fraud work undertaken this year except for the salary costs for the days spent by the Audit Team on the above mentioned fraud work. Costs of the days spent on the investigating potential fraud cases (using a daily salary cost) was approximately £10,155 for 2024/25.

### **Proposals**

5.32 This report is to inform the Governance Committee of the Internal Audit annual assurance opinion.

## **6 Other options considered**

Not applicable, this annual report is required to be prepared.

## 7 Conclusion

This report was produced to provide the Audit Manager's opinion on the Council's governance, risk management and control framework for 2024/25. The Audit Manager's annual audit opinion is that reasonable assurance can be given that the Council's governance, risk management and control framework continues to be robust.

## 8 Appendices

- 8.1 Appendix A - Audit Work Completed during last quarter of 2024/25.
- 8.2 Appendix B - Audit Work in Progress as at 31st March 2025.
- 8.3 Appendix C - Fraud Plan Progress as at 31st March 2025.
- 8.4 Appendix D - Accounts Receivable Follow-up Audit – Service Update
- 8.5 Appendix E - Completed Audits - Audit Risk Heatmaps
- 8.6 Appendix F - Completed Audits - Detail to Support Audit Report Opinions

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### Background Papers:

None.

### Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval ☐

Delays in implementation could have serious financial implications for the Council ☐

Delays in implementation could compromise the Council's position ☐

Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months ☐

Item is Urgent Key Decision ☐

Report is to note only ☒

**Wards affected:** All

### Officer details:

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Job Title: Audit Manager  
Tel No: 01635 519455 (ext 2455)  
E-mail: Julie.gillhespey@westberks.gov.uk

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# 1) COMPLETED AUDITS

Directorate/Dept/Service	Audit Title	Overall Opinion
<b>Corporate</b>		
None		
<b>Resources</b>		
Finance, Property and Procurement	Contract Letting	Reasonable Assurance
Finance, Property and Procurement	Housing Benefit and Council Tax Hardship Fund	Reasonable Assurance
Finance, Property and Procurement	Bank Reconciliation	Substantial Assurance
Transformation	Systems Security (Firewall, Antivirus, Traffic Management)	Reasonable Assurance
<b>People</b>		
Public Health	Joint Agreement Governance	Advisory - no opinion given
<b>Place</b>		
Communities	Public Protection Partnership – Financial Control Processes	Substantial Assurance
<b>Schools</b>		
Primary	Springfield	Substantial Assurance
	St Paul's	Reasonable Assurance
	St John and St Nicolas Federation	Reasonable Assurance

## NOTE

The overall opinion is derived from the number/significance of recommendations together with using professional judgement. The auditor's judgement takes into account the depth of coverage of the review (which could result in more issues being identified) together with the size/complexity of the system being reviewed).

# 2) COMPLETED FOLLOW UPS

<u>Directorate/Service</u>	<u>Audit Title</u>	<u>Overall Opinion - Report</u>	<u>Opinion - Implementation progress</u>
Resources/Finance, Property and Procurement	Fixed Asset Register	Advisory – no opinion	Satisfactory

<u>Directorate/ Service</u>	<u>Audit Title</u>	<u>Overall Opinion - Report</u>	<u>Opinion - Implementation progress</u>
<b>Schools Primary</b>			
	Garland (now Burghfield Common Federation)	Weak	Unsatisfactory
	Westwood Farm	Limited Assurance	Satisfactory

### 3) COMPLETED ADVISORY REVIEWS/OTHER WORK

<b>Directorate/Dept/ Service</b>	<b>Review Title</b>
Transformation, Customer and ICT	Transformation SWOT



**1) CURRENT AUDITS**

Corporate/Directorate/ Service	Audit Title	Current Position of Work	Audit Plan Year
<b>Corporate</b>			
Finance, Property and Procurement	Procurement Cards	Testing	2024/25
<b>Resources</b>			
Finance, Property and Procurement	Insurance	Draft Report Issued	2024/25
Finance, Property and Procurement	Council Tax	Ready for Review	2024/25
<b>People</b>			
Education and SEND	Personal Budgets (Direct Payments)	Ready for Review	2024/25
Education and SEND	Dedicated Schools Grant (DSG)	Testing	2024/25
Adult Social Care	Client Financial Assessments	Ready for Review	2024/25
Children's Social Care	Initial Referral Framework	Ready for Review	2024/25
Children's Social Care	Section 17 Support	Draft Report Issued	2024/25

<b>Place</b>			
Development and Housing	Homelessness	Draft Report Issued	2024/25
Development and Housing	Renovation Grants/Disabled Facility Grants	Draft Report Issued	2024/25
Development and Housing	Migration – Afghan Resettlement	Testing	2024/25
Environment	Highways Term Contract	Draft Report Issued	2024/25
<b>Schools</b>			


## 2) CURRENT ADVISORY REVIEWS/INVESTIGATIONS AND OTHER WORK

Audit/Review Title	Current Position of Work
Supporting Families Programme Grant Claims	Ongoing

## 3) CURRENT FOLLOW-UPS

Directorate/Service	Audit Title
<b>Resources</b>	
None	
<b>Place</b>	
None	
<b>People</b>	
None	
<b>Schools</b>	

**Anti-Fraud Work Plan****(Drawn together from entries in the Audit Plan for 2024/25)**

<b><u>Audit Name</u></b>	<b><u>Work Focus</u></b>	<b><u>Update Position (End of March 2025)</u></b>
National Fraud Initiative (NFI) Investigation Work	Review of data matches to assess whether fraudulent.	New exercise commenced, data matches submitted by due deadline.  (This is a large/time consuming re-occurring exercise that is ongoing during the year.)
Procurement Cards	Check that cards are issued and used in accordance with the Council's Policy/Procedures, focussing on potential for inappropriate/fraudulent use.	Testing
West Berkshire Lottery	Check that there is a contract in place with the lottery service provider, and that it is effectively managed, in order to reduce the risk of reputational damage and funds being misappropriated/inappropriately used.	Completed
Personal Budgets (Direct Payments/Use of payment cards) (Education Service)	Personal Budgets may be used inappropriately/fraudulent documentation could be provided for expenditure incurred.	Testing
Council Tax Hardship Fund	Check that grant applications have been appropriately checked/vetted and that grants have been awarded accurately/appropriately.	Completed
Disabled Facilities Grant	Check that grants awarded in accordance with legislation/Council procedures, that inappropriate payments have not been made.	Draft Report Issued

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## ACCOUNTS RECEIVABLE INTERNAL AUDIT FOLLOW-UP REVIEW (JUNE 2024)

### FINANCE – MANAGEMENT RESPONSES (JUNE 2025)

#### **Ref 01.01**

Since the publication of the findings report, the Accounts Receivable procedure notes are in the process of being updated to the new format, and this will reflect 'last date reviewed'. Some 75% of the notes have been updated and reviewed, and I anticipate that the remainder will be complete by the end of August 2025.

#### **Ref 01.02 and 01.04**

An Accounts Receivable monthly timetable has been implemented in relation to non-negotiable recurring tasks that must be performed in relation to debt collection. This includes a monthly review of different debt types, resulting in specific debt collection processes, consistent with the Council's established debt recovery policies.

These reviews include:

- ASC Debtors review
- Trade Debtors review
- Deceased Debtors review
- Instalment Plan Debtor reviews
- Overpayment of Housing Benefit reviews
- Direct Earnings Attachment reviews

Since September 2024, these checks have been undertaken by the Team Leader with the aid of a Debt Recovery Officer. Prior to this date, the function was performed by the Team Leader alongside the Senior Financial Controller. This review control is now embedded and will remain in place.

The LDR function is still not 'live' and the latest update is that it is linked to the speed of progress of the Agresso system upgrade. The Team Leader and Senior Financial Controller (Interim) have been liaising with an external debt recovery agency in relation to the exploration of alternative debt collection means.

#### **Ref 01.03**

Procedure notes have been updated but individual authorisation levels are still to be determined. The Team Leader intends to present a draft schedule of authorisation limits (for management approval) in June 2025.

#### **Ref 01.04**

Assessment of the benefits of electronic cancellation notes is under consideration within the wider scope of the intended Agresso project implementation.

#### **Ref 01.08**

The new debt write-off documentation is now in operational use. The Team Leader has approached the Agresso Technical Team for advice in relation to the system processing of individual balance write-offs. The current process is considered

unwieldy and time-consuming. Again, this functionality will be considered as an issue within the Agresso system upgrade.

### **Ref 02.01**

Monthly KPI reporting and Aged Debtor Control Account reconciliations are circulated to the Section 151 Officer and Senior Financial Controller (Interim) prior to the second Monday in each calendar month. These reports are still at early stage in terms of presentation and layout but the intention is to continue to enhance these written reports in coming months. Debt types have been established for all customer accounts making it easy to identify which customer accounts may require more management attention owing to ongoing debt trends or sudden spikes in account activity.

The hold process procedure notes were updated to incorporate the effects of the points requested.

Regarding Internal Audit's recommendation that all affected Accounts Receivable team members have access to all documentation in relation to deferred arrangements, the Team Leader has emailed the relevant Legal team members to gain an understanding of the current situation pertaining to the storage of information, and the implications of digital storage.

1) COMPLETED AUDITS – FURTHER DETAIL TO SUPPORT THE REPORT OPINIONS

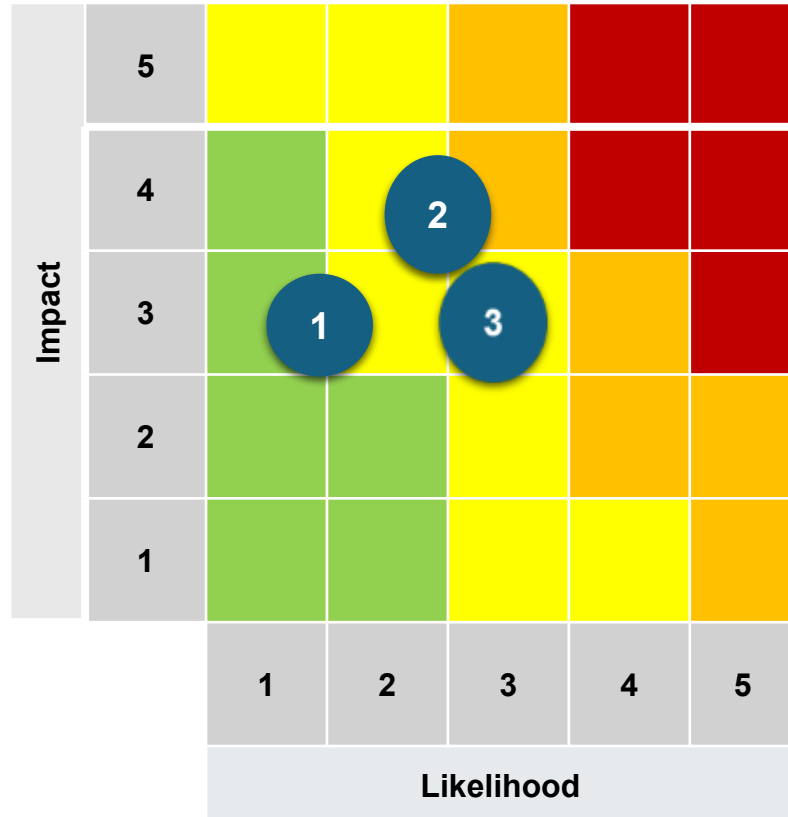
Directorate / Service	Audit title	Overall Assurance Opinion	Audit Scoping Objective(s)	Number of Recommendations per Significance Category			
				Fundamental	Significant	Moderate	Minor
Finance, Property and Procurement	Contract Letting	Reasonable Assurance	1) To ensure that the Council policies and procedures in place covering the procurement process / contract letting arrangements are up to date and effective.  2) To ensure that the Council maintains comprehensive and up-to date records of all its contracts and monitors the progress of re-tendering / extending these contracts.  3) To ensure that the letting and agreeing to extend contracts is undertaken/ managed in accordance with the Council's defined policies and procedures, and effectively utilise the Procurement Portal.	0	0	5	6
Finance, Property and Procurement	Housing Benefit and Council Tax Hardship Fund	Reasonable Assurance	1) To ensure that there is an effective framework in place for the administration of Housing Benefits / Council Tax Exceptional Hardship Fund which is in accordance with DWP guidance / legislation.	0	0	2	2
Finance, Property and Procurement	Bank Reconciliation	Substantial Assurance	1) To ensure that the procedures for the bank reconciliation have been fully documented and are up to date.  2) To ensure that the bank reconciliation is performed on a regular pre-defined basis, is fully resolved and authorised by an independent officer.  3) To ensure that the bank reconciliation is accurate, and the figures used in the reconciliation are supported by documentary evidence.	0	0	0	5
Transformation, Customer and ICT	Systems Security (Firewall, Antivirus, Traffic Management)	Reasonable Assurance	1) To ensure that there is an effective, risk-based control framework to prevent unauthorised system access or attack, leading to loss of data or services.	0	0	3	4

## APPENDIX E

Directorate / Service	Audit title	Overall Assurance Opinion	Audit Scoping Objective(s)	Number of Recommendations per Significance Category			
Communities	Public Protection Partnership – Financial Control Processes	Substantial Assurance	<p>1) To ensure that delegated financial authority and arrangements for budget setting and oversight, are applied and operated in accordance with the terms of the partnership agreements. There is a clear link to WBC budgets.</p> <p>2) To ensure that financial / budget performance and risks are effectively managed in the context of the service strategies and plans, including IT systems, workforce strategy, resource tasking, and income management.</p> <p>3) To ensure that financial transactions are approved and recorded appropriately, as per the terms of the agreements; and there is clarity of the interaction with internal WBC financial governance and controls.</p>	0	0	2	1



## Contract Letting



1

1) To ensure that the Council policies and procedures in place covering the procurement process / contract letting arrangements are up to date and effective.

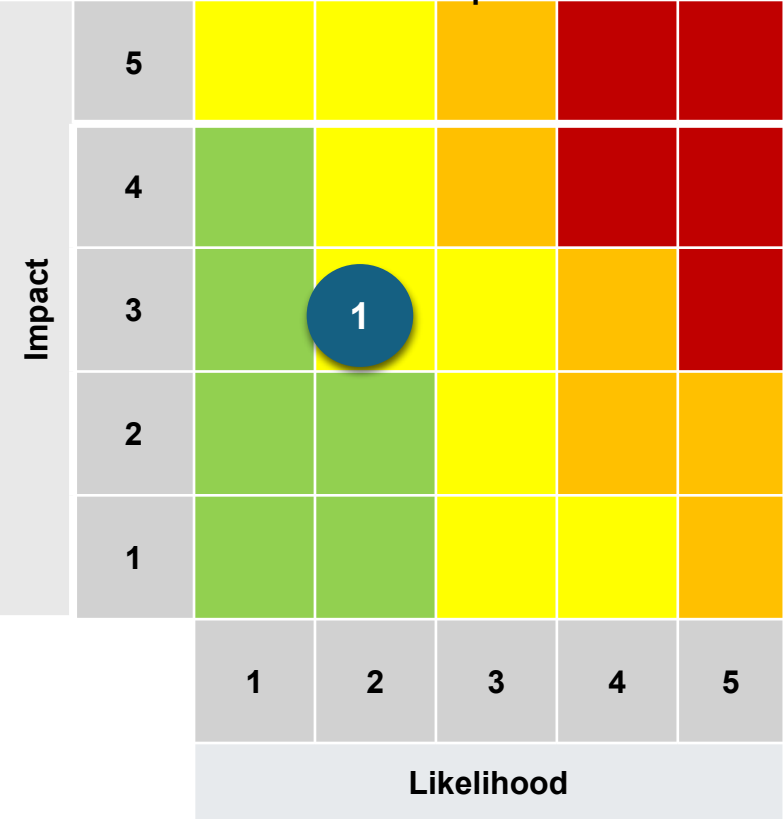
2

2) To ensure that the Council maintains comprehensive and up-to-date records of all its contracts and monitors the progress of re-tendering / extending these contracts.

3

3) To ensure that the letting and agreeing to extend contracts is undertaken/ managed in accordance with the Council's defined policies and procedures, and effectively utilise the Procurement Portal.

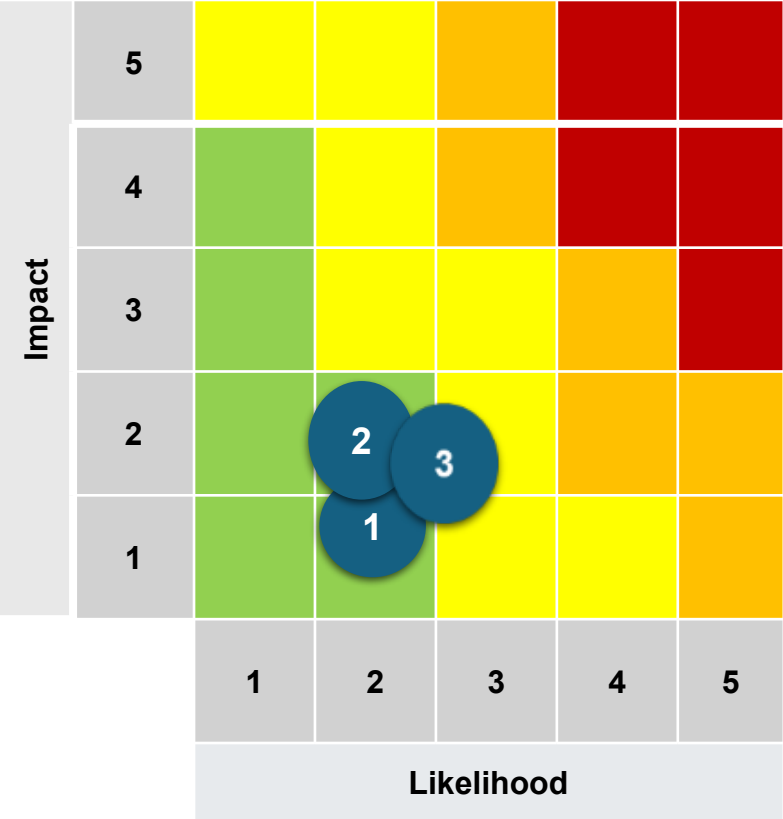
# Housing Benefits and Council Tax Hardship Fund



1

1) To ensure that there is an effective framework in place for the administration of Housing Benefits / Council Tax Reduction Scheme which is in accordance with DWP guidance / legislation.

# Bank Reconciliation



1

1) To ensure that the procedures for the bank reconciliation have been fully documented and are up to date.

2

2) To ensure that the bank reconciliation is performed on a regular pre-defined basis, is fully resolved and authorised by an independent officer.

3

3) To ensure that the bank reconciliation is accurate, and the figures used in the reconciliation are supported by documentary evidence.

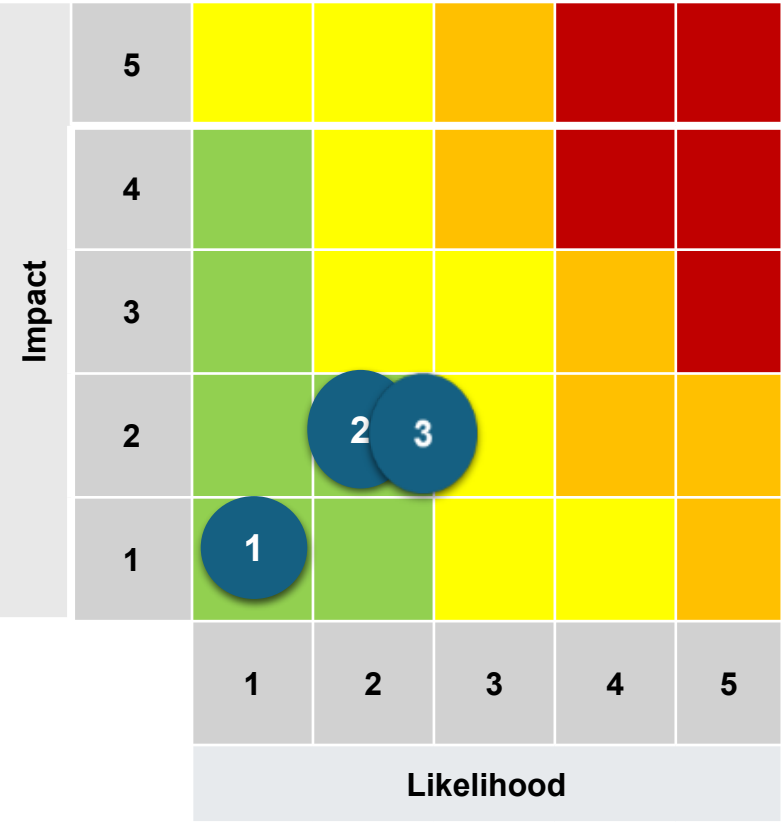
## Systems Security (Firewall, Antivirus, Traffic Management)

Impact	5					
	4					
	3					
	2					
	1					
		1	2	3	4	5
		Likelihood				

1

1) To ensure that there is an effective, risk-based control framework to prevent unauthorised system access or attack, leading to loss of data or services.

Public Protection Partnership –  
Financial Control Processes



1

1) To ensure that delegated financial authority and arrangements for budget setting and oversight, are applied and operated in accordance with the terms of the partnership agreements. There is a clear link to WBC budgets.

2

2) To ensure that financial / budget performance and risks are effectively managed in the context of the service strategies and plans, including IT systems, workforce strategy, resource tasking, and income management.

3

3) To ensure that financial transactions are approved and recorded appropriately, as per the terms of the agreements; and there is clarity of the interaction with internal WBC financial governance and controls.

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# Annual Treasury Management Review 2024/25

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<b>Committee considering report:</b>	Governance Committee
<b>Date of Committee:</b>	Tuesday 29 July 2025
<b>Portfolio Member:</b>	Councillor Iain Cottingham
<b>Date Head of Service agreed report:</b> (for Corporate Board)	8.7.2025
<b>Date Portfolio Member agreed report:</b>	17.7.2025
<b>Report Author:</b>	Christopher Dagnall

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## 1 Purpose of the Report

This Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the prudential/treasury indicators for 2024/25. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code)

## 2 Recommendation(s)

- CIPFA's Treasury Management Code (the TM Code) requires the Council to approve an investment and borrowings strategy, and mid-year and annual treasury management reports. This report provides an overview of treasury management activity for financial year 2024/25.
- This report informs the Governance Committee that the plans complied with Investment and Borrowing Strategy.
- This report also informs that the Council complied with the prudential treasury indicators during the financial year 2024/25.

## 3 Implications and Impact Assessment

Implication	Commentary
<b>Financial:</b>	The Treasury function is responsible for daily cashflow management within the Council. Income from investments and

	expenditure on debt financing contributes to the Council’s annual budget			
Human Resource:	Not applicable			
Legal:	The CIPFA TM Code requires the Council to approve an annual treasury management strategy, a mid-year review and an outturn review			
Risk Management:	All investments are undertaken with a view to minimising the risk of financial loss. The Investment and Borrowing Strategy approved by the Council contains an approved counterparty list and determines financial and non-financial limits that the Treasury team must operate within to mitigate this risk			
Property:	Not applicable			
Policy:	Not applicable			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		



<b>Environmental Impact:</b>		X		
<b>Health Impact:</b>		X		
<b>ICT Impact:</b>		X		
<b>Digital Services Impact:</b>		X		
<b>Council Strategy Priorities:</b>	X			The Treasury function supports the delivery of the Council's strategic objectives through the financing of the approved Capital Programme and monitoring of Council cashflows
<b>Core Business:</b>		X		
<b>Data Impact:</b>		X		
<b>Consultation and Engagement:</b>	Shannon Coleman-Slaughter - Service Director for Finance, Property and Procurement, s151 Officer			

## 4 Executive Summary

- 4.1 The Council's Investment and Borrowing Strategy for 2024/25 was approved by Council in March 2024. The Council has borrowed and invested substantial financial sums and is therefore exposed to risks including the loss of invested funds and the revenue effect of changing interest rates.
- 4.2 Recent economic instability has been reflected in significant increases to Local Government borrowing from PWLB (Public Works and Loans Board), with rates for a 25-year annuity loan as at 31 March 2025 at 5.76% after the application of certainty rate compared to a historic average of 3%-4%.
- 4.3 In a rising interest rate environment, the Council faces risks of increased costs on any new external borrowing undertaken to support the delivery of planned capital works, in addition to general cost inflationary pressures. During the current financial year, officers have sought long-term as well as short-term borrowing to support delivery of the Council's capital programme. Careful monitoring has been undertaken in this difficult financial situation and a regular review of cashflow balances has ensured an optimum utilisation of internal cash balances to limit the exposure to undertaking any unnecessary further borrowing during the year. The strategy of retaining borrowings and investments below their underlying levels,

sometimes known as internal borrowing, has managed risk to some extent and due to historic borrowing, has secured at reduced rate that has helped to retain average interest costs at 3.94% (2024/25).

- 4.4 During 2024/25, the Authority complied with all significant legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are:

Prudential and Treasury indicators	2023/24 Actual £'000	2024/25 Original £'000	2024/25 Actual £'000
Capital expenditure	47,743	53,750	41,056
General Fund-Capital Financing Requirement	292,870	305,428	319,711
External debt	(248,973)	(211,131)	(267,242)
PFI and IFRS 16 lease liabilities	(9,807)	(8,892)	(9,441)
Gross borrowings	(258,780)	(220,023)	(276,682)
Investments	17,274	10,000	17,306
<b>Net borrowings</b>	<b>(241,506)</b>	<b>(210,023)</b>	<b>(259,376)</b>

- 4.5 During 2024/25 all loans obtained from PWLB, and all short-term borrowings sourced from the Local Authority market are in accordance with the approved Investments and Borrowings Strategy. The table below details the Council's borrowings position:

Liability Benchmark	31.3.25 Actual £000	31.3.26 Forecast £000	31.3.27 Forecast £000
Loans Capital Financing Requirement (CFR) Excluding PFI	310,271	344,150	353,519
Less: Balance sheet resources	(60,335)	(47,835)	(32,835)
<b>Net loans requirement</b>	<b>249,936</b>	<b>296,315</b>	<b>320,684</b>
Plus: Liquidity allowance	10,000	10,000	10,000
<b>Liability benchmark</b>	<b>259,936</b>	<b>306,315</b>	<b>330,684</b>

## 5 Supporting Information

### The Council's Capital Expenditure and Financing

- 5.1 On 31 March 2025, the Council had net borrowings (gross external borrowings less net investments) of £249.9 million arising from revenue/capital income and expenditure. The underlying need to borrow for capital purposes is measured by the CFR while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in the table below, which is based on the Council's 2024/25 draft financial statements.

<b>Balance Sheet summary</b>	<b>31/03/2025 Actual £m</b>
General Fund CFR	319.7
Less: Other Debt Liabilities (Waste Private Finance Initiative)	(9.4)
<b>Loans' CFR</b>	<b>310.3</b>
External Borrowings	(267.2)
<b>Internal Borrowings</b>	<b>43.0</b>
Usable Reserves	41.7
Working Capital	18.6
<b>Net Investments</b>	<b>17.3</b>

- 5.2 Capital expenditure is a key prudential indicator. The table below discloses the actual spend and how this was financed. The actual outturn for capital expenditure has been recorded at £41.1m at the end of the financial year 2024/25, excluding Exceptional Financial Support (EFS).
- 5.3 The Council requested EFS in respect of financial years 2024/25 and 2025/26. This process exists to support councils facing unmanageable financial pressures.
- 5.4 As at the end of the financial year 2024/25, £13m of EFS has been capitalised:

<b>General Fund capital expenditure</b>	<b>2023/24 Actual £'000</b>	<b>2024/25 Budget £'000</b>	<b>2024/25 Actual £'000</b>
Capital expenditure	47,743	53,750	41,056
Exceptional Finance Support (EFS)	Nil	Nil	13,000
<b>Total capital expenditure</b>	<b>47,743</b>	<b>53,750</b>	<b>54,056</b>
Financed in-year (via external funds, grants and other contributions)	30,832	28,351	23,400
<b>Unfinanced capital expenditure</b>	<b>16,911</b>	<b>25,399</b>	<b>17,656</b>
Unfinanced capital expenditure: EFS	Nil	Nil	13,000
<b>Total unfinanced capital expenditure</b>	<b>16,911</b>	<b>25,399</b>	<b>30,656</b>

### **Borrowings – 31 March 2025**

- 5.5 The Authority's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR).
- 5.6 The Council's main objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty during the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change, being a secondary objective.

- 5.7 During 2024/25 the Council primarily focused on short-term borrowing (consistent with 2023/24) through utilising the Local Authority market. However, this approach was not sufficient and therefore PWLB loans have been sourced in 2024/25 which have increased the Council's exposure to interest rate risk in a high cost borrowing environment. Due to the forecast on interest rates reduction and advice from MUFG (the Council's third-party treasury specialist), the loans have been granted for a duration of 12-18 months. The forecast is that the interest rates are reduced even further in 2025/26, and that further long-term borrowing sums will be secured to reduce borrowing costs in the long-term.

This approach has been taken to limit the exposure of tying in a long-term arrangement with higher interest rates, if interest rates decrease as anticipated:

Interest Rate Forecasts								
Bank Rate	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Link	4.50%	4.00%	3.50%	3.25%	3.25%	3.25%	3.25%	3.00%
Cap Econ	4.75%	4.50%	4.25%	3.75%	3.25%	3.00%	3.00%	3.00%
<b>5Y PWLB RATE</b>								
Link	4.50%	4.30%	4.10%	4.00%	3.90%	3.90%	3.90%	3.90%
Cap Econ	4.70%	4.60%	4.40%	4.30%	4.10%	4.10%	4.00%	4.00%
<b>10Y PWLB RATE</b>								
Link	4.60%	4.40%	4.30%	4.10%	4.10%	4.10%	4.00%	4.00%
Cap Econ	4.80%	4.70%	4.60%	4.50%	4.30%	4.30%	4.20%	4.10%
<b>25Y PWLB RATE</b>								
Link	5.00%	4.80%	4.70%	4.50%	4.50%	4.40%	4.40%	4.40%
Cap Econ	5.10%	4.90%	4.80%	4.70%	4.50%	4.50%	4.40%	4.30%
<b>50Y PWLB RATE</b>								
Link	4.80%	4.60%	4.50%	4.30%	4.30%	4.20%	4.20%	4.20%
Cap Econ	5.10%	5.00%	4.80%	4.70%	4.60%	4.50%	4.40%	4.40%

- 5.8 The duration of loan spread enables the Council to manage cashflows and continue to reduce interest rate risk. The expectation is that borrowing costs will increase in future. By entering into shorter-term loans, the Council will have the flexibility to refinance at a lower rate in the future and subsequently reduce exit penalties from existing financing, but the balance needs to be struck between short-term and long term borrowing and the Authority must not exceed the limits of short-term borrowing (30% short-term) to avoid the risk of overreliance on short-term finance for the sake of long-term investments.
- 5.9 At 31 March 2025, the Council held £247 million of PWLB loans whereas the Local Authority loans stand at £20 million. Outstanding loans are summarised in the table below.

In summary, short-term loans equate to 24.14% of the Council's total borrowings (£202.5m long-term and £64.5m short-term):

Borrowing position as at 31 March 2025	31/03/2024 Balance £m	Net Movement £m	31/03/2025 Balance £m
Public Works Loan Board	(206.6)	(40.5)	(247.0)
Community Bond	(0.4)	0.2	(0.2)
Local Authorities (Short-Term)	(42.0)	22.0	(20.0)
<b>Total Borrowing</b>	<b>(249.0)</b>	<b>(18.3)</b>	<b>(267.2)</b>

- 5.10 In respect of a comparator of the Council's weighted average interest rate for borrowing, the table below shows the year-on-year average. The undertaking of debt financing from PWLB has increased the weighted average. However, the duration of loans sourced in 12-18 months does not expose the Council to a long-

term interest rate exposure risk should the rates fall as anticipated, which means that the Council would have flexibility to secure long-term borrowings at lower interest rates.

5.11 The Economy and Interest Rates-Please refer to the appendix C for the additional information

### Gross borrowing and the CFR

5.12 To ensure that borrowing levels are prudent within the medium-term, the Authority should ensure that gross external borrowing does not exceed the CFR total for 2024/25 and the subsequent two financial years. The table below highlights the Authority's gross borrowings position against the CFR for 2023/24 and 2024/25. The Council has complied with the conditions attached to date and borrowings have therefore not exceeded the CFR limit.

5.13 The Authority's borrowings position as at 31 March 2025 is shown in Appendix A. Loans were drawn to fund the net unfinanced capital expenditure and naturally maturing debt:

Gross borrowing and the CFR	2023/24 Actual £'000	2024/25 Budget £'000	2024/25 Actual £'000
External Debt	248,973	211,131	267,242
PFI and IFRS 16 Leases Liability	9,807	8,892	9,441
<b>Gross borrowing position</b>	<b>258,780</b>	<b>220,023</b>	<b>276,682</b>
General Fund CFR	292,871	305,428	319,711
<b>(Under)/over funding of General Fund CFR</b>	<b>(34,091)</b>	<b>(85,405)</b>	<b>(43,029)</b>

5.14 CFR for the current year (2024/25) and estimates for the next two financial years are as follows:

Liability Benchmark	31.3.25 Actual £000	31.3.26 Forecast £000	31.3.27 Forecast £000
Loans Capital Financing Requirement (CFR)	310,271	344,150	353,519
Less: Balance sheet resources	(60,335)	(47,835)	(32,835)
<b>Net loans requirement</b>	<b>249,936</b>	<b>296,315</b>	<b>320,684</b>
Plus: Liquidity allowance	10,000	10,000	10,000
<b>Liability benchmark</b>	<b>259,936</b>	<b>306,315</b>	<b>330,684</b>

### Other Debt Activity – 31 March 2025

5.15 Although not classified as borrowing, the Council has a Private Finance Initiative (PFI) liability in respect of the Padworth Waste Recycling Facility. This debt, which is included in total borrowings in the Council's Balance Sheet, stood at £8.9 million as at 31 March 2025 compared to £9.8 million as at 31 March 2024. Repayments of this debt are included in monthly waste contract charges, which are funded by the revenue budget for waste management.

**Prudential Indicators: Treasury position/financial control**

5.16 The Council is required to ensure that capital financing is reasonable and affordable in the long-term. The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit. Within the operational boundary and authorised limit, allowance has been made to permit debt financing of the planned capital programme, existing financing, PFI liabilities and anticipated further lease financing with the adoption of IFRS 16 Leases. The Council remained compliant with the operational boundary and authorised limit during the reporting period:

	<b>2024/25</b>
	<b>Actual £'000</b>
Authorised limit	402,892
Maximum gross borrowing position during the year	281,133
Operational boundary	383,892
Average gross borrowing position	252,107
Financing costs as a proportion of net revenue stream	5.89%

5.17 Actual financing costs as a proportion of net revenue stream identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

5.18 The Council may invest surplus funds with any of the counterparty types detailed in the approved Investments and Borrowings Strategy, subject to specified limits. During the reporting period, the Council has not breached the approved counterparty limits. Please refer to appendix D for details.

5.19 Maturity Structure: The Council measures and manages its exposures to treasury management risks using the Maturity Structure of Borrowing. This indicator is set to manage the Council’s exposure to refinancing risk. Please refer to appendix D for details.

**Borrowings and Investments held by the Authority for year 2024/25**

5.20 The Council measures the financial performance of treasury management activities, and the tables below show the overall performance of borrowings and investments in the reporting period:

Borrowings performance	Budgeted Interest Cost 01/04/24-31/03/25 £'000	Actual Interest Cost 01/04/24-31/03/25 £'000	(Over)/Under £'000	Actual Interest Rate 31/03/25 %
Short-term borrowings	(9)	(1,732)	(1,723)	4.97
Public Works Loan Board	(8,375)	(7,668)	707	3.86
Community Bond	0	(3)	(3)	1.20
<b>Total borrowings</b>	<b>(8,384)</b>	<b>(9,403)</b>	<b>(1,019)</b>	<b>3.94</b>
PFI and finance leases	(599)	(628)	(29)	6.10
<b>Total debt</b>	<b>(8,982)</b>	<b>(10,031)</b>	<b>(1,048)</b>	

The Authority has not borrowed more than, or in advance of its needs, purely to profit from the investment of additional sums borrowed.

- 5.21 The Authority's investments position as at 31 March 2025 is shown in Appendix B. During 2024/25, the Authority's investments portfolio earned an average rate of return of 4.8%. The comparable performance indicator is the Sterling Overnight Index Average (SONIA) rate, which was 4.9%. Total investment income was £1,185k compared to a budget of £508k.

Investment performance	Budgeted Interest Income 01/04/24-31/03/25 £'000	Actual Interest Received 01/04/24-31/03/25 £'000	Over/(Under) £'000	Actual Interest Rate YTD %
Short-term investments	503	366	137	5.04
Cash and cash equivalents	5	818	(813)	4.74
<b>Total Treasury Investments</b>	<b>508</b>	<b>1,184</b>	<b>(676)</b>	<b>4.81</b>

- 5.22 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances vary due to timing differences between income and expenditure, as detailed in the table below.

- 5.23 Bank interest rate reductions of 0.25% occurred in August, November and February, bringing the headline rate down from 5.25% to 4.5%. Each of the Bank rate cuts occurred in the same month as the Bank of England publishes its Quarterly Monetary Policy Report, therein providing clarity over the timing of potential future rate cuts:

Investment Summary	31/03/2024 Balance £m	Net Movement £m	31/03/2025 Balance £m	31/03/2025 Interest rate YTD %	31/03/2025 Weighted Average Maturity (Days)
Banks & Building Societies (Unsecured)	5.6	(0.6)	5.0	3.35	1
Government (Incl. Local Authorities)	0.0	0.0	0.0	5.04	0
Money Market Funds	11.7	0.6	12.3	4.96	1
<b>Total Investments</b>	<b>17.3</b>	<b>0.0</b>	<b>17.3</b>	<b>4.81</b>	<b>1</b>



5.24 Both the CIPFA TM Code and government guidance require the Council to invest funds prudently, and to have regard to the security and liquidity of treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

## Other Issues

### Non-treasury management investments

5.25 The definition of investments in the CIPFA TM Code pertains to all financial assets of the Council as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in the investment guidance issued by the Ministry of Housing, Communities and Local Government (MHLCG), in which the definition of investments is further broadened to also include all such assets held partially for financial return. At 31 March 2025, the Council held £40.8 million of such investments in directly owned property.

5.26 The commercial property portfolio is valued as follows as at 31 March 2025, and has reduced in value by approximately £1 million.

Names and address of property	Property type	Valuation at 31 March 2024 £'000	Valuation at 31 March 2025 £'000	Movement (Loss)/Gain £'000
Dudley Port Petrol Filling Station, Tipton	Petrol Filling Station	4,155	3,891	(264)
79 Bath Road, Chippenham	Retail Warehouse	9,250	8,779	(471)
Lloyds Bank, 104 Terminus Road, Eastbourne	Retail	1,585	1,614	29
Aldi/Iceland, Cleveland Gate Retail Park, Gainsborough	Retail Warehouse	5,495	5,875	380
303 High Street and 2 Waterside South, Lincoln	Retail	2,550	2,654	104
3&4 The Sector, Newbury Business Park	Office	11,100	10,770	(330)
Ruddington Fields Business Park, Mere Way, Nottingham	Office	6,700	6,297	(403)
<b>TOTAL</b>		<b>40,835</b>	<b>39,878</b>	<b>(957)</b>

5.27 The estimated rate of return on these investments for 2024/25 is summarised in the tables below. The rate of return is based on the latest 2024/25 asset valuations. Net income for 2024/25 is based upon the revenue outturn as at 31 March 2025:

<b>Directly owned Property: Commercial property</b>	<b>£'000</b>
Valuations as at 31 March 2024	40,835
Valuations as at 31 March 2025	39,878
Loss on change in Market value during 2024/25	(957)
24/25 Net income	2,880
<b>24/25 rate of return excluding MRP and Interest</b>	<b>4.71%</b>
<b>Directly owned Property: Commercial property</b>	<b>£'000</b>
24/25 Net income	2,880
Loss on change in Market value during 2024/25	(957)
MRP costs 24/25	(899)
Interest Costs 24/25	(1,525)
<b>Outturn, net of MRP and interest</b>	<b>(501)</b>
<b>24/25 rate of return, after MRP and interest</b>	<b>-1.23%</b>

5.28 The Council holds a further £12.8 million of investment property where the purchase has not been directly funded through borrowing. In most cases, the



properties have been inherited from Berkshire County Council or Newbury District Council upon the formation of West Berkshire Council in 1998. Asset valuations are as follows:

Names and address of property	Property type	Valuation at 31 March 2024 £'000	Valuation at 31 March 2025 £'000	Movement(Loss)/Gain £'000
Rainbow Nursery, Priory Road, Hungerford	Children's Nursery	40	94	54
Clappers Farm/Beech Hill Farm, Grazely	Tenanted Smallholding	1,800	1,157	(643)
Bloomfield Hatch Farm, Grazely	Tenanted Smallholding	1,050	485	(565)
Shaw Social Club, Almond Avenue, Shaw	Community Centre	70	219	149
Swings n Smiles, Lower Way, Thatcham	Children's Day Centre	375	259	(116)
Units 1 to 7, Kennet Enterprise Centre, Hungerford	Industrial	520	542	22
London Road Industrial Estate, Newbury	Industrial	9,000	9,103	103
<b>TOTAL</b>		<b>12,880</b>	<b>11,883</b>	<b>(997)</b>

Directly owned Property: Investment Properties	£'000
Valuation as at 31 March 2024	12,880
Valuation as at 31 March 2025	11,883
Loss on change in Market value during 2024/25	(997)
24/25 Net income	477
<b>24/25 rate of return excluding MRP and Interest</b>	<b>-4.04%</b>

**Note:** There is no borrowing on this investment and therefore no MRP and Interest.

- 5.29 The Authority has approved a revised Property Investment Strategy with a change of focus from management of the portfolio to longer-term disposal, reducing the Authority's financial exposure to loss of income through voids and costs associated with maintaining the assets.
- 5.30 The rate of return shown in the tables above do not reflect any changes in the value of these properties. Due to the nature of direct investment in property, there is additional risk (upside and downside) that the value of the investment may change. In respect of commercial property, this risk is carried alongside the risk of voids and the possibility that no rental income being recovered adversely impacts achievable rates of return.
- 5.31 These risks have historically been managed through the allocation of General Fund transfers to Earmarked Reserves as part of the annual budget setting process. However, since financial year 2023/24, no such provision has been made due to pressure on the Council's overall reserve position. In the last few years, the commercial property portfolio has seen a net decrease in value, driven by downturns on valuations for retail warehousing and office space.

## IFRS 16 Leases

- 5.32 IFRS 16 Leases is a new accounting standard which handles how leases are categorised within the Balance Sheet.
- 5.33 The main distinction concerns finance leases whereby the risks and rewards of lease ownership transfer to the Authority and are included within the Balance Sheet as assets and liabilities.

5.34 The impact of IFRS 16 is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have historically been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired shown in long-term liabilities). In contrast, operating leases have been treated as 'pay as you go' arrangements like renting an item, with rentals charged to revenue in the year they are paid and no requirement to reflect such amounts in the Balance Sheet. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to utilise an asset.

5.35 There are two exemptions from applying the new accounting requirements in terms of lease transactions:

(a) Short-term leases

(b) Leases where the underlying asset is of a low value

5.36 Lease liabilities will be recognised from the commencement date of the lease and expressed as the present value of any lease payments not paid to date. These payments are to be discounted using the interest rate implicit in the lease or the council's incremental borrowing rate.

5.37 Under IFRS 16, the Council accounted for leases that are not exempt as follows:

5.38 (a) A 'right of use' asset representing the economic benefit and service potential over which it has obtained control for the lease term and shown in the Balance Sheet

(b) A liability for the payments the Council makes against the acquisition of the 'right to use' asset is included in the Balance Sheet

(c) Lease payments are split between an amount to pay off the lease liability (a principal repayment to reduce the outstanding debt in the Council's Balance Sheet) and finance charges (interest on the lease liability charged as a revenue expense)

In summary, the costs associated with acquiring these 'right of use' assets will qualify as capital expenditure, and in turn will increase the CFR and impact on several Prudential Indicators.

Following the implementation of IFRS 16, CFR has increased by £548k, which is not material.

## **Proposals**

5.39 No proposals are made within this report. The report is to note only.

## **6 Other options considered**

6.1 Not applicable

## 7 Conclusion

- 7.1 The Section 151 Officer is satisfied that the treasury management practices during 2024/25 have operated in compliance with the adopted CIPFA TM Code and in accordance with the Council's approved Investments and Borrowings Strategy. The Council complied with the prudential treasury indicators during the financial year 2024/25.

## 8 Appendices

### 8.1 Appendix A – The Authority's borrowings position as at 31 March 2025

Lender	Type	Start date	Maturity date	Outstanding Principal £000	Interest Rate %
North Hertfordshire DC	Fixed - Maturity	22/10/2024	22/05/2025	2,000	4.95
North Hertfordshire DC	Fixed - Maturity	29/11/2024	29/05/2025	2,000	5.10
West Yorkshire CA	Fixed - Maturity	17/10/2024	17/06/2025	2,000	5.00
Humber Bridge Board	Fixed - Maturity	27/09/2024	30/06/2025	2,000	4.98
Ashfield DC	Fixed - Maturity	16/10/2024	16/07/2025	5,000	5.00
Blackburn with Darwen BC	Fixed - Maturity	31/10/2024	31/07/2025	5,000	4.85
East Sussex CC	Fixed - Maturity	19/11/2024	19/08/2025	2,000	5.05
<b>Market Loans Borrowing Total</b>				<b>20,000</b>	
PWLB	Fixed - Maturity	08/05/1996	25/03/2056	3,258	8.38
PWLB	Fixed - Maturity	17/10/1996	25/09/2056	666	8.00
PWLB	Fixed - Maturity	06/09/2005	25/09/2031	5,000	4.30
PWLB	Fixed - Maturity	21/11/2005	25/09/2034	5,000	4.25
PWLB	Fixed - Maturity	21/11/2005	25/09/2035	6,581	4.25
PWLB	Fixed - Annuity	21/08/2009	25/03/2029	75	3.95
PWLB	Fixed - Annuity	21/08/2009	25/03/2049	5,743	4.29
PWLB	Fixed - Annuity	28/08/2009	25/09/2049	1,334	4.21
PWLB	Fixed - Annuity	15/02/2010	25/09/2034	7,704	4.50
PWLB	Fixed - Annuity	09/03/2010	09/03/2050	2,438	4.66
PWLB	Fixed - Annuity	24/03/2011	09/03/2051	1,698	5.33
PWLB	Fixed - Annuity	24/03/2011	09/03/2036	4,754	5.11
PWLB	Fixed - Annuity	27/06/2011	24/03/2036	4,699	4.87
PWLB	Fixed - Annuity	20/09/2011	09/09/2036	1,393	4.05
PWLB	Fixed - Annuity	20/09/2011	09/09/2051	7,939	4.60
PWLB	Fixed - Annuity	01/03/2012	01/03/2037	996	3.63
PWLB	Fixed - Annuity	04/10/2013	04/10/2032	4,026	3.55
PWLB	Fixed - Annuity	03/03/2014	01/03/2039	1,790	3.93
PWLB	Fixed - Annuity	03/03/2014	01/03/2054	2,380	4.24
PWLB	Fixed - Annuity	07/10/2014	04/10/2054	6,957	3.80
PWLB	Fixed - Annuity	17/02/2015	17/02/2055	2,990	3.21
PWLB	Fixed - Annuity	17/02/2015	17/02/2040	1,498	2.81
PWLB	Fixed - Annuity	28/10/2015	28/10/2055	1,752	3.41

## Annual Treasury Management Review 2024/25

Lender	Type	Start date	Maturity date	Outstanding Principal £000	Interest Rate %
PWLB	Fixed - Annuity	23/02/2016	23/02/2031	80	2.02
PWLB	Fixed - Annuity	23/02/2016	23/02/2026	142	1.64
PWLB	Fixed - Annuity	23/02/2016	23/02/2066	4,589	3.14
PWLB	Fixed - Annuity	23/02/2016	23/02/2046	3,934	2.85
PWLB	Fixed - Annuity	03/10/2016	03/04/2026	270	1.04
PWLB	Fixed - Annuity	03/10/2016	03/04/2031	97	1.29
PWLB	Fixed - Annuity	03/10/2016	03/04/2046	5,009	2.02
PWLB	Fixed - Annuity	03/10/2016	03/04/2066	1,682	2.30
PWLB	Fixed - Maturity	23/10/2017	23/10/2067	2,985	2.43
PWLB	Fixed - Maturity	31/10/2017	31/10/2067	6,248	2.50
PWLB	Fixed - Annuity	20/02/2018	20/02/2033	63	2.28
PWLB	Fixed - Annuity	20/02/2018	20/02/2028	468	1.99
PWLB	Fixed - Annuity	20/02/2018	20/02/2048	3,604	2.76
PWLB	Fixed - Annuity	20/02/2018	20/02/2068	2,687	2.81
PWLB	Fixed - Maturity	19/03/2018	19/03/2068	13,000	2.38
PWLB	Fixed - Maturity	19/04/2018	19/04/2068	15,855	2.43
PWLB	Fixed - Maturity	30/10/2018	30/10/2068	9,740	2.58
PWLB	Fixed - Maturity	18/12/2018	18/12/2068	6,938	2.53
PWLB	Fixed - Annuity	18/12/2018	18/12/2048	3,259	2.49
PWLB	Fixed - Annuity	18/12/2018	18/12/2028	567	1.71
PWLB	Fixed - Annuity	18/12/2018	18/12/2068	889	2.66
PWLB	Fixed - Maturity	11/03/2019	11/03/2069	7,487	2.39
PWLB	Fixed - Annuity	19/08/2019	19/08/2049	3,921	1.58
PWLB	Fixed - Annuity	19/08/2019	19/08/2059	484	1.79
PWLB	Fixed - Annuity	19/08/2019	19/08/2069	2,367	1.84
PWLB	Fixed - Maturity	08/03/2024	17/06/2025	5,000	5.47
PWLB	Fixed - Maturity	08/03/2024	15/05/2025	5,000	5.47
PWLB	Fixed - Maturity	27/03/2024	15/07/2025	5,000	5.36
PWLB	Fixed - Maturity	27/03/2024	15/08/2025	5,000	5.36
PWLB	Fixed - Maturity	27/03/2024	15/09/2025	5,000	5.36
PWLB	Fixed - Maturity	29/11/2024	01/12/2025	10,000	5.16
PWLB	Fixed - Maturity	30/01/2025	02/02/2026	5,000	5.08
PWLB	Fixed - Maturity	28/02/2025	01/05/2026	5,000	4.90
PWLB	Fixed - Maturity	28/02/2025	01/04/2026	5,000	4.90
PWLB	Fixed - Maturity	04/03/2025	01/06/2026	5,000	4.83
PWLB	Fixed - Maturity	04/03/2025	01/07/2026	5,000	4.83
PWLB	Fixed - Maturity	28/03/2025	28/08/2026	5,000	4.91
PWLB	Fixed - Maturity	28/03/2025	28/07/2026	5,000	4.91
<b>PWLB Loans Borrowing Total</b>				<b>247,037</b>	
Abundance	Fixed - Annuity	30/10/2020	15/10/2025	205	1.20
<b>Community Bond Borrowing Total</b>				<b>205</b>	

## 8.2 Appendix B – The Authority's investments position as at 31 March 2025

Counterparty	Type	31.3.25 Principal £000
Lloyds	Bank Deposit Account	138
Natwest	Bank Deposit Account	2,279
Natwest - (non-interest bearing balances)	Bank Deposit Account	893
Santander	Bank Deposit Account	0
Virgin Money - Schools Accounts	Bank Deposit Account	1,655
<b>Total managed in house</b>		<b>4,965</b>
Aviva	Money Market Fund	8,000
CCLA	Money Market Fund	4,239
Goldman Sachs	Money Market Fund	102
<b>Total managed externally</b>		<b>12,341</b>
<b>Total Treasury Investments</b>		<b>17,306</b>

## Appendix C

### The Economy and Interest Rates

#### UK Economy

- 8.3 Having begun the financial year at 2.3% y/y (April), the CPI measure of inflation briefly dipped to 1.7% y/y in September before picking up pace again in later months. Data showed CPI rising by 2.6% y/y (March), but there is a strong likelihood that the % will increase to at least 3.5% by the Autumn of 2025.
- 8.4 Against that backdrop, and the continued lack of progress in ending the Russian invasion of Ukraine, as well as the potentially negative implications for global growth because of the implementation of US tariff policies by US President Trump in April 2025, Bank rate reductions have been limited. Bank rate currently stands at 4.5%, despite the Office for Budget Responsibility reducing its 2025 GDP forecast for the UK economy to only 1% (previously 2% in October 2024).
- 8.5 Moreover, borrowing has becoming increasingly expensive in 2024/25. The table below provides a snapshot of the conundrum facing central banks: inflation pressures remain, labour markets are still relatively tight by historical comparisons, and central banks are also having to react to a fundamental re-ordering of economic and defence policies by the US administration.
- 8.6 As of early April 2025, market sentiment has been heavily influenced by President Trump's wide-ranging trade tariffs policy. Commentators anticipate the growing risk of a US recession, whilst UK GDP is projected by the Office for Budget Responsibility to remain tepid, perhaps achieving 1% GDP growth in 2025/26.

	UK	Eurozone	US
Bank Rate	4.50%	2.50%	4.25%-4.50%
GDP	0.1%q/q Q4 (1.1%y/y)	+0.1%q/q Q4 (0.7%y/y)	2.4% Q4 Annualised
Inflation	2.8%y/y (Feb)	2.3%y/y (Feb)	2.8%y/y (Feb)
Unemployment Rate	4.4% (Jan)	6.2% (Jan)	4.1% (Feb)

- 8.7 The Bank of England sprung no surprises in their March meeting, leaving Bank rate unchanged at 4.5%, and suggesting further reductions would be gradual. The Bank of England was expected to continue its cut-hold-cut-hold pattern by leaving interest rates at 4.50% but, in the opposite of what happened at the February meeting, the vote was more hawkish than expected. This suggested that as inflation rises later in the year, the Bank cuts rates even slower, but the initial impact of President Trump's tariff policies in April 2025 on the financial markets underpins the Council's view that the Bank rate will eventually decrease to 3.5%.
- 8.8 Having said that, the Bank still thinks inflation will rise from 2.6% in March to 3¼% in Q3. This may amount to an indication of concern in relation to the "persistence in domestic wages and prices, including from second-round effects". Accordingly, although a series of rate cuts over the next year or so is anticipated, this does not

contradict the Bank taking “a gradual and careful” approach to cutting rates. A tepid economy however will most likely reduce inflation further and prompt the Bank to cut at regular intervals. From a fiscal perspective, wages continue to increase at a rate close to 6% y/y. The Monetary Policy Committee (MPC) would prefer a more sustainable level of c3.5%.

- 8.9 Interest rate forecasts initially suggested gradual reduction in short-term, medium-term and longer-term fixed borrowing rates during 2024/25. Bank rate did peak at 5.25% as anticipated, but the initial expectation of significant rate reductions did not transpire, primarily because inflation concerns remained elevated. Forecasts were too optimistic from a rate reduction perspective, but more recently the forecasts, updated from November 2024 onwards, look more realistic.
- 8.10 At the start of April 2025, following the introduction of President Trump’s trade tariffs policies, the market expected Bank rate to fall to 3.75% by the end of December 2025, pulling down the 5-year and 10-year parts of the curve. This should provide an opportunity for greater certainty to be added to the debt portfolio, although a significant fall in inflation will be required to underpin any material movement lower in the longer part of the curve.
- 8.11 PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank rate, inflation expectations and movements in US treasury yields.
- 8.12 Gilt yields have been volatile throughout 2024/25. Indeed, the low point for the financial year was most likely reached in September 2024. Thereafter, and in the immediate period following the Autumn Statement, PWLB certainty rates remained elevated at between c5% - 6% except for the slightly cheaper shorter dates. At the close of 31 March 2025, the 1-year PWLB Certainty rate was 4.82% whilst the 25-year rate was 5.98% and the 50-year rate was 5.67%.
- 8.13 Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows:
- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
  - **Local Infrastructure Rate** is gilt plus 60 basis points (G+60bps)

## Appendix D

### Prudential Indicators: Treasury position/financial control

8.14 The Council may invest surplus funds with any of the counterparty types detailed in the approved Investments and Borrowings Strategy, subject to specified limits. During the reporting period, the Council has not breached the approved counterparty limits. Should a limit be breached, it will be reported to the Council's Treasury Management Group as part of monthly performance reporting:

Counterparty Limits	Maximum Invested £m	31/03/2025 Actual Invested £m	2024/25 Individual Counterparty Limit £m	Complied? Yes/No
The UK Government (Debt Management Office)	25.0	0.0	Unlimited	Yes
UK Local Authorities (including Police, Fire and similar bodies)	5.0	0.0	8.0	Yes
UK Building Societies (net asset size ranking 1-11)	0.0	0.0	8.0	Yes
UK Building Societies (net asset size ranking 12-21)	0.0	0.0	6.5	Yes
UK Building Societies (net asset size ranking 22-25)	0.0	0.0	5.0	Yes
UK Banks and other financial institutions	6.1	2.4	8.0	Yes
Money Market Funds (Sterling denominated)	23.8	12.3	8.0	Yes - Individual Limit per counterparty has not been exceeded
Other Non-local authority UK public sector body	0.0	0.0	8.0	Yes
Registered Providers, Charities	0.0	0.0	2.5	Yes
Council owned companies	0.0	0.0	5.0	Yes
Council owned joint ventures	0.0	0.0	5.0	Yes
Strategic pooled funds (including cash plus funds)	0.0	0.0	8.0	Yes
Real estate investment trusts	0.0	0.0	8.0	Yes

8.15 **Maturity Structure:** The Council measures and manages its exposures to treasury management risks using the Maturity Structure of Borrowing. This indicator is set to manage the Council's exposure to refinancing risk:

Maturity structure of debt portfolio	31.3.24 Actual %	2024/25 Original %	31.3.25 Actual %
Under 12 Months	18.77	0-30	24.14
12 Months and within 24 Months	11.85	0-30	12.81
24 Months and within 5 Years	5.14	0-30	4.81
5 Years and within 10 Years	11.02	0-30	12.05
10 Years and within 15 Years	10.84	0-30	7.66
15 Years and within 20 Years	5.18	0-30	4.95
20 Years and within 25 Years	5.38	0-30	4.64
25 Years and within 30 Years	2.74	0-30	2.24
30 Years and within 35 Years	2.62	0-30	2.23
35 Years and within 40 Years	0.83	0-30	0.79
40 Years and within 45 Years	25.59	0-30	23.69
45 Years and within 50 Years	0.02	0-30	0.00



# Financial Statements 2024/25 Highlights and Going Concern Assessment

<b>Committee considering report:</b>	Governance Committee
<b>Date of Committee:</b>	Tuesday 29 July 2025
<b>Portfolio Member:</b>	Councillor Iain Cottingham
<b>Report Author:</b>	Christopher Dagnall

## 1 Purpose of the Report

This report is to inform Members of the key highlights within the Council's draft/unaudited 2024/25 financial statements and summarise management's assessment of the Council's ability to operate as a going concern

## 2 Recommendation(s)

- 2.1 No recommendations are made within this report, members are directed to the following key financial data metrics within the 2024/25 Draft/Unaudited Statement of Accounts:
- (a) The Council's deficit on the provision of services is £43.9m (2023/24: £25.4m)
  - (b) The Council's 2024/25 net assets position is £280.7m (2023/24: £291.7m)
  - (c) The Council's usable reserves total £41.7m (2023/24: £42.7m). The General Fund (usable element) closed at £10.6m in respect of the 2024/25 year-end

## 3 Implications and Impact Assessment

Implication	Commentary
<b>Financial:</b>	<p>The financial statements have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting ('the Code') and the Local Audit and Accountability Act 2014. The Draft (Unaudited) Statement of Accounts was published on the Council's website on Monday 30 June 2025 (the statutory deadline for the 2024/25 financial year)</p> <p>Usable reserves are consistent year-on-year, and the 2024/25 General Fund of £10.6m reflected financial support requested from Central Government via the Exceptional</p>

	<p>Financial Support (EFS) mechanism. £13m was applied in entirety to 2024/25 expenditure and this amount was processed as an accounting adjustment between the General Fund and Capital Adjustment Account, in accordance with written guidance provided by The Ministry of Housing, Communities and Local Government (MHCLG). Minimum Revenue Provision (MRP) was accounted for on this sum. A total of £16m was received in February 2025, meaning that £3m was set aside to fund financial commitments in 2025/26.</p> <p>The Council's assertion is that the Statement of Accounts should continue to be prepared on the going concern basis owing to the following key factors:</p> <ul style="list-style-type: none"> <li>- The Council's Balance Sheet net assets profile remains healthy (£280.7m as at 31 March 2025) and is consistent with 2023/24's net assets position whereby the going concern basis was adopted a year ago. A net liabilities position (total liabilities exceeding total assets) is indicative of an organisation in financial distress and there is no immediate likelihood that the Council's 2025/26 Balance Sheet will profile this scenario</li> <li>- Earmarked Reserves levels at £3.4m (2023/24: £3.5m) have held on the prior year, and the General Fund total (including Schools' Reserves) as at 31 March 2025 is above 2023/24, this being £21.7m set against £19.6m</li> <li>- The presence of surplus Cash and Cash Equivalents amounts within the Balance Sheet. The 2024/25 total of £17.3m is also consistent with last year (£17.3m). Furthermore, the Council has not relied on the application of an overdraft facility to meet working capital commitments in 2024/25, and this position is anticipated to continue during 2025/26</li> <li>- Finance's reviews of the 2024/25 Revenue Outturn and future years' financial projections</li> <li>- Taking advice as appropriate from MUFG (the Council's engaged external treasury specialist), Finance continues to prepare and update comprehensive short-term and long-term cashflow projections to support service delivery. Detailed forecasting and modelling of this type ensures that any changes in internal/external circumstances or market uncertainties are identified in a timely manner, especially if said variables have the potential to have an adverse impact upon the Council's ability to continue to operate as a going concern</li> </ul>
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	<ul style="list-style-type: none"> <li>- The Council initiated an accelerated capital asset disposal programme in 2024/25 and has committed to this into 2025/26. The programme encompasses undertaking transformation projects to rejuvenate and repurpose assets where possible as well as the disposal of pre-identified surplus assets. Management's intention is that any sale proceeds generated can be used to increase accumulated capital receipts. Moreover, the funding of transformation projects will be the primary purpose for any future capital receipts derived</li> <li>- Whilst an application for further EFS funding would not be ideal, the Council, like numerous UK councils, may be forced to request additional support in view of the wider operational challenges and financial pressures facing the sector. The clear and present risk pertaining to EFS is that all amounts received must be repaid with additional interest. Furthermore, external review controls are in place whereby Central Government will monitor the Council's effectiveness in utilising the funds provided</li> </ul>			
<b>Human Resource:</b>	Not applicable			
<b>Legal:</b>	The Council must ensure that the Statement of Accounts is properly prepared in accordance with the Code and the Local Audit and Accountability Act 2014			
<b>Risk Management:</b>	The Statement of Accounts is prepared on the basis that the Council will continue to operate in the foreseeable future ie as a going concern, and that it is able to do so taking allowance of the current financial resources available			
<b>Property:</b>	Not applicable			
<b>Policy:</b>	Not applicable			
	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equalities Impact:</b>				

<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
<b>Environmental Impact:</b>		X		
<b>Health Impact:</b>		X		
<b>ICT Impact:</b>		X		
<b>Digital Services Impact:</b>		X		
<b>Council Strategy Priorities:</b>		X		
<b>Core Business:</b>		X		
<b>Data Impact:</b>		X		
<b>Consultation and Engagement:</b>	Shannon Coleman-Slaughter (Service Director for Finance, Property and Procurement, s151 Officer)			

## 4 Executive Summary

- 4.1 The financial statements are produced in compliance with the Code and the Local Audit and Accountability Act 2014. The Draft Statement of Accounts (2024/25) was published on 30 June 2025.
- 4.2 The Draft Balance Sheet as at 31 March 2025 illustrates that net assets of £280.7m have remained broadly consistent with the prior year (2023/24: £291.7m). Selected Balance Sheet variations across the two years are detailed immediately below.

- 4.3 The total for long-term assets at £655.1m has decreased with one component being the in-year accounting for property valuation movements affecting Other Land and Buildings assets within Property, Plant and Equipment. The equivalent total for 2023/24 was £664.6m.
- 4.4 Short-term debtors as at 31 March 2025 are below the 31 March 2024 equivalent, being £41.3m against £57.5m. The main driver is a reduction in trade receivables to £7.3m (2023/24: £16.6m).
- 4.5 A statutory accounting override remains in place from prior financial periods in respect of the year-end treatment of Dedicated Schools Grant (DSG) deficit amounts. The override has been extended to the end of the 2027/28 financial year and permits a Local Authority to fund an accumulated deficit balance through the DSG Adjustment Account unusable reserve. The Council's DSG Adjustment Account has a deficit balance of £16.1m at the end of 2024/25. Any future removal of the accounting override does constitute a significant financial threat to the Council as the General Fund would need to be sufficient to absorb a cumulative deficit balance. However, this factor should not be a key consideration within any going concern assessment specific to the Council; rather this is a sector-wide accounting issue affecting all councils that carry schools' reserves; and by inference cumulative DSG deficit sums; within their Balance Sheet. This challenge may be remedied via the future provision of additional Central Government financial support to councils but there is uncertainty. In the meantime, the Council continues to pursue efforts to manage and reduce the DSG deficit in forthcoming financial years.
- 4.6 The Fair Funding Review 2.0 will focus on reforming how councils and fire and rescue authorities receive funding through the Local Government Finance Settlement. The review aims to determine new methodologies for funding allocations, consolidate funding streams and more effectively cost service demand. It is hoped that the review will lead to the easing of demands on Local Government.

### Proposals

There are no proposals made within this report

## 5 Other options considered

Not applicable, this report is to note only

## 6 Conclusion(s)

- 6.1 The unaudited Statement of Accounts for 2024/25 has been produced to comply with the Code's accounting requirements as well as the Local Audit and Accountability Act 2014. The 2024/25 Accounts were finalised by the statutory publication deadline of 30 June 2025.

## 7 Appendices

- 7.1 Appendix A – Going Concern Assessment (31 March 2025)

## Background Papers:

### Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval ☐

Delays in implementation could have serious financial implications for the Council ☐

Delays in implementation could compromise the Council's position ☐

Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months ☐

Item is Urgent Key Decision ☐

Report is to note only X

**Wards affected:** All

### Officer details:

Name: Christopher Dagnall  
Job Title: Senior Financial Controller (Interim)  
Tel No: 07917 714358  
E-mail: [chris.dagnall2@westberks.gov.uk](mailto:chris.dagnall2@westberks.gov.uk)

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## Appendix A

### Going Concern Assessment as at 31 March 2025

*The Council is required on request from KPMG (external auditor) to undertake a going concern review at the Balance Sheet date of 31 March 2025 in respect of the forthcoming 12 months. Paragraphs 4 and 6 of ISA (UK) 570 state the following:*

*4. In other financial reporting frameworks, there may be no explicit requirement for management to make a specific assessment of the entity's ability to continue as a going concern. Nevertheless, where the going concern basis of accounting is a fundamental principle in the preparation of financial statements, as discussed in Paragraph 2, the preparation of the financial statements requires management to assess the entity's ability to continue as a going concern even if the financial framework does not include an explicit requirement to do so*

*6. The auditor's responsibilities are to obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements, and to conclude, based on the audit evidence obtained, whether a material uncertainty exists about the entity's ability to continue as a going concern. These responsibilities exist even if the financial reporting framework used in the preparation of the financial statements does not include an explicit requirement for management to make a specific assessment of the entity's ability to continue as a 'going concern'*

*The concept of 'going concern' assumes that a Council, its functions and services, will continue in operational existence for the foreseeable future. This key assumption underpins the financial statements prepared under the Local Authority Code of Accounting Practice and is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of Central Government). If an Authority was in financial difficulty, the prospects are thus that alternative arrangements may be made by Central Government either for the continuation of the provision of services that the Council supplies, or for assistance with the recovery of a deficit over a period of greater than one financial year.*

*Where the going concern concept is not appropriate relating to the preparation of the financial statements, particular care would be needed in the valuation of assets, as inventories and property, plant and equipment assets may not be fully realisable at their book values, and provisions may be needed for closure costs or redundancies. An inability to apply the going concern concept would potentially have a fundamental impact upon an Authority's financial statements.*

To undertake the assessment, the following items and subject areas were reviewed:

- The Council's current financial position (Revenue Outturn for 2024/25)
- The Council's projected financial position (2025/26 and beyond)
- The Council's 2024/25 Balance Sheet



- The Council's projected cashflow requirements
- The Council's corporate governance arrangements
- The Council's regulatory and control environment

### Going Concern Assessment as at 31 March 2025

#### Revenue Outturn Financial Position

The Council's outturn position consisted of £181.2m of expenditure on the provision of direct services which included £13.4m of capital financing costs. The overall outturn net expenditure sum of £181.2m against an original budget of £164.6m generated an overspend of £16.6m. At 31 March 2025 the Council's usable reserves totalled £41.7m (£42.7m at 31 March 2024), including a General Fund of £10.6m.

#### Forecast Financial Position

The Council was unable to set a balanced budget for 2025/26 without seeking financial support from Central Government and this was a primary factor underpinning the request for EFS submitted in January 2025. The budgeted 2025/26 Council Tax requirement (including Adult Social Care precept) is £131.6m, incorporating a Council Tax increase of 2.99% with the Adult Social Care precept at 2%. The budget provides for a contribution of £1.6m to the General Fund reserve by the end of 2025/26.











A key mechanism in monitoring investments and cost savings is the Council's Medium-Term Financial Strategy (MTFS), and this has been prepared for a four-year time horizon. A conclusion within the MTFS is that savings of £30m should be targeted during the next four financial years, and despite the receipt of EFS, the Council is fully committed to achieving these substantial savings requirements.












#### Balance Sheet - 31 March 2025

The Council's long-term assets and current assets as at 31 March 2025 total £715.5m (£745.5m at 31 March 2024), current liabilities and long-term liabilities as at 31 March 2025 are in the sum of £434.8m (£453.8m at 31 March 2024), usable reserves are £41.7m as at 31 March 2025 (£42.7m-31 March 2024), and the total of unusable reserves is £239m at 31 March 2025 (£249.1m at 31 March 2024).



## Financial Statements 2024/25 Highlights and Going Concern Assessment

Assets and Liabilities	2023/24 (£)	2024/25 (£)	Movement
Plant, Property and Equipment	392,926,132	376,154,379	
Infrastructure Assets	217,995,795	227,211,149	
Investment Properties	53,700,791	51,761,474	
Current Assets	80,867,457	60,401,288	
<b>Total Assets</b>	<b>745,490,175</b>	<b>715,528,290</b>	
Pension Fund Liability	-107,463,000	-68,268,000	
Long-Term Borrowings	-202,241,621	-202,732,345	
Other liabilities inc creditors	-144,057,891	-163,795,828	
<b>Total Liabilities</b>	<b>-453,762,512</b>	<b>-434,796,173</b>	
<b>Net Assets</b>	<b>291,727,663</b>	<b>280,732,118</b>	

Reserves	2023/24 (£)	2024/25 (£)	Movement
General Fund	-4,000,000	-10,597,414	
Earmarked Revenue Reserves	-3,578,434	-3,372,192	
Schools Balances	-12,069,424	-7,769,349	
Usable Capital Reserves	-23,026,438	-19,980,545	
<b>Usable Reserves</b>	<b>-42,674,296</b>	<b>-41,719,500</b>	
Pension Fund Liability Reserve	107,463,000	68,268,000	
Collection Fund Reserve	4,798,435	6,538,098	
Dedicated Schools Grant Reserve	9,450,119	16,132,638	
Unusable Capital Reserves	-370,764,921	-329,951,353	
<b>Unusable Reserves</b>	<b>-249,053,367</b>	<b>-239,012,617</b>	
<b>Net Reserves</b>	<b>-291,727,663</b>	<b>-280,732,118</b>	

The Council's Plant, Property and Equipment (PPE) has decreased on last year (down from £392.9m to £376.1m). A key element is that valuation movements on property assets are variable in nature from one financial year to another and are computed by WHE (the Council's external asset valuation specialist).

Year-end current assets (including Cash and Cash Equivalents) decreased to £60.4m (£80.9m as at 31 March 2024). Assets held for sale fell on last year, reduced to £1.8m from £6.1m. Additionally, short-term debt amounts were lower than 2023/24 with the principal change within trade receivables (down to £7.3m from £16.6m).

The Balance Sheet displays reduced current liabilities and long-term liabilities. This year's total is £434.8m against an equivalent total of £453.8m. One cause is the reduction noted within the long-term pension scheme liability. This has decreased (31 March 2025-£68.3m, 31 March 2024-£107.5m). Complex accounting elements that are components within the

year-end pension scheme liability can fluctuate from year to year and are provided by the Council's engaged actuarial valuation specialist.

In respect of reserves, usable reserves only reduced marginally across the two years compared (31 March 2025-£41.7m, 31 March 2024-£42.7m). The overall change is indicative of an increased General Fund (£10.6m for 2024/25 vs £4.1m in 2023/24), this reflecting the accounting for £13m of EFS, and the fact that unapplied capital grant amounts were lower this year than last year - £15.5m against £18.1m. General Fund earmarked reserves sum to £3.4m (31 March 2025), compared to £3.5m last year, and are therefore consistent. Earmarked reserve amounts for Public Health and the Self-Insurance Fund have been retained at their previously established thresholds. Public Health (2024/25: £1.2m, 2023/24: £1m), and Self-Insurance (2024/25: £1m, 2023/24: £1m).

The Collection Fund reserve illustrated in the table above is an unusable reserve and houses Council Tax and Business Rates collection and statutory accounting variances. The Council Tax deficit is consistent when comparing the two financial years (2024/25: £1.9m, 2023/24: £1.8m) and the Business Rates deficit shows an increase (2024/25: £4.6m, 2023/24: £3m). Within the scope of the Fair Funding Review 2.0, Central Government has proposed a reset of the Business Rates retention system in 2026/27, with the implication that this will recalculate how much revenue councils retain.

The Council's net assets total has decreased to £280.7m (as at 31 March 2025) from £291.7m last year but the two years' amounts are still broadly consistent, the year-on-year reduction being only 3.8%.

### **Projected Cashflows**

The Council maintains and updates short-term and long-term cashflow projections to support service delivery. The Council's long-term borrowings are predominantly intended to facilitate the Capital Programme. Such borrowings are sourced primarily from the Public Works Loans Board (PWLb).

The Council's year-end Cash and Cash Equivalents Balance Sheet amount of £17.3m is identical to the 2024/25 equivalent. Due to the wider risks and uncertainties pertaining to interest rates, the Council has adopted a strategy of forsaking the introduction of new long-term borrowing amounts. The 31 March 2025 Balance Sheet notes that long-term borrowings at £202.7m largely align with last year (£202.2m). Rather, the intention has been to secure short-term borrowing to support the delivery of the Capital Programme. Short-term borrowings have risen on last year (£65.5m against £47.6m), but the Council remains acutely aware of the need to reduce risk and limit ongoing interest costs.

### **Governance Arrangements**

The Council has approved and adopted a corporate governance code in the Annual Governance Statement (within the unaudited 2024/25 Statement of Accounts) that is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

The governance framework comprises the systems and processes, and culture and values, established by the Council. The framework is directed and controlled, with a wide range of service activities delivered to the community. The framework enables the Council to monitor

the achievement of strategic objectives, and to consider whether these objectives have led to the delivery of appropriate, financially cost-effective services.

The overarching system of internal control is a significant element within that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve strategic policies, aims and objectives, and can therefore only provide reasonable, not absolute, assurance of effectiveness. The Council's internal control system is based upon an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised, and the impacts should they be realised, managing such risks efficiently, effectively and economically.

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of all managers within the Council who have responsibility for the development and maintenance of the wider governance environment.

The governance framework was established at the Council throughout the duration of the reporting period. This detailed review process is outlined in the Annual Governance Statement pages in the Statement of Accounts. This framework was deemed fit-for-purpose for the 2024/25 financial year and will continue to be reviewed on a holistic basis in respect of future financial years.

### **Regulatory and Control Framework**

The Council operates within a highly legislative and monitored financial environment. In addition to the legal framework established, and Central Government oversight, other functional controls are relevant, including the scrutiny role performed by KPMG (external auditor), the service reviews undertaken by the Council's Internal Audit section and the statutory requirements for compliance with best practice and guidance issued by CIPFA and other relevant external bodies.

### **Conclusion**

The assessment of the overall strength of the Council's financial position is that there is currently no imminent risk to the appropriateness of the adoption of the going concern basis. The EFS injection has bolstered the Council's reserves and ensured that the General Fund's closing balance (as at 31 March 2025) remains at the minimum required level of 5% of 2025/26's net revenue budget requirement. Internally, the pursuit of robust cost management strategies and the focused delivery of planned revenue savings remain critical strategic objectives.

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## Annual Governance Statement 2024-25

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<b>Committee considering report:</b>	Governance Committee
<b>Date of Committee:</b>	29 July 2025
<b>Portfolio Member:</b>	Councillor Iain Cottingham
<b>Report Author:</b>	Sarah Clarke
<b>Forward Plan Ref:</b>	G4692

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### 1 Purpose of the Report

- 1.1 The report sets out the Annual Governance Statement (AGS) for the Council for 2024-25 for approval. The AGS summarises the key governance issues for the Council and the action plan to address these. The AGS is required to be approved by those charged with governance, the Governance Committee at West Berkshire, under the Accounts and Audit Regulations 2015.
- 1.2 The AGS will form part of the Council's financial statements and will be considered by the Council's external auditors, KPMG as part of their annual audit for 2024-25. The deadline for the production of the financial statements is the 30 June, and a draft AGS has been included in the draft financial statements. This can be amended as part of the revisions to the financial statements during the KPMG external audit. The AGS will form part of the final financial statements for approval by the Governance committee upon receipt of the external audit of the 2024-25 financial statements.
- 1.3 The Code of Corporate Governance details how the Council complies with the CIPFA/SOLACE (The Chartered Institute of Public Finance and Accountancy, ("CIPFA") and the Society of Local Authority Chief Executives ("SOLACE") framework for good governance and supports the principles of good governance contained within this.

### 2 Recommendations

- 2.1 It is recommended that the Governance Committee approve:
  - (a) the Annual Governance Statement at Appendix A to this report
  - (b) the updated Code of Local Governance

### 3 Implications and Impact Assessment

Implication	Commentary			
<b>Financial:</b>	None directly			
<b>Human Resource:</b>	None directly			
<b>Legal:</b>	This report is a requirement that it must be considered by the Governance Committee under the accounts and audit regulations 2015.			
<b>Risk Management:</b>	See the main report detailing the action plan to mitigate overall risks raised in the AGS			
<b>Property:</b>	None directly			
<b>Policy:</b>	None directly			
	Positive	Neutral	Negative	Commentary
<b>Equalities Impact:</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		

<b>Environmental Impact:</b>		X		
<b>Health Impact:</b>		X		
<b>ICT Impact:</b>		X		
<b>Digital Services Impact:</b>		X		
<b>Council Strategy Priorities:</b>		X		The AGS supports the Council Strategy through focussing on areas to help improve its delivery
<b>Core Business:</b>	X			The AGS focusses on areas that can improve core business
<b>Data Impact:</b>		X		
<b>Consultation and Engagement:</b>	The Council's Finance and Governance Group, Corporate Board and the Portfolio Holders with responsibility for finance and governance.			

## 4 Executive Summary

- 4.1 Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises systems, processes, cultures and values by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community. The Leader of the Council and Chief Executive have a special role as custodians of the Council's governance arrangements, but good governance is also the responsibility of all Members and Officers.
- 4.2 The Annual Governance Statement (AGS) is a core document that sets out the Council's governance arrangements and a review of their effectiveness. The AGS must be reviewed and approved by the Governance Committee annually and is published with the financial statements.
- 4.3 The review for 2024-25 has highlighted four key areas to include in the AGS with an accompanying action plan:
- (a) Financial resilience (remaining from 2022-23)
  - (b) Delivering the better value in Special Educational Needs and Disability services programme

- (c) Delivery and expansion of the Transformation programme
- (d) Embedding Senior Management structures to provide clear and consistent direction and stewardship for the organisation

4.4 The above have been identified as areas where progress needs to be made during the forthcoming year to enhance the Council's governance processes and continue to deliver Best Value. These four key areas have been informed by the experience of the previous year, the Corporate Risk register, key items highlighted by internal and external auditors and significant external reviews e.g. the Local Government Association peer review and Care Quality Commission Review.

## **5 Supporting Information**

### **Introduction**

- 5.1 This report outlines the purpose of the Annual Governance Statement (AGS) and explains how the necessary assurance to support the AGS has been obtained. This should enable the Committee to make an informed judgement as to the effectiveness of the process that the Council has followed in conducting the annual review of the system of internal control within the Council.
- 5.2 The report also proposes a refresh to the Local Code of Governance, which sets out the Council's commitment to corporate governance, and identifies arrangements that will ensure its effective implementation in all work undertaken by the Council. This has been updated to reflect the current Auditors, and to reflect how the Council demonstrates compliance with the core principles.

### **Background**

- 5.3 The AGS is designed to provide stakeholders of the Council with assurance that the Council has operated within the law and that the Council has met the requirements of the Accounts and Audit Regulations:

"The Council shall conduct a review at least once in a year of the effectiveness of its system of internal control".

- 5.4 A copy of the AGS for 2024-25 is attached to this report, for review, at Appendix A.
- 5.5 A copy of the refreshed Code of Local Governance for West Berkshire Council is produced at Appendix B.
- 5.6 The Council relies on a number of sources of information to carry out the review of the system of internal control and effectiveness. These include:
  - Service risk registers and the Corporate Risk Register (that is presented to the Committee bi-annually)
  - The Internal Audit Manager's annual report
  - Reports from external regulators, e.g. OFSTED, Care Quality Commission, KPMG (the Council's External Auditor), and the LGA (peer review process).



- 5.7 To support the preparation of the AGS, an Annual Review was also undertaken against the Principles of Good Governance, and details of that review are produced at Appendix C.
- 5.8 This evidence provides the assurance that enables the Leader and Chief Executive to sign the AGS with confidence.
- 5.9 A key element of the review of the system of internal control is the identification of any weaknesses or risks in the system, along with recommendations to mitigate such issues. Then in the subsequent year a further report is made on progress with implementing agreed recommendations.
- 5.10 The following themes were identified in the previous AGS as areas of focus for 2024-25:

Item from 2023-24	Progress during 2024-25	Included in the 2024-25 AGS
<b>Financial resilience</b> – ensuring adequate levels of reserves, the achievability of savings, and the identification of further savings in light of a very high savings requirement and very high inflation for the 2022-23 financial year.	The financial resilience of the Council continued to deteriorate during 2024-25. This culminated with a request to Government for Exceptional Financial Support.  This remains a significant governance risk to the Council.	Yes
<b>Delivering the better value in Special Educational Needs and Disability services programme<sup>2</sup></b> – ensuring that the Council delivers, using the £1m Government grant, a programme to identify and reduce costs in the High Needs Block. The deficit on the High needs Block (within the Dedicated Schools Grant) has been growing in recent years and is only being kept outside of the Council's general fund through a Government accounting adjustment.	Work has been ongoing to develop an action plan to ensure delivery of this programme to identify and reduce costs in the High Needs Block.	Yes - updated

<p><b>The delivery of an expanded Transformation programme</b> - Delivering and monitoring of the core transformation programme, ensuring there is sufficient resourcing for this, and ensuring wider transformation across the Council to deliver services more efficiently and effectively. This includes a clear link to business case with demonstrable benefits for each project.</p>	<p>Work has been ongoing with a number of successes, such as the Employee Value Proposition (with a significant reduction in agency spend), and transformation of some of the Council's existing assets such as Walnut Close.</p> <p>The programme approved in 2023 was a two year programme, and this needs to be reviewed.</p>	<p>Yes - updated</p>
<p><b>Embedding Senior Management structures to provide clear and consistent direction and stewardship for the organisation</b> – building on the appointments to the Senior Leadership Team, and ensuring there is clarity over the strategic direction of the Council and its operational priorities.</p>	<p>Much work has been undertaken in this regard, with a clear leadership development programme underway.</p>	<p>No</p>

## Proposals

5.11 It is proposed that the Governance Committee approve the AGS produced at Appendix A, and the updated Code of Local Governance produced at Appendix B.

5.12 In light of the issues raised during the year and after a review of effectiveness, the following four areas are the focus for 2025/26:

- **Financial Resilience and Sustainability** - Ensuring adequate levels of reserves, the achievability and delivery of savings, and the identification of further savings in light of a very high savings requirement required to meet ongoing pressures.
- **Delivering better value in Special Educational Needs and Disability services programme** - Delivery of the programme to identify and reduce costs in the High Needs Block. The deficit on the High needs Block (within the Dedicated Schools Grant) has been growing in recent years and is only being kept outside of the Council's general fund through a Government accounting adjustment (which has recently been extended to 2027-28).
- **The delivery of an expanded and focussed Transformation programme** - The initial transformation programme was a two-year programme, so the Council should take the opportunity to review delivery against that and to review the priorities for the next two years.

Delivering and monitoring of the core transformation programme, ensuring there is sufficient resourcing for this, and ensuring wider transformation across the Council to deliver services more efficiently and effectively. This includes a clear link to business case with demonstrable benefits for each project.

- **Conduct a Review of Project Management arrangements across the Council -** The Council is undertaking a number of large transformation projects and also needs to continue to deliver important business as usual services to our communities. This requires that the Council has systems for robust and appropriate Project Management arrangements to ensure that projects are delivered in a manner that supports efficiency and effectiveness.

## 6 Other options considered

- 6.1 The production of the AGS is a requirement to be completed annually and the Council must comply with its production. The Council could opt not to complete an AGS alongside the annual financial statements though this would be in contravention of the Accounts and Audit regulations.

## 7 Conclusion

- 7.1 A key function of the Governance Committee is to review and approve the AGS for 2024-25, and review the conclusions reached.
- 7.2 To be able to review the AGS the Committee needs to examine the evidence, highlighted in the AGS and the updated Code of Local Governance, that is provided to the Governance Committee as well as other committees and Council bodies.

## 8 Appendices

- 8.1 Appendix A – Annual Governance Statement
- 8.2 Appendix B – Code of Local Governance
- 8.3 Appendix C - Principles of Good Governance Annual Review

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### Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval ☐

Delays in implementation could have serious financial implications for the Council ☐

Delays in implementation could compromise the Council's position ☒

Considered or reviewed by Scrutiny Commission or associated Committees, Task Groups within preceding six months ☐

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Item is Urgent Key Decision

☐

Report is to note only

☐

**Officer details:**

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## **Annual Governance Statement**

### **1. Scope of Responsibility**

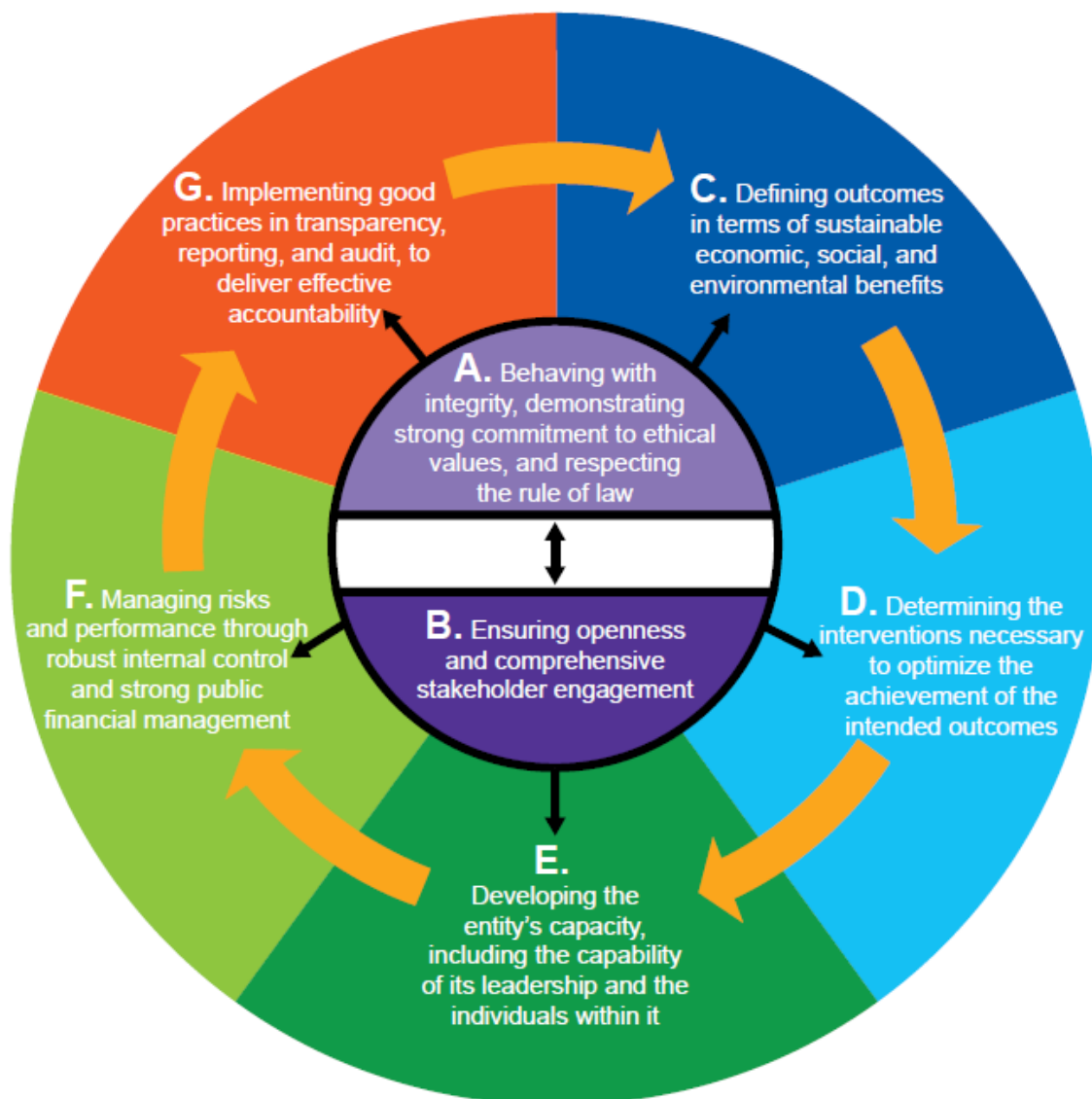
- 1.1 West Berkshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. West Berkshire Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, West Berkshire Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 This Statement explains how West Berkshire Council has complied with the Code and also meets the requirements of regulation 6(1)(a) of the Accounts and Audit Regulations 2015 in relation to the review of its system of internal control in accordance with best practice, and that the review be reported in an Annual Governance Statement.

### **2. The Purpose of the Governance Framework**

- 2.1 The purpose of the governance framework is to ensure that the authority directs and controls its activities in a way that meets standards of good governance and is accountable to the community. It does this by putting in place an organisational culture and values which drive a responsible approach to the management of public resources, supported by appropriate systems and processes, and ensuring that these work effectively. It works with the Council's Performance Management Framework to ensure that the Council has in place strategic objectives reflecting the needs of the community and is monitoring the achievement of these objectives through delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of West Berkshire Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at West Berkshire Council for the year that ended 31 March 2025 and up to the date of approval of the Statement of Accounts. The Governance Committee approved a Code of Local Governance at its meeting in April 2021 which supports the framework for the compilation of the Annual Governance Statement.

### 3. The Principles of Good Governance

- 3.1 The CIPFA/SOLACE framework Delivering Good Governance in Local Government sets out seven core principles of good governance, these are:



- 3.2 An assessment of the Council's performance against each of those principles over the past year has been undertaken to help inform this review of governance.

### 4. Methodology for preparing the Annual Governance Statement

- 4.1 The Annual Governance Statement has been prepared using a process similar to that used in previous year, including: -

- Review of the proposed annual Internal Audit report opinion and quarterly internal audit progress reports.
- The work of the Finance and Governance Group reviewing the Constitution on annual basis and referring changes to the Governance Committee and Council.
- The Governance Committee approves the Annual Governance Statement at the same time as the final approval of the financial statements and is signed off by the Chief Executive and Leader of the Council.
- Review of the Corporate Risk Register by the Corporate Board (quarterly) and Governance Committee (twice yearly)
- Responding positively to external regulators such as OFSTED, the Information Commissioner, the Local Government Ombudsman, the Care Quality Commission (CQC) and external auditor KPMG.

## 5. **The Governance Framework**

5.1 There are a number of key elements to the systems and processes that comprise the Council's governance arrangements. These elements form our local Code of Governance and these are underpinned by the CIPFA / SOLACE framework above and core principles of good governance which are: -

- Focusing on the purpose of the authority and on outcomes for the local community and creating and implementing a vision for the local area.
- Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managed risk.
- Developing the capacity and capability of Members and officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability

5.2 The Council has arrangements for managing risk in its Risk Management Strategy which was endorsed by the Governance Committee and approved by the Executive in December 2024. During the 2024-25 financial year the Council has had a follow up to the LGA Corporate peer review, and invited additional external independent reviews such as the LGA Digital 360 Peer Review, and a Children's Services LGA Peer review.

## Review of effectiveness

- 6.1 The authority has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Heads of Service / Service Directors who have responsibility for the development and maintenance of a sound governance environment and is supported by the Corporate Programme Office. This review is articulated in the Code of Corporate Governance approved by the Governance Committee in April 2021 (due to be updated in July 2025).
- 6.2 It is important to reflect on the previous year's key areas for improvement and its impact on governance. The main item that has dominated the year 2024-25 has been financial sustainability. The provisional outturn position for 2024/25 is £181.2 million of net expenditure against a net budget of £165.2m, with an adjusted overspend position of £6.77m. The position continues to be driven primarily by social care demand pressures detailed below, and capital financing costs attributable to financing the deficit position relating to the DSG and the High Needs Block.
- 6.3 The Council continues to experience pressures across social care budgets, so that whilst demand was lower than modelled in Adult Social care, the cost of packages has increased significantly. Although the Council has significantly reduced the overall use of agency staff, the need to have staff in Care Homes to provide appropriate levels of care to residents has resulted in an agency overspend in that area of £1.3m. There are also pressures in Children's Services where the complexity of needs continues to rise with increasing numbers of children requiring support in specialist residential placements. Transformation funding has been allocated to support the creating of a Children's Commissioning Team to ensure that the Council secures placements that are both appropriate and affordable. The Education and SEND Teams were overspent by £2.4m due to increased home to school transport provision, and the increased complexity of placements being procured. The cost of emergency accommodation was overspent by £900k. Pressures in Finance of £1.8m arose due to an adjustment to housing benefit payments to housing rent accounts, and pressures where property was not sold when anticipated (resulting in an overspend) and pressures where commercial property was sold mid-year causing a shortfall in the budgeted income for that property.
- 6.4 The financial situation of the Council remains extremely difficult. Exceptional Financial Support (EFS) funding has been secured to mitigate the impact of the 2024/25 outturn on the Council's General Fund and our previous forecasts have proved sufficiently accurate for the requested amount to be correct. However, EFS is short-term assistance, not a long-term solution. EFS funding must be repaid with interest, and savings must be found to close the projected gap in the budget and end our reliance on this additional borrowing. This item has therefore been retained within the AGS due to the request for EFS from Central Government.
- 6.5 The Council has been included in the Department for Education's 'delivering better value' (DBV) programme for Special Education Needs and Disability services. Any Council in this programme has been highlighted as having a significant deficit on the High Needs Block element of the Dedicated Schools Grant and that this needs to be reduced. At present, an accounting treatment exists whereby the deficit is not a cost of the Council. Once this treatment ends, and with the deficit as it stands, the Council would be very



likely to issue a s114 notice, with this signifying effective bankruptcy. Therefore, through the DBV programme and the accompanying funding provided by Central Government, the Council must consolidate a plan to reduce the deficit in the future and minimise any financial risk to the local taxpayer. The work of the DBV programme is currently being embedded into business-as-usual processes of the Council, to ensure that progress against the programme is maintained and effectively monitored.

6.6 The transformation programme has continued to deliver against the agreed programme and the Transformation and Corporate Programme Board has been reviewed to ensure appropriate oversight of the Transformation programme by Members of the Executive and the Senior Leadership Team. There have been some unavoidable delays to the delivery of projects, with consequential impacts on budgets. Given the financial position of the Council, and the need to transform services to reduce financial pressures, this is another area that remains an area of focus for the year ahead to increase effectiveness, economy and efficiency.

## 7. Key Governance areas for improvement

7.1 The Council faces a number of issues and areas of significant change that will require consideration and action as appropriate over the coming year and these are:

Issue	Detail	Action	Owner / Date
<b>Financial Resilience and Sustainability</b>	Ensuring adequate levels of reserves, the achievability and delivery of savings, and the identification of further savings in light of a very high savings requirement required to meet ongoing pressures.	A review of the terms of reference of the Financial Review Panel, to commence an in detail review of all Department Budgets. A revised and enhanced budget setting cycle implemented. Quarterly reporting to the Executive and Scrutiny commission	Executive Director (Resources) – February 2026
<b>Delivering better value in Special Educational Needs and Disability services programme</b>	Delivery of the programme to identify and reduce costs in the High Needs Block. The deficit on the High needs Block (within the Dedicated Schools Grant) has	Implementation of the actions detailed in the plan to deliver reducing High Needs Block overspends  Respond effectively to the Government's	Executive Director (People – CFS) – March 2026

	been growing in recent years and is only being kept outside of the Council's general fund through a Government accounting adjustment (which has recently been extended to 2027-28).	SEND reforms due in Autumn 2025	
<b>The delivery of an expanded and focussed Transformation programme</b>	The initial transformation programme was a two-year programme, so the Council should take the opportunity to review delivery against that and to review the priorities for the next two years. Delivering and monitoring of the core transformation programme, ensuring there is sufficient resourcing for this, and ensuring wider transformation across the Council to deliver services more efficiently and effectively. This includes a clear link to business case with demonstrable benefits for each project.	Identification and delivery of transformation schemes included in the current year and next year's budget proposals.	Service Director (Transformation)  February 2026
<b>Conduct a Review of Project Management arrangements</b>	The Council is undertaking a number of large transformation projects and also	Ensure that officers involved in running projects are using an updated and improved	Service Director Transformation and Executive Director Resources

<b>across the Council</b>	needs to continue to deliver important business as usual services to our communities. This requires that the Council has systems for robust and appropriate Project Management arrangements to ensure that projects are delivered in a manner that supports efficiency and effectiveness.	methodology. This will be achieved by a review of the methodology applied to support Programme and Project Management across the Council. This review needs to provide an appropriate prioritisation tool and a method by which the Council can better monitor the benefits realisation of its projects.	February 2026
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## 8. Assurance Summary

- 8.1 Good governance is about operating properly. It is the means by which the Council shows that it is taking decisions for the good of its residents, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the effective delivery of good quality services that meet the needs of the users. It is fundamental to demonstrating that public money is well spent. Without good governance, the Council would find it difficult to operate services successfully.
- 8.2 The Internal Audit Opinion for 2024/25 is that the Council’s framework of governance, risk management and management control is ‘reasonable’ and that audit testing carried out during the year has demonstrated controls to be working in practice. The assessments contained within this document highlight that there are effective arrangements in place to deliver good governance but that four key areas are highlighted to further improve our governance.
- 8.3 We propose, over the coming year, to take steps to help address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

**Leader of the Council**

**Chief Executive**

Date:

Date:



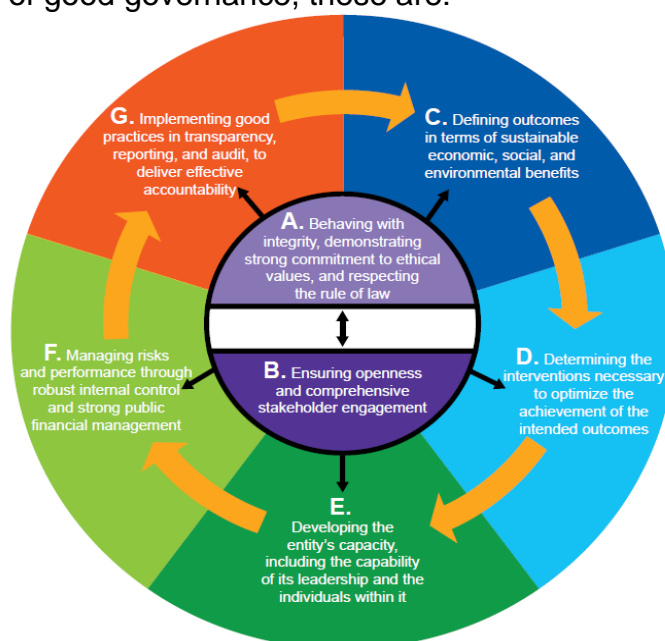
# **Code of Local Governance**

## **1. Executive Summary**

- 1.1 Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises systems, processes, cultures and values by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community. The Leader of the Council and Chief Executive have a special relationship role as custodians of the Council's governance arrangement, but good governance is also the responsibility of all Members and Officers.
- 1.2 The Chartered Institute of Public Finance and Accountancy, ("CIPFA") and the Society of Local Authority Chief Executives ("SOLACE") have published a framework document for Corporate Governance in Local Government, April 2016. The Council is committed to the principles of good corporate governance through the adoption and maintenance of a Local Code of Governance, as recommended by the CIPFA/SOLACE Framework.
- 1.3 This Local Code of Corporate Governance therefore sets out and describes West Berkshire Council's commitment to corporate governance and identifies arrangements that will ensure its effective implementation and application in all aspects of the Council's work. This Local Code of Governance will be reviewed by the Statutory Officers through the Finance and Governance Group annually.

## **2. Supporting Information**

- 2.1 The Council should have an overarching code of governance, and for West Berkshire this is based on the CIPFA/SOLACE framework. The framework "Delivering Good Governance in Local Government" sets out seven core principles of good governance, these are:



### **3 The Governance Framework**

- 3.1 There are a number of key elements to the systems and processes that comprise the Council's governance arrangements. These elements form our local code of Governance and these are underpinned by the CIPFA / SOLACE framework above and core principles of good governance which are:-
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
  - B. Ensuring openness and comprehensive stakeholder engagement
  - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
  - D. Determining the interventions necessary to optimise the achievement of the intended outcomes
  - E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
  - F. Managing risks and performance through robust internal control and strong public financial management
  - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability
- 3.2 The Council's Constitution explains existing policy making and delegation procedures and the matters which must be dealt with by the full Council. It documents the role and responsibilities of the Executive, portfolio holders, each committee and Members and officers.
- 3.3 The Council has approved a protocol governing relationships between Members and Officers as part of its Constitution and has adopted codes of conduct for both Officers and Members which facilitate the promotion, communication and embedding of proper standards of behaviour. Officers have job descriptions and there are clearly defined schemes of delegation, all of which are reviewed from time to time.
- 3.4 The Council's Constitution incorporates clear guidelines to ensure that business is dealt with in an open manner except in circumstances when issues should be kept confidential. Meetings are open to the public except where personal or confidential matters are being discussed. All Executive /committee agendas, minutes and portfolio holder decisions are published promptly on the Council's website. In addition, senior officers of the Council can make decisions under delegated authority. The over-arching policy of the Council is decided by the full Council.
- 3.5 The Scrutiny Committees and Governance Committee hold Portfolio Holders to account for delivery of the Council's policy framework within the agreed budget, and protocols are in place for any departure from this to be properly examined.

- 3.6 The Council engages with its communities through a number of channels, including consultation and engagement events, surveys and campaigns relating to specific initiatives.
- 3.7 The Council Strategy is supplemented by more detailed information on the key projects and programmes of work that the authority will be delivering during the year – with actions to achieve priority outcomes set out in department plans, with objectives set for individual members of staff through the annual appraisal process. This process also looks at the development and training needs of staff, with a programme of training then put in place to meet these needs.
- 3.8 Progress against the Council Strategy outcomes and budgets is monitored regularly by Corporate Board and Portfolio Holders. The Resources and Place Scrutiny Committee will receive regular reports focusing on delivery of key projects and programmes of work and drawing attention to other areas where progress is exceeding or falling short of targets. Portfolio Holders also monitor progress of delivery, especially through the Transformation and Corporate Programme Board.
- 3.9 The Council has an officer Strategic Leadership Team (Corporate Board) to monitor financial performance, service performance, the progress of key corporate projects and risk management and to oversee the implementation of recommendations from Internal Audit reports.
- 3.10 The Council publishes an Annual Financial Report (the Statement of Accounts) annually within the statutory timescales. The Annual Financial Report incorporates the full requirements of best practice guidance in relation to corporate governance, risk management and internal control.
- 3.11 The Council is subject to independent audit by KPMG and receives an Annual Audit Letter reporting on findings. The Council supplements this work with its own internal audit function and ad hoc external peer reviews. The Governance Committee undertakes the core functions as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.
- 3.12 The Council has arrangements for managing risk detailed in its Risk Management Strategy that was approved in December 2024.

#### **4 Review of effectiveness**

- 4.1 The authority has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Service Directors who have responsibility for the development and maintenance of a sound governance environment.
- 4.2 Staff awareness training has been undertaken to ensure that the Council complies adequately with the provisions of the General Data Protection

Regulation (GDPR) and Freedom of Information Acts, and Equality requirements.

- 4.3 The Council has appointed the Service Director Finance, Property and Procurement as the Section 151 officer with the statutory responsibility for the proper administration of the Council's financial affairs. Service Director Finance, Property and Procurement is a member of the Executive Leadership Team.
- 4.4 The Council has appointed the Interim Executive Director Resources as the statutory "Monitoring Officer" and has procedures to ensure that the Monitoring Officer is aware of any issues which may have legal implications.
- 4.5 All Executive reports are reviewed by the S151 and Monitoring Officers. All reports to Executive are required to demonstrate how the proposal links to the Council Strategy and highlight resource implications. Officers are also asked to draw out risk, equality, environmental, management and legal issues as appropriate. Similar procedures are in place for the other Council Committees.
- 4.6 The Council has whistle-blowing and anti-fraud and corruption policies. It has a formal complaints procedure and seeks to address and learn from complaints. The Council's Governance Committee deals with complaints relating to the conduct of Members.
- 4.7 Members' induction training is undertaken after each election. Members also receive regular updates and training on developments in local government.
- 4.8 Key roles in maintaining and reviewing the effectiveness of governance within the Council are as follows:

Key Roles	Responsibilities
Council	<p>The Council is collectively responsible for approving the governance arrangements of the Council. Full Council is also responsible for agreeing the Constitution, policy framework and budget.</p> <p>Manages risk in making operational and governance decisions together with proposing and implementing the policy framework, budget and key strategies.</p>
Executive	The Executive receives regular monitoring reports on revenue and capital expenditure and on key performance measures.
Governance Committee	Governance Committee approves the annual audit plan, monitors the internal control environment through receipt of audit reports and the AGS, and keeps an overview of arrangements for risk management. It also approves this Statement and the Statement of Accounts.



Internal Audit	<p>The internal audit team provide the Council with an internal audit service which includes the Council's entire control environment. The Internal Audit Manager takes account of the Council's assurance and monitoring mechanisms, including risk management arrangements, for achieving the Council's objectives. The Internal Audit Plan is based on the Risk Register and identifies Internal Audit's contribution to the review of the effectiveness of the control environment. The process includes reports to the Governance Committee on progress of audits. Regular summaries are also produced of the outcome of each audit, together with reviews of whether agreed recommendations have been implemented.</p> <p>There is a requirement for internal audit to undertake an annual self-assessment and independent external assessment every five year. Any areas of non-conformance must be reported as part of their annual report and opinion. In the light of feedback, we have concluded that internal audit is an effective part of the Council's governance arrangements.</p>
Chief Internal Auditor	<p>Internal Audit provides an annual opinion on the internal control environment and issues that should be included in the AGS.</p> <p>This provides additional assurance to elected members regarding the adequacy of the review of effectiveness.</p>
External Audit	<p>External Audit external audit is provided by KPMG. Whilst the external auditors are not required to form an opinion on the effectiveness of the Council's risk and control procedures, their work does give a degree of assurance following the annual audit of the Council's financial accounts.</p>
Statutory Officers	<p>Head of Paid Service – Chief Executive Section 151 Officer – Service Director Finance, Property and Procurement Monitoring Officer – Interim Executive Director Resources</p> <p>Statutory officers with responsibilities linked to effective governance. Normally, one of these officers will be responsible for drafting the Annual Governance Statement.</p> <p>The Chief Executive and Leader must sign the AGS once approved.</p>

## 5 Core Principles

5.1 To achieve and maintain good governance, the Council will seek to apply each of the seven core principles above, along with their supporting principles. Evidence of how this is achieved is set out below:

Core Principle	Where evidenced
<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved.</p>	<ul style="list-style-type: none"> <li>• Constitution</li> <li>• Members code of conduct</li> <li>• Council values</li> <li>• Behaviour Framework</li> <li>• HR Policies &amp; Procedures</li> <li>• Council policies e.g. Anti-fraud and Whistleblowing Policies</li> <li>• Review of the Constitution</li> </ul>
<p><b>B. Ensuring openness and comprehensive stakeholder engagement</b></p> <p>Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p>	<ul style="list-style-type: none"> <li>• Transparent decision making in accordance with the legislative framework and Constitution</li> <li>• Openness and accessibility of Council meetings</li> <li>• Public participation in the democratic processes</li> <li>• Access to information rules</li> <li>• Consultation, engagement and co-production with key stakeholders</li> </ul>
<p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p> <p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable.</p> <p>Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<ul style="list-style-type: none"> <li>• Council Strategy 2023-2027</li> <li>• Supporting Plans and Strategies for example the Environment Strategy</li> <li>• Health &amp; Wellbeing Strategy</li> <li>• Quarterly Finance and Performance Reports to Resources and Place Scrutiny Committee and to Executive</li> </ul>

<p><b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p> <p>‘Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. ‘</p>	<ul style="list-style-type: none"> <li>• Council Strategy Delivery Plan</li> <li>• Transformation and Corporate Programme Board</li> <li>• Senior Leadership Team monitoring and management of overall list of projects</li> <li>• Ensuring strong link between Council Strategy and the Medium-Term Financial Strategy (MTFS)</li> </ul>
<p><b>E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b></p> <p>‘Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole.’</p>	<ul style="list-style-type: none"> <li>• Leadership and Management development through the Workforce Strategy</li> <li>• Induction Programme for Officers and Members</li> <li>• Member Development Programme</li> <li>• HR Policies and Procedures including performance management</li> </ul>
<p><b>F. Managing risks and performance through robust internal control and strong public financial management</b></p> <p>‘A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.’</p>	<ul style="list-style-type: none"> <li>• Robust quarterly monitoring of performance, finance and corporate risk register</li> <li>• Public scrutiny of the above at Executive, Scrutiny and the Governance Committees</li> <li>• Annual review and approval of financial statements and progress reporting on action plans</li> <li>• Role of internal and external audit</li> </ul>

<p>'It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery.'</p>	<ul style="list-style-type: none"> <li>• Review of proposals by Corporate Board</li> <li>• Review of relevant reports by the Risk Management Group</li> </ul>
<p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>	<ul style="list-style-type: none"> <li>• Council Constitution</li> <li>• Executive and Council Bodies Forward Plans</li> <li>• Internal audit reports to Governance Committee</li> <li>• The annual report from the Internal Audit manager</li> <li>• Committee reports containing a clear summary of implications including links to strategic priorities and risk management.</li> <li>• Annual report from the Governance Committee to Full Council</li> <li>• Annual monitoring officer report to Full Council</li> </ul>

## Appendix C – Principles of Good Governance Annual Review

Principle	Evidence of Compliance
<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved.</p>	<p>Integrity is one of the overarching values of the Council as set out in the Council Strategy. The behaviours that demonstrate this are set down in the Councillors' Code of Conduct (which was updated in 2024-25), and in the Officers Code of Conduct and Behaviour Framework.</p> <p>The values and behaviours detailed within the Behaviour Framework are being incorporated into all relevant HR Policies and Procedures. This will assist to ensure that this is part of the conversation all staff are having in regular performance and supervision meetings.</p> <p>Officers joining the Council are now provided with in person inductions organised by HR. This is intended to ensure that all new staff understand how decisions are made and so that they know the culture in which we operate.</p> <p>Training is provided for Members on an annual basis, including Training on the Code of Conduct.</p> <p>At the Annual Council in May 2025, Members unanimously adopted a Councillor Charter further highlighting the commitment to ethical behaviours.</p>
<p><b>B. Ensuring openness and comprehensive stakeholder engagement</b></p> <p>Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p>	<p>The Council is committed to openness and undertakes extensive stakeholder engagement with the communities that we serve.</p> <p>Formal decisions of the Council, Executive and other Council bodies are publicised in advance on the respective forward plans, and all public meetings are live streamed and recorded. The Council permits public participation in ordinary meetings of Council, Executive and Planning Committees and third parties regularly appear at Scrutiny Committees. Decisions of the Council are available on the Councils website.</p> <p>The Council has undertaken a number of significant consultations, including the Draft Budget 2025/26, the Proposed Extension to Newbury Town centre</p>

	<p>Pedestrianisation, a Draft Carers Strategy, the Special Educational Needs and Disabilities (SEND) Thematic Review (2025), and the Pharmaceutical Needs Assessment 2025.</p> <p>The Council began a programme of holding Community Forums in 2023. These are held in various locations across the district and are also accessible online. The two most recent events have considered Planning and then Highways.</p> <p>The Council has been working with the Voluntary and Charitable Sector to develop a Memorandum of Understanding to facilitate more effective joint working and to improve support and outcomes for vulnerable groups.</p>
<p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p> <p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable.</p> <p>Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>The Council Strategy 2023-2027 sets out the Council's strategic ambition and provides direction to everyone in the Council to ensure that all services are working together to support the priorities set out in the strategy and corresponding Department Plans.</p> <p>The Council Strategy also provides focus for the Executive and Senior Leadership Team and provides a framework by which the Council's performance can be evaluated. Reports presented to decision makers highlight where decisions are intended to support strategic priorities. Reports also provide a clear summary highlighting the impacts (positive or negative) of the proposed decision.</p> <p>In the past year, the Council has consulted on and approved a number of significant strategic documents, including the West Berkshire Local Plan Review 2022-2039, and the Waste Management Strategy 2025-32. The Council has undertaken consultation on the Draft Local Transport Plan which is due for approval in 2025. These plans and strategies will support effective decision making.</p>
<p><b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p>	<p>The Council undertake regular reviews of performance.</p> <p>Quarterly Finance and Performance reports are considered by the Scrutiny Commission (now</p>

<p>'Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations.'</p>	<p>Resources and Place Scrutiny Committee), prior to being presented to Executive. This ensures that the Council can demonstrate progress against its stated priorities, and highlights areas of risk.</p> <p>The Council sets its budgets following extensive internal governance, and after meaningful external consultation and engagement has taken place. The Council has a clear Medium Term Financial Strategy, approved by Council prior to setting the annual budget, which supports delivery of the Council Strategy.</p> <p>A mid-term review of the Council Strategy was considered by Council in May 2025, and this highlighted a number of proposed changes to the manner of reporting against performance indicators agreed as part of the Council Strategy Delivery Plan.</p> <p>The Council has received a number of Peer Reviews in the past year, which have assisted to identify both areas of strength and areas for improvement. Action plans have been developed in response to each of those.</p> <p>The Council has a Social Value Policy in place, and this will be reviewed in the coming year to ensure that the Council continues to secure appropriate social value when undertaking commissioning activities.</p>
<p><b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</b></p> <p>'Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own</p>	<p>The Council has developed an Employee Value Proposition (EVP) to support recruitment and retention, with a new EVP and Careers site launched in October 2024. Whilst there remain some areas where recruitment is still challenging, the reduction in agency spend by £5 million over the past 2 years is evidence of the improved offer.</p> <p>All staff complete an annual appraisal and a personal development plan to identify areas of training and development that will support the employee to progress in their career. Objectives and the personal development plan will be reviewed at regular one to ones.</p> <p>The Council has a fairly new senior leadership team, and a number of workshops have taken place with this group to develop and maximise on its cohesion and effectiveness.</p>



<p>mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole.'</p>	<p>Although the Council has seen some reductions on the budget available for training, the Council is currently <b>utilising 100%</b> of its Apprenticeship Levy to support employees to complete apprenticeships.</p> <p>The Council also fully launched its new Learning Platform in 2025, and this too has expanded the number of courses that are available to staff.</p> <p>There is an annual programme of Member Development that is approved by Council each year to support Members to discharge their roles effectively.</p>
<p><b>F. Managing risks and performance through robust internal control and strong public financial management</b></p> <p>'A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.'</p> <p>'It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery.'</p>	<p>The Council has operated with well-established systems of internal control for its financial resources. However, as a result of the low levels of reserves that the Council was operating with, additional internal controls were established, which included the creating of a 'Financial Review Panel' to consider recruitment activities and significant spend.</p> <p>As a result of the Council seeking Exceptional Financial Support in 2025, additional controls are being introduced to ensure that budget setting and management of budgets is robust and effective.</p> <p>As noted above, Financial and Performance reports are considered on a quarterly basis by the Resources and Place Scrutiny Committee and Executive.</p> <p>The Council updated its Risk Management Strategy in December 2024, and training has been delivered to support staff in understanding the need for robust risk management, and to support them in fulfilling their duties when considering risks.</p> <p>The Governance Committee receives a Risk management Report twice a year to provide assurance that the Council is appropriately reviewing and assessing risks. This Committee also approves the Internal Audit Plan 2025-28, which includes an Anti-Fraud Work Plan. Internal Audit is a key element of the assurance process in respect of governance arrangements and fraud prevention.</p>



	<p>Risks are reviewed on a quarterly basis by the internal Risk management Group and at Corporate Board. These bodies also receive updates on Information Security, including a review of incidents that have occurred resulting in data breaches.</p> <p>Officers are required to complete Data Protection Training on an annual basis, and levels of training are checked as part of the quarterly reviews.</p>
<p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>	<p>As noted above, Financial and Performance reports are considered in public on a quarterly basis by the Resources and Place Scrutiny Committee and at Executive.</p> <p>The Governance Committee will receive reports from Internal Audit regarding the Internal Audit Plan and progress against that. These reports will highlight cases where there is limited assurance following an inspection or follow-up inspection. An update is provided to the Governance Committee in respect of progress made against outstanding recommendations in previous reports <b>where there was limited assurance</b>.</p> <p>The Governance Committee will also consider the External Auditor Plan and did so at the meeting of the Governance Committee which took place on the 29 April 2025. This identified a number of significant risks, including valuation of property and fraud risk.</p>

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