Annual Governance Statement 2025/2026

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Contents

INTRODUCTION

At Cherwell District Council, we are committed to delivering for residents. This commitment goes beyond maintaining core services and is rooted in listening, innovating, and acting on what truly matters to our residents, businesses and communities.

Here are some examples of what we are already working to achieve:

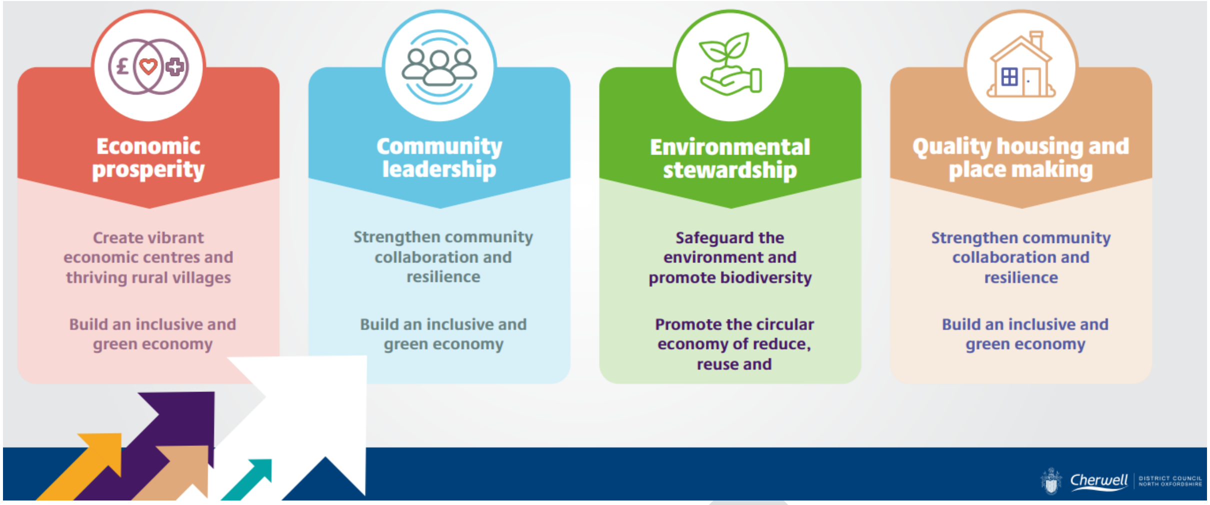
- Supporting residents' wellbeing: Offering health and activity programmes that improve physical and mental health.
- Sustainability at the forefront: Introducing new recycling schemes such as kerbside glass recycling and expanding green initiatives.
- Empowering our local economy: Supporting local businesses and our town centres through strategic projects.
- Housing solutions for all: Delivering affordable homes and strengthening measures to prevent homelessness.
- Community support: Rolling out cost-of-living support through grants and community programmes.

These accomplishments reflect our commitment to making Cherwell a place where everyone can thrive. But we know ongoing success is about continually evolving and setting our sights even higher.

Cherwell District Council is dedicated to inspiring and enabling positive, lasting change for our residents and communities. Our vision[1] is to be a modern, forward-thinking council that embraces opportunities and addresses challenges with innovation and collaboration.

To deliver this vision, we have the following strategic priorities:

[1] A modern council inspiring and enabling positive, lasting change | A Vision For Lasting Change 2025-2030 | Cherwell District Council



Delivering these priorities requires good governance; for our residents, staff, businesses, service users and Councillors.

Governance means the values, culture, processes and systems by which the Council is controlled, directed and through which it delivers services for its communities. Governance means carrying out our activities in accordance with the law and proper standards, and that public money is properly account for, and used well.

This Annual Governance Statement looks honestly at how effective the Council's governance has been during 2025/ 26. It also looks ahead to some of its governance priorities and improvements for 2026/ 27.

The CIPFA/SOLACE Delivering Good Governance in Local Government (2016) as updated by the 2025 addendum, requires local authorities to publish an Annual Governance Statement, and to be responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards
- public money is safeguarded and properly accounted for, and
- resources are used economically, efficiently and effectively to deliver agreed priorities and benefit local people.

The Council also has a duty to:

- make arrangements to secure continuous improvement in the way in which its functions are exercised
- put in place proper arrangements for the governance of its affairs, and

- implement and maintain effective processes of internal control, including appropriate arrangements to manage risk.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, cultures and values which underpin how the Council is controlled and managed internally, and how it engages with taxpayers, service users and the wider community. The governance framework enables the Council to monitor delivery of its strategic objectives and assess whether those objectives are securing service improvements and value for money. Systems of internal control and risk management are a significant part of the governance framework and are designed to manage risk down to a reasonable level. Some risks can never be eliminated entirely, however, and these processes provide only reasonable and not absolute assurance of effectiveness.

THE KEY ELEMENTS OF THE GOVERNANCE FRAMEWORK AT CHERWELL DISTRICT COUNCIL

As a local authority, the responsibility for good governance is shared by Councillors and Officers.

The Council has 48 Councillors. These Councillors are from different political parties and have different roles in the decision-making process. All Councillors agree to follow the Member Code of Conduct and the rules for making decisions set out in Cherwell District Council's Constitution[2] which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people.

The Council operates an executive based system of governance with a Leader. The Executive takes strategic key decisions with officers responsible for day to day decisions. The Executive is made up of a Leader and 8 other councillors. The leader then appoints individual councillors (portfolio holders) to other positions in the Executive. Their remit

[2] Constitution | Cherwell District Council

includes obtaining assurance that Annual Delivery Plan priorities, and the Budget and Policy Framework approved by Council each year, are delivered in their relevant areas.

Since May 2024, a Liberal Democrat Leadership,in alliance with Greens, has been in place with no overall control.

The Council has two wholly owned companies – Graven Hill and Crown House.

Graven Hill Village Developments was established in 2014. It is an ambitious project aimed at disrupting the market and creating innovative solutions to housing supply issues. The aim of Graven Hill is a large-scale self-build community and also looking to develop around 2,000 new homes. It will also provide commercial space, a nursery, a primary school and health hub, continuing to create new jobs in the locality.

In July 2023, the Council commissioned an independent review of the governance arrangements for Graven Hill and agreed an action plan from recommendations received, this plan is regularly reviewed by the Shareholder Committee and progress is tracked.

The Crown House apartments project was initiated to drive economic and social regeneration. The initiative has improved community safety, and provided housing in Banbury town centre, comprising of 50 apartments and one commercial unit.

The Shareholder Committee is a sub-committee of the Executive. The Shareholder Committee manages the shareholding interests in the Council's trading companies. It also appoints and removes directors to the companies and monitors the performance of the companies.

Key Roles and Responsibilities

The following key roles play an important role in the Governance Framework.

The Council	✓ Approves the Corporate Plan ✓ Approves the Constitution ✓ Approves the budget and policy framework of the Council
Executive	✓ Main decision-making body of the Council ✓ Made up of the Leader of the Council and Portfolio Holders/Executive Members with responsibility for strategy, delivery and budgeting of different functions

	✓ Develops draft budget and monitors budget monthly in public meetings
Accounts Audit & Risk Committee (AARC)[3]	✓ Provides assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment ✓ Recommend improvements or interventions if expected performance is not being achieved, or gaps in current governance arrangements have been identified. ✓ Approves annual Financial Statements and the Annual Governance Statement ✓ Attended by the Section 151 Officer and Head of Internal Auditor
Overview & Scrutiny Committee	✓ Fulfils a check and challenge function for decisions and policies made by the Executive helping the Council to assess its performance and learn lessons ✓ Scrutinises performance reports as part of its work programme ✓ Budget Planning Committee which is a separate committee not linked to scrutiny but tasked with scrutinising the budget.
Shareholder Committee	✓ A sub-committee of Executive ✓ The Shareholder Committee manages the shareholding interests in the Council's companies ✓ Monitors the performance of the companies
Corporate Leadership Team (CLT)	✓ CLT comprises the Chief Executive and his head of office, Executive Directors, Monitoring Officer and Chief Finance Officer. ✓ CLT meets on a weekly basis to focus on strategic opportunities and issues as well as achievement of its plans and objectives for the year and overall health of the Council ✓ CLT is responsible for the overall management of the Council. ✓ The Head of Paid Service is the Chief Executive who is responsible for all Council staff and for leading CLT

[3] Since May 2026 known as Audit & Governance Committee

	✓ The Executive Directors lead the majority of services which are delivered to the public with the Chief Executive
Monitoring Officer	✓ Advises the Council on ethical issues, standards, and powers to ensure the Council operates within the law and statutory Codes of Practice ✓ Overall responsibility for the maintenance and operation of the Whistleblowing Policy ✓ Contributes to the effective corporate management and governance of the Council
Chief Financial Officer	✓ Responsible for managing the Council's finances and providing expert financial advice to the Council ✓ Accountable for developing and maintaining the Council's internal control and counter-fraud framework ✓ Contributes to the effective corporate management and governance of the Council
Extended Leadership Team (ELT)	✓ The Extended Leadership Team (ELT) comprises of CLT, Assistant Directors and Head of Service (Executive Director direct reports). ✓ ELT meets on a monthly basis and focuses on operational opportunities and issues.
Directorate Leadership Team (DLT)	✓ Management of the directorate risk register, ensuring it contains appropriate risks, and they are managed effectively ✓ Escalation and de-escalation of risks between service and directorate
Internal Audit and Counter Fraud	✓ Provides independent assurance and opinion on the adequacy and effectiveness of the Council's governance, risk registers and management and control framework ✓ Delivers an annual programme of risk-based audit activity, including counter fraud, investigation and assurance activity

	✓ Responsible for developing and implementing the AntiFraud and Corruption Policy and monitoring the investigation of any reported issues ✓ Ensures all suspected or reported irregularities are dealt with in accordance with the Anti-Fraud and Corruption and Whistleblowing Policies; identifies improved controls ✓ Makes recommendations for improvements in the management of risk
External Audit	✓ Audits / reviews and reports on the Council's financial statements (including the Annual Governance Statement) ✓ Provides an opinion on the accounts and use of resources, including the arrangements in place for securing economy, efficiency, and effectiveness in the use of resources (the value for money conclusion) ✓ Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption & theft

Decision Making

There is a Forward Plan which is updated on a regular basis for all key decisions required at CLT and meetings of the democratic cycle such as the Executive, full Council and Committees.

All meetings are supported by Officer reports which highlight considerations in regard to people, legal, procurement, finance, sustainability, etc. Decisions and actions are logged and closely monitored through to conclusion.

All meetings of the democratic cycle are held in public and are webcast and available to watch after the event. Decisions are recorded on the Council's website. Officer reports are open to the public unless they qualify as legally 'exempt' from publication. Decisions are also subject to call-in to OSC.

Annual Business Planning Process

The Council's Vision, Strategy and Corporate Plan sets out the Council's future priorities, goals and aims over 5 years.

The Annual Delivery Plan sets out the key projects for delivering these priorities on an annual basis. The 2026/ 27 Annual Delivery Plan was agreed on 23rd February 2026 by full Council.

The Annual Delivery Plan is supported by a set of Service Plans that are developed by the individual services in the Council. These are detailed plans that help to inform the annual budget, resourcing requirements and delivery of outcomes in the Corporate Plan.

Combined, these plans clearly define the 'golden thread' of how the Council's annual priorities are cascaded down through the organisation to individual work plans and objectives. Progress towards these priorities is regularly reviewed and reported to CLT, the Executive and OSC. Performance monitoring includes a suite of Key Performance Indicators, quarterly measures and targets.

Risk Management

The Council undertook a refresh of its Risk Management Strategy in September 2025. The Strategy sets out the importance of a supportive risk culture, encouraging openness and honest discussions about business challenges.

The Council views risk management as vital to achieving its goals, encouraging best practices and shared responsibility across all stakeholders. It supports informed decision-making, embraces innovation, and promotes a culture of risk awareness that balances opportunity with protection, especially for the vulnerable groups that it provides services to.

As part of risk management approach, the Council has in place risk registers to identify operational risks which are reviewed at a Directorate level. Strategic risks are reviewed at CLT and the Executive and AARC on a quarterly basis.

To ensure that risk management is effectively maintained, Council Members and Officers are trained on the Risk Management Strategy to ensure that they have a level of understanding of the Council's risk management approach and appetite. Having developed a robust approach and clear roles and responsibilities, a Risk Advisory Group has been established to ensure consistent risk practices are taken across all services areas.

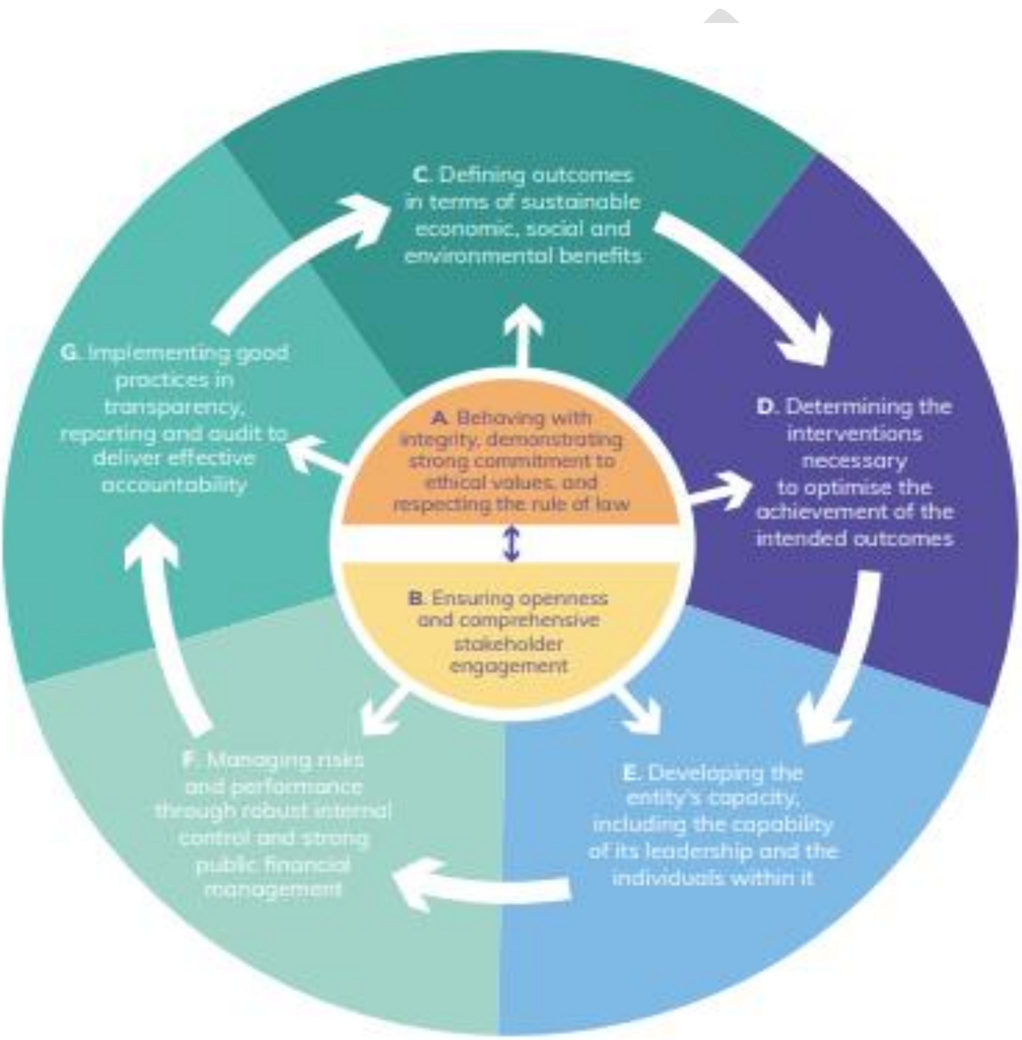
Finance

The Medium-Term Financial Strategy (MTFS) was approved by Council on 23rd February 2026 covering five years from 2026/ 27 – 2030/ 31. The purpose of the MTFS is to deliver a balanced and affordable 2026/ 27 budget and ensure that the Council's finances are robust and sustainable over the medium term. It also acts as an early warning system of a gap in future years between forecasted expenditure and resources which the Council must address, and that in the longer term, the Council's finances are not reliant on the unsustainable use of one-off reservices or funding. The S151 Officer issues a S25 statement on robustness of estimates.

The Council has a robust approach to the use of reserves with any changes in use from budgeted levels requiring approval in line with the Council's Reserves Policy. The S151 Officer carries out a risk assessment of general balances as part of the budget setting process and issues an overall opinion on the adequacy of the level of reserves via the S25 statement.

ARRANGEMENTS FOR GOVERNANCE

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' 2016.



The 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. The Council also has a duty under the Local Government Act 1999 together with the Statutory Guidance on Best Value (2024) 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. The Council meets the Standards of the Framework in the following ways:

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

The Council's statutory officers, the Chief Executive, the Chief Finance Officer and the Monitoring Officer, have clearly defined statutory responsibilities which support the lawfulness, integrity and accountability of the Council's decision-making. These roles provide assurance that decisions are taken in accordance with relevant legislation, the Council's Constitution, financial regulations, proper standards of administration and the principles of good governance.

The Council has adopted Codes of Conduct for both Members and officers, which support the promotion, communication and embedding of high standards of behaviour across the organisation. The Members' Code of Conduct is based on the Local Government Association model code, supporting consistency with the standards framework used across county, district, parish and town councils. This assists Members in understanding their obligations and supports the effective administration of standards arrangements.

The Council's Constitution sets out the Council's policy-making and decision-making arrangements, including the matters reserved to Full Council, the responsibilities of the Executive, portfolio holders and committees, and the respective roles of Members and officers. It provides the framework within which transparent, lawful and accountable decisions are made. The Monitoring Officer has established a Constitution Review Group, involving Members from across the political spectrum, to support ongoing review and improvement of the Constitution.

During the year, the Council has continued to update the Constitution on an incremental basis. This has included moving to an exception-based Scheme of Delegation. The Executive Directors operate their own local schemes.

The Chief Executive carried out a restructure of the senior management arrangements during 2025/26. This resulted in Corporate Director roles being changed to Executive

Director roles, the creation of an additional Executive Director post and Transformation Director role, and the appointment of the Head of the Chief Executive's Office.

The Constitution also contains detailed protocols relating to participation in external organisations, Member and officer relationships, and ethical behaviour. These arrangements are intended to support clarity, consistency and transparency where the Council works with partners or where Members and officers represent the Council externally.

The Council's whistleblowing policy has recently been updated. The Council's internal auditors have also supported awareness-raising activity to ensure that officers understand the purpose of the policy, how concerns may be raised, and the importance of maintaining a culture in which concerns can be reported appropriately and without fear of detriment.

The Council has established complaints arrangements, including arrangements for dealing with complaints about Member conduct. These arrangements provide a structured process for considering concerns, supporting accountability and ensuring that issues are addressed in accordance with the relevant statutory and constitutional framework.

The Council has also undertaken a refresh of its values, this had input from staff at all levels. This work will support the Council's commitment to maintaining an organisational culture founded on integrity, accountability, innovation and collaboration.

B. Ensuring openness and comprehensive stakeholder engagement;

The Council's decision-making arrangements are designed to ensure that decisions are made in the public interest, are properly informed and are supported by a clear recorded rationale. Reports to Members and senior officers follow an agreed structure which sets out the purpose of the decision, the options considered, the recommended course of action and the reasons for that recommendation.

Reports also identify relevant implications, including legal, financial, procurement, risk, equality, sustainability, staffing and community impacts, so that decision-makers can understand the consequences of the options before them. Where alternative options are not recommended, the reasons for discounting them are also recorded.

Formal decisions, minutes and supporting reports are published in accordance with the Council's access to information requirements, subject only to lawful exemptions where confidential or exempt information is involved.

The Council supports openness and transparency through public meetings, published agendas, reports, decisions and minutes, webcasting of meetings, scrutiny arrangements and with clear procedures on public questions.

The decision-making process includes internal challenge and self-assessment through review by the Corporate Leadership Team, Executive Directors, Directorate Leadership Teams, Statutory Officers, Portfolio Holders and the Leader, as appropriate. This challenge helps test whether proposals are lawful, financially sustainable, deliverable, aligned to Council priorities and supported by appropriate evidence.

The Council also consults with residents, businesses, taxpayers, service users and stakeholders. The Council uses a range of groups, forums, partnerships and engagement activity to understand local views on matters including health and wellbeing, community safety, place-shaping and service improvement.

The Council communicates with communities and stakeholders through its website, consultation platform, committee papers, webcasts, newsletters, media releases, social media, public meetings and direct engagement with partners and community groups, helping ensure that information is accessible and that local voices are reflected in decisions wherever possible.

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

The Council's Vision, Strategy and Corporate Plan establish the long-term vision, target outcomes and strategic priorities for the district. These are translated into deliverable activity through the Annual Delivery Plan, service plans, the Medium-Term Financial Strategy and the Budget and Policy Framework approved by Council. Together, these documents create a clear "golden thread" between the Council's ambition, the outcomes it is seeking for residents, businesses and communities, the resources available to deliver them, and the performance measures used to assess progress. The Council's priorities are framed around sustainable economic, social and environmental benefits and are informed by evidence, financial planning, service intelligence, consultation and engagement, where appropriate with partners and stakeholders.

The Council's decision-making arrangements require reports to set out the rationale for proposals, the options considered, relevant risks and implications, and how proposals support Council priorities. Financial, procurement, legal, equality, sustainability and risk implications are considered as part of the report clearance process, enabling Members and officers to demonstrate value for money, best value and the responsible use of public resources.

The Medium-Term Financial Strategy provides the framework for assessing affordability and financial sustainability, while performance monitoring, budget monitoring and scrutiny arrangements provide ongoing assurance that agreed outcomes are being delivered. Fair access to services is supported through equality impact considerations and consultation with service users and communities (as appropriate).

The Council's strategic approach to procurement is governed by its updated Procurement Strategy, Contract Procedure Rules and the requirements of procurement legislation. Commissioning decisions by individual departments are expected to reflect corporate priorities, social value, whole-life cost, quality, risk, sustainability and opportunities for collaboration.

The Council also works with partners, neighbouring authorities, community organisations where this provides an effective means of delivering shared outcomes and improving services for local people.

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

The Council's medium and short-term service planning arrangements translate the Corporate Plan, Annual Delivery Plan and Budget and Policy Framework into service-level priorities, projects and programmes. Service plans identify the activity, resources, risks, milestones and performance measures required to deliver agreed outcomes, while corporate projects and transformation programmes provide the mechanism for managing cross-cutting priorities, change activity and improvement work. The Executive is responsible for ensuring that actions approved as part of the Budget and Policy Framework are delivered in each service area, with Portfolio Holders and senior officers providing oversight of progress against agreed priorities.

Budgets and resource strategies are aligned to the delivery of objectives through the Medium-Term Financial Strategy, annual budget-setting process, service planning and regular financial monitoring. Projected outturn, the leadership risk register and performance reports against agreed key performance indicators are reported to the Executive and reviewed by the Corporate Leadership Team. These reports summarise the forecast financial position against budget, delivery of savings targets, key risks and progress against corporate priorities. They are also reviewed through the Budget Planning Committee, Accounts, Audit and Risk Committee and Overview and Scrutiny Committee, providing Member oversight and challenge. The Council uses self-assessment, internal audit, governance assurance statements, performance review and scrutiny to support continuous improvement and to test whether services are delivering economy, efficiency, effectiveness, value for money and best value.

Performance management arrangements help ensure that delivery remains aligned to the Council's objectives. Regular monitoring of key performance indicators, financial performance, risk, savings delivery and project progress enables corrective action to be identified where delivery is off track.

A Governance Dashboard has also been developed and is maintained by the Monitoring Officer. It is intended that it will be reviewed by the Corporate Governance and Oversight Group and Corporate Leadership Team and provides an additional mechanism for self-assessment, assurance and improvement.

Social value is considered through the Council's procurement and contracting arrangements. Services are provided with guidance on Contract Procedure Rules and procurement strategy reports. The services ensure that they have the correct level of contract management in place. These arrangements are intended to ensure that procurement decisions take account of whole-life cost, quality, sustainability, equality, community benefit and wider social, economic and environmental value, alongside compliance with procurement legislation and the duty to secure best value.

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

The Council's Constitution sets out the respective roles and responsibilities of Members and officers, including the Member and officer protocols, committee terms of reference, financial procedure rules, contract procedure rules and the updated exception-based Scheme of Delegation. These arrangements provide clarity on where responsibility sits for policy, strategic decisions, operational delivery and day-to-day management. Local schemes of delegation sit with individual Executive Directors to ensure that decision-making is exercised at the right level, with appropriate accountability, oversight and record keeping.

The Council also has regard to the Code of Practice on Good Governance for Local Authority Statutory Officers, supporting the effective operation of the Head of Paid Service, Monitoring Officer and Chief Finance Officer roles and ensuring that statutory officers have access to the information, senior leadership discussions and reporting routes necessary to discharge their functions effectively.

The Council's wholly owned companies are supported by specific governance arrangements, including oversight by the Shareholder Committee. A governance review was undertaken in 2023 in respect of Graven Hill and the resulting actions continue to be monitored quarterly by the Shareholder Committee. A governance review of Crown House is also due to be undertaken. Financial management roles are aligned to the CIPFA Financial Management Code and the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). The Chief Finance Officer is a member of the Corporate Leadership Team and provides professional advice on financial resilience, budget setting, reserves, financial risks, value for money and the lawful and prudent use of resources.

Legal, governance, finance, procurement, risk, equality and other relevant professional comments are included in reports that go to Members for decision. This supports lawful, transparent and well-informed decision-making and enables statutory officers and executive directors and assistant directors/ heads of service to identify issues before decisions are taken.

The Monitoring Officer is a member of the Corporate Leadership Team and provides governance, constitutional and legal assurance on matters considered by the Corporate Leadership Team. The Monitoring Officer attends meetings of the Executive and Council and provides advice on vires, decision-making, standards, ethical governance and the Constitution. The Monitoring Officer is supported by the Legal and Democratic Services functions, including deputy monitoring officer arrangements. The Head of Paid Service function is discharged by the Chief Executive, who has overall responsibility for the management of the Council's workforce, organisational capacity, senior leadership arrangements and the effective coordination of services to deliver Council priorities.

Member induction and development programmes support Members in understanding their strategic roles, including decision-making, scrutiny, executive responsibilities, the Code of Conduct, the Constitution, risk, finance and governance. Senior officers are, where appropriate resources allow, supported through corporate leadership arrangements, professional development and role-specific training.

Maximising capacity through collaboration is a key component of the Annual Delivery Plan, and the Council maintains a number of partnership working arrangements. The Constitution sets out how the governance aspects of these arrangements should operate in practice.

The Human Resources and Development Team supports organisational capacity and capability through workforce planning, organisational development, learning and development opportunities, skills and qualification-based training, appraisal and performance development processes, and health and wellbeing initiatives for staff.

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

The Council's arrangements for managing risk, performance and internal control are supported by the Corporate Oversight and Governance Group (COGG). COGG provides a senior officer forum for discussion with particular insight on governance risks, testing assurance, considering improvement actions and supporting escalation to the Corporate Leadership Team, Executive or Accounts, Audit and Risk Committee where appropriate. This supports good governance, effective decision-making, value for money, transparency, accountability and robust internal control.

COGG is chaired by the Executive Director Resources and includes the Monitoring Officer, Head of Legal, Chief Finance Officer, Head of Finance, Head of Internal Audit. Through this membership, the group brings together the key professional leads responsible for governance, finance, risk, legal compliance and independent assurance. It supports the Council's assurance framework across the three lines of assurance: management ownership and service controls; corporate risk, compliance and professional oversight; and independent assurance from internal audit, external audit and other external reviews. This enables the leadership team to understand how assurance is obtained, where further assurance is needed and whether risks and controls are being managed effectively.

Governance, risk and control arrangements for the Council's wholly owned companies are overseen through a separate Companies Governance and Oversight Group, led by the Chief Executive and supported by the Executive Director Resources, Section 151 Officer, Monitoring Officer, and relevant company officers. This provides a route for reviewing company governance matters and escalating issues to the Shareholder Committee where required. The same principles apply to significant partnerships, collaborations and arm's-length arrangements, with the Council seeking proportionate assurance that governance, financial, contractual, risk and performance arrangements are clear, effective and properly monitored.

The Leadership Risk Register provides a high-level view of the Council's key strategic risks and is reported quarterly to the Corporate Leadership Team, Executive and the Accounts, Audit and Risk Committee. Directorate and operational risk registers are reviewed at service and directorate level, ensuring that risks are identified, owned and managed at the appropriate level.

The Council's wider internal control framework includes Financial Procedure Rules, Contract Procedure Rules, Employment Procedure Rules, information governance arrangements, cyber and information security controls, developing policy for the governance of AI, asset management, procurement and contract management controls.

Internal Audit provides independent assurance through a risk-based programme of work, assessing how these controls operate in practice and reporting findings, recommendations and follow-up progress to management and the Accounts, Audit and Risk Committee.

Financial management arrangements are aligned with the CIPFA Financial Management Code through the Medium-Term Financial Strategy, budget setting, budget monitoring, savings delivery, reserves assessment and financial reporting to Members via the AARC. These arrangements help demonstrate financial resilience, affordability and the responsible use of public resources. Procurement strategies for individual procurements also support delivery of corporate priorities by ensuring that significant contract awards consider value for money, best value, social value, legislative compliance, whole-life cost and appropriate arrangements for contract management and performance monitoring.

The Council refreshed its Risk Management Strategy in September 2025. The Strategy sets out the Council's risk management policy, approach and appetite, and reinforces the importance of a supportive risk culture in which openness, constructive challenge and honest discussion about business challenges are encouraged. It is kept under review to ensure that risk management arrangements remain aligned to the Council's objectives, operating environment and emerging risks.

Risk management is treated as an integral part of achieving the Council's priorities. It supports informed decision-making, innovation, continuous improvement and value for money by helping the Council balance opportunity with appropriate protection, particularly where services affect vulnerable groups or involve significant financial, legal, operational or reputational exposure.

To embed this approach, Members and officers receive training on the Risk Management Strategy, including the Council's risk appetite, roles and responsibilities. A Risk Advisory Group has also been established to promote consistent risk practice across service areas, support the review of risk registers and provide internal challenge on the identification, scoring, mitigation and escalation of risks.

Together, these arrangements provide a structured approach to identifying, managing and reviewing operational and strategic risks. Strategic risks are considered by the Corporate Leadership Team, Executive and Accounts, Audit and Risk Committee, while the Overview and Scrutiny Committee provides formal scrutiny of relevant performance and delivery matters.

The Accounts, Audit and Risk Committee undertakes the core functions of an audit committee as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities and Police (2022), including oversight of governance, risk management, internal control, financial reporting, external audit, internal audit and counter fraud arrangements. Internal Audit is provided by Veritau and is expected to conform with the Global Internal Audit Standards in the UK public sector, the Application Note and CIPFA's Code of Practice on the Governance of Internal Audit in UK Local Government. Counter fraud and anti-corruption arrangements are supported by the Council's counter fraud service, also provided by Veritau, and are developed and maintained having regard to CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption. Internal challenge is provided through management review, COGG, statutory officers, scrutiny and audit committee oversight. External challenge is provided through external audit, the independence of internal audit, peer review, inspection, ombudsman findings and other external assurance activity.

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

The Council maintains transparency and accountability through public decision-making, published agendas, reports, decisions and minutes, and the availability of meeting webcasts on the Council's website. Public questions are permitted at Executive, committee and Council meetings, supporting openness and enabling residents and stakeholders to engage with the democratic process.

The Council publishes its Annual Financial Report, including the Statement of Accounts, in accordance with statutory requirements. This reporting is supported by governance, risk management and internal control disclosures, providing assurance to Members, residents, stakeholders and external bodies that core areas of accountability are being considered and reported transparently.

The Council supports the timely response to, and effective delivery of, the work of external audit, internal audit and any inspection or regulatory activity. The Council is subject to independent external audit by Bishop Fleming and receives reporting on audit findings. This is supplemented by the work of Internal Audit, provided by Veritau Public Sector Ltd.

Progress against recommendations is monitored through management review, Corporate Leadership Team oversight and reporting to the Accounts, Audit and Risk Committee. The Committee undertakes the core functions identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities and Police, including oversight of governance, risk management, internal control, financial reporting, external audit, internal audit and counter fraud.

Transparency and accountability across collaborations, partnerships, trading companies and other arm's-length arrangements are maintained through proportionate governance, assurance and reporting arrangements, including oversight by the Shareholder Committee where relevant. These arrangements help ensure that assurance covers the Council's core governance responsibilities and supports accountability to the public, Members, partners and wider stakeholders in practice.

REVIEW OF EFFECTIVENESS

The Council has reviewed the Council's existing governance arrangements against the revised CIPFA / SOLACE 'Delivering Good Governance in Local Government Framework - 2016 Edition' good practice guidance (See below).

The review of effectiveness is informed by three lines of defence:

- senior managers within the Council who have responsibility for the development and maintenance of the governance environment;
- the Head of Internal Audit and other professional leads including the Chief Executive, Chief Finance Officer, Executive Directors, Monitoring Officer and Assistant Director of Human Resources;
- External Audit and other inspections made by external auditors and independent reviews agencies and inspectorates.

Internal Audit

Overview of work completed in 2025/26

The Council uses several ways to review the effectiveness of governance arrangements. One of the key assurance statements is the annual report and opinion of the Head of Internal Audit (Veritau (the internal audit provider)). The role of the Internal Audit Service is to provide assurance to management and those charged with governance about the quality and effectiveness of the governance framework and systems of internal control. The internal audit team have completed ten internal audits, the outcomes are reported to the Accounts, Audit & Risk Committee. There are three internal audits and one fact-finding review in progress for this years programme.

Professional standards and quality assurance

The Accounts and Audit Regulations 2015 require internal auditors working in local government to take into account public sector internal auditing standards or guidance. During 2025/26, the professional standards governing the practice of internal auditing in UK local government were the Global Internal Audit Standards in the UK Public Sector.

The 2019 CIPFA Statement on the "Role of the Head of Internal Audit in public service organisations" also applied during 2025/26. This outlines the principles that defines the core activities and behaviours that belong to the role of the 'Head of Internal Audit' and the governance requirements needed to support them. The Council's arrangements conform with the governance requirements of the CIPFA statement as our Chief Internal Auditor as follows:

- objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control.
- championing best practice in governance and commenting on responses to emerging risks and proposed developments.
- be a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the audit committee.
- lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively.
- be professionally qualified and suitably experienced.

The Internal Audit Service operated in accordance with the Global Internal Audit Standards in the UK Public Sector during 2025/26, as confirmed in the Head of Internal Audit's annual report.

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Global Internal Audit Standards UK Public Sector is made up of the Global Internal Audit Standards (as well as what are known as 'Topical Requirements') and the 'Application Note: Global Internal Audit Standards in the UK Public Sector' ('the Application Note'). The purpose of the Application Note is to set out interpretations and requirements which need to be applied to the Global Internal Audit Standards requirements so that these form a suitable basis for internal audit practice in the UK public sector.

Veritau (the internal audit provider) used a conformance readiness tool, published by the Chartered Institute of Internal Auditors (UK and Ireland), to self-assess its conformance with the Global Internal Audit Standards. It also completed a self-assessment against the Application Note. The Head of Internal Audit confirmed that the service conforms with the Global Internal Audit Standards UK Public Sector.

CIPFA has recently published the 'Code of Practice for the Governance of Internal Audit in UK Local Government' ('the Code'). The purpose of the Code is to ensure that the essential conditions of governance can be met in a local government context. A difference between the Global Internal Audit Standards UK Public Sector and the Code is that the Code is intended for local authorities rather than internal audit functions. It is designed to support authorities in establishing effective internal audit arrangements and providing oversight and support for internal audit.

Internal audit functions are still expected to be aware of the Code, and to assess compliance with it (alongside Global Internal Audit Standards UK Public Sector), but the emphasis of the Code is on ensuring that local authorities have created the conditions for internal audit to be delivered effectively. The internal audit service has worked alongside senior management to ensure that the Code is understood and that the correct conditions for internal audit exist.

Annual opinion of the Head of Internal Audit

The Head of Internal Audit prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2026. The overall opinion on the framework of governance, risk management and control operating at the council is that it provides Reasonable Assurance.

However, in giving that opinion, the Head of Internal Audit, recommended that one significant control weaknesses be considered for inclusion in the Annual Governance

Statement. This is as follows:

> Utilities management
>
> An audit review that followed up actions agreed in the utilities management audit issued in January 2024 found that some significant control weaknesses remained unresolved. Progress had been made to address a number of issues previously identified. However, weaknesses remained relating to the fragmented responsibilities, limited oversight and financial risk exposure. The remaining issues have been judged to represent a critical control weakness. Action to address these weaknesses has been identified and agreed with management. The proposed action plan involves engaging an external company and seems credible but the effective implementation of the new arrangements is key to addressing the weaknesses. Veritau will conduct further work to confirm the action has been completed and weaknesses addressed.

The Reasonable Assurance opinion given by the Head of Internal Audit means that, overall, there is satisfactory management of risk within the council but with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.

Where weaknesses have been identified through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement. Management action plans are in place and are routinely monitored by the Internal Audit team and reported to Corporate Leadership Team and the Accounts, Audit & Risk Committee. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

The Council agrees an Annual Plan for the Counter-Fraud Service each year. This is usually presented to the March meeting of the Accounts, Audit and Risk Committee, supporting the Council's Anti-Fraud and Corruption Strategy with updates taken throughout the year. The 2025/26 Counter Fraud Plan was considered in March 2025. The Counter-Fraud team's purpose is to adhere and to promote the zero-tolerance approach to fraud detailed in the Council's Fraud Strategy, by thoroughly investigating any instances of fraud; applying the appropriate sanctions; undertaking proactive and preventive work to prevent and detect fraud through training, awareness raising, data matching and proactive reviews.

The key areas of work for the Counter-Fraud Strategy for 2025/26 were:

- Counter Fraud Framework – monitoring changes to regulations and guidance and maintaining the counter fraud framework

- Proactive work – raising awareness, targeted pro active counter fraud work and advice on measures to help prevent and detect fraud
- Reactive investigations – investigation of suspected frauds against the council and associated recommendations.
- National Fraud Initiative – Coordination of the submission of data to the programme and investigating subsequent data matches
- Fraud liaison – Act as a single point of contact to the DWP to provide data to support Housing Benefit investigations.

For the period April 2025 – March 2026, 171 referrals of suspected fraud were received. After triaging referrals, 37 investigations were completed with successful outcomes achieved in 51% of cases. Investigations mainly involved Empty homes Council Tax Premium, Single person discount and Council Tax Reduction.

Financial Management Code

A key goal of the Financial Management Code of Practice (launched by CIPFA in November 2019) (FM Code) is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Since April 2021 authorities have been expected to work towards full compliance of the FM Code. There are clear links between the FM Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes. As such, Annex 1 sets out the outcomes of the Council's latest self- assessment of compliance with the FM Code. The picture is positive, with the RAG (Red-Amber-Green) rating of compliance showing as Green for all of the 19 standards. A column showing 'Further Work' gives an indication of improvements that could be made over the current year.

2025/26 Actions update

Actions	Lead Officer	UPDATE
An audit of compliance with Health and safety management system identified several significant control weaknesses in this particularly within the Place directorate.	AD HR as corporate health and safety. AD Environment for implementation	The action plan has been completed.

Demonstrably meet the Council's accident and incident reporting and investigation requirements. Implement the action plan.		
Implement improvements in report clearance processes, with DLTs taking responsibility for early engagement with legal and finance to improve quality and timeliness of reports and improved forward planning.	DLTs	All directorates are instructed by CLT to ensure that all reports are cleared by legal and finance and there is early engagement.
Management of strategic site applications to minimise the risk of legal proceedings and costs exposure. Implement all review findings and action plan Address issues identified in the Internal Audit fact finding review relating to negative framing of officer recommendations, strategic partnerships and stakeholder management, Resource and document management, Performance management, management of planning performance agreements and management of service improvement.	AD Planning and Development	Progress is being taken forward through a dedicated project within the Transformation Programme. This project is addressing the review findings and agreed action plan, with oversight through the relevant governance and performance management arrangements.
Work with Executive and CLT to deliver the 2025/26 budget and financial	AD Finance	The 2025/26 outturn position came in balanced with overspends in the

challenges, giving particular attention to the delivery of the agreed savings. Delivery of agreed savings Where overspends are identified operating within the mitigation plan outlined in the S25 statement.		directorates offset by underspends in corporate budgets. This is after making a net unbudgeted £1.4m contribution to reserves during the year.
In collaboration with the new administration, better engagement and consultation with Portfolio Holders (PH) and CLT including focus on strategic planning and transformation change. Officers and members should work together. PH briefing, reports produced and presented to ensure that it meets members needs and provided sufficiently in advance to allow PH and Exec members to review and have political discussion. Planned away days.	CLT DLTs	A programme of officer and member engagement has supported the annual planning and budget processes. This has included away days and structured discussions with the Executive, Portfolio Holders and CLT to strengthen strategic planning, support transformation activity and improve early engagement on key priorities.
Build on the existing work on transformation and develop a plan to address the budgetary shortfall identified in the Medium Term Financial Strategy beginning in 2026/27. Transformation Case for Change Strategic Planning Process	CD Resources AD Finance & CLT	Balanced budget set for 2026/27 through a joined up strategic planning process. Transformation has continued through the Cherwell Futures Programme with projects developing business cases.

Further embed the new Procurement Act 2023 and Procurement Regulations 2024 including Member and officer training.	AD Law & Governance	A structured monthly training programme has been established to embed the Procurement Act 2023 and Procurement Regulations 2024. The programme includes workshops aligned with Cabinet Office guidance and is designed to strengthen understanding of the new procurement framework, transparency requirements and available competitive procedures. This work is building organisational capability, supporting compliance and promoting consistent procurement practice.
Produce and Implement Risk Management Strategy and framework to ensure compliance with HM Government Orange Book and implement training programme to embed risk management.	CD Resources	Risk Management Strategy has been implemented.
Specific training on Information Governance as identified in the improvement plan especially in relation data breaches.	AD Law & Governance	The targeted information governance training has been delivered and is now embedded as an ongoing programme of awareness and refresher activity, with continued focus on data breach prevention, reporting and learning.
Building on the Corporate Strategy which covered at a high level "People" to produce Strategic workforce plan focussed on skills and	AD HR	The Council's performance management arrangements and introduce a competency and behavioural framework, following the review of organisational values are

knowledge gaps, performance management, including appraisal processes and learning development plans.		been implemented. Talent management and succession planning are also being reviewed and developed through the Annual Delivery Plan, with this work continuing into the next year.
Review of agency processes to ensure that pre employment checks are conducted and the reasons for waiver of any requirement is properly authorised and reasoned.	AD HR	This is ongoing
To produce and implement detailed Simpler Recycling action plan	AD Environment	Ongoing
To define governance parameters around Local Government Reorganisation leading to implementation phase.	CLT	The governance framework for Local Government Reorganisation has been developed with LGR leads and statutory officers. It sets out the baselining work required before the Government announces its preferred proposal and was agreed by Chief Executives in December 2025.

GOVERNANCE SELF ASSESSMENT

Annual Assurance Statements were received from the Chief Executive, Executive Directors, Assistant Directors and relevant Heads of Service in respect of governance and internal control arrangements within their areas of responsibility. These statements confirm that expected governance arrangements have been in place throughout the year.

The assurance process also confirms that the Council's Codes of Conduct, Financial Regulations and other corporate governance processes have operated as expected, supported by self-assessments of governance arrangements across services.

The themes emerging from the self-assessment process have been considered as part of the overall governance review and are reflected in the conclusion below.

CONCLUSION

The Council has undergone significant change in recent years and has continued to embed and strengthen its governance structures. Overall, those arrangements are considered fit for purpose and appropriately aligned to support delivery of the Council's planned outcomes, including its responsibilities for value for money and best value.

The review has identified some areas where the operational relevance of governance has not always been fully recognised or consistently applied. These instances have been limited, but they underline the importance of continuing to embed governance as a practical part of day-to-day service delivery, decision-making and risk management.

A balanced budget has been set for 2026/27 through a joined-up strategic planning process. Transformation activity is progressing through the Cherwell Futures Programme, with business cases being developed to support future savings, service redesign and with the aim to improve outcomes for residents. Clear governance arrangements have been established to support this work, including appropriate programme boards, reporting routes and oversight mechanisms agreed with Members.

The Planning Service continues to experience significant demand pressures. This has affected the timeliness of some committee reports, particularly where there has been a risk of non-determination. The Council's planning function for major applications has also recently been designated, which will require a wider and sustained action plan by the Council.

In some planning committee decisions, officer recommendations based on planning judgement have been set aside. This has increased the need for the Council to manage legal, financial and reputational risk at appeal stage. Continued improvement in planning governance, performance management and decision-making support will therefore remain a key area of focus.

The Council has also introduced a Values-Based Competency Framework to support a positive and consistent organisational culture. The framework sets clear behavioural expectations aligned to the Council's vision and values, helping to strengthen fairness, collaboration, accountability, performance and development across the organisation.

Local Government Reorganisation will also play an important role in shaping the Council's priorities, capacity and governance arrangements over the coming year. The recent elections did not return the Council to majority control; however, the new Leader is continuing work broadly aligned with the previous administration's priorities.

Other governance outcomes are shown below:

- Nil reports issued by the Section 151 Officer or the Monitoring Officer.
- Member complaints - 13 complaints about member conduct were received in 2025/2026. Of these, 2 were withdrawn/not progressed with, 11 were dismissed at the initial stage, with 0 offered an informal resolution.
- The Local Government and Social Care Ombudsman upheld 1 complaint out of total 15 received.

Taking account of the Monitoring Officer's assurance role, the Council is satisfied that its core governance arrangements are in place and operating effectively to support the principles of good governance set out in the Local Code. The Council's governance arrangements remain fit for purpose. The effectiveness review confirms that the Council continues to operate robust internal controls, complies with its Constitution, and has a clear strategy for responding to financial challenges. The areas for improvement identified through the review are set out in the action plan for the year ahead and will support continued strengthening of the Council's governance, assurance and accountability arrangements. This Annual Governance Statement will be presented to the Audit & Governance Committee for consideration.

Action Plan for 2026 /2027

Actions	Lead Officer	Timescales
Impact of national Government policy To monitor and respond to changes in national policy as it applies to the governance, constitutional and operational impact on the Council. To address the governance implications of the Public Office (Accountability) Bill which is expected to become law this year. To brief and update the Leader and Exec members on the implications.	AD Law & Governance	TBC
Deliver the savings programme and maintain financial resilience Work with the Executive and CLT to deliver the 2026/27 budget, respond to financial challenges and maintain a clear focus on delivery of the agreed savings programme. Where overspends are identified, operate within the mitigation plan outlined in the Section 25 statement, with regular monitoring, early escalation and clear ownership of corrective action.	Chief Finance Officer	TBC
Deliver the Cherwell Futures Programme and strengthen medium-term financial sustainability Build on the Council's existing transformation work through the Cherwell Futures Programme and develop a clear plan to address the budgetary shortfall identified in the Medium-Term Financial Strategy from 2027/28. Develop and implement transformation business cases that support financial sustainability, service	ED relevant	TBC

improvement and delivery of Council priorities, focusing initially on the agreed Cherwell Futures projects. Where appropriate and possible to ensure this work is fit for future working with Local Government Reorganisation. Initial project areas are: Customer Front Door; Planning; and Environmental Services.		
Strengthen planning governance, capability and capacity Further develop and implement the planning improvement action plan following designation of the Council's major applications function, with clear ownership, milestones and oversight through the transformation and performance management arrangements. It is acknowledged that the PAS recommendations made before designation are being actively implemented. Build the capability and capacity of the Planning Service to support timely, policy-led and legally robust decision-making, including targeted officer and Member development where needed. Promote a whole-Council culture in which lessons learnt are implemented in timely manner, planning decisions are supported by strong professional advice, and political and managerial leadership.	ED relevant	TBC
Strengthen utilities management controls Implement the agreed utilities management action plan to clarify responsibilities, strengthen oversight and reduce financial risk. Engage external support to put the revised arrangements in place, with progress monitored by management and followed up by Internal Audit	ED relevant	TBC

to confirm that the control weaknesses have been addressed.		
Embed proportionate governance in priority project delivery Strengthen the way governance, legal, financial, procurement and risk requirements are built into the delivery of high-priority projects, as set by the Executive, from the outset, so that compliance is seen as enabling timely, lawful and well-informed delivery rather than as a barrier. Ensure policies, procedures and decision-making processes are applied consistently, with proportionate flexibility where appropriate, while maintaining the Council's commitment to transparency, robust internal control, effective risk management, accountability and best value.	ED relevant	TBC
Embed corporate records management and filing arrangements Establish clear filing arrangements for correspondence and key records across directorates, so information is stored in appropriate corporate systems rather than held primarily in individual email inboxes. Work with the Information Governance Team to align local filing practices with the Council's data governance, information governance and records management policies, improving retrieval for FOI, EIR and data subject requests and reducing the risk of data loss, poor data quality or data breaches.	ED relevant	TBC
Strengthen financial controls for staff claims and related expenditure Review and improve arrangements for authorising, recording and monitoring staff claims, allowances and other employee-related	Chief Finance Officer	TBC

expenditure to ensure compliance with policy, consistency of application and effective financial oversight.		
Strengthen Leader and statutory officer governance arrangements Establish regular joint meetings between the Leader, Chief Executive, Chief Finance Officer and Monitoring Officer to support early discussion of significant governance, financial, constitutional and operational issues. These meetings will provide a clear route for timely advice, escalation and assurance, helping to reduce avoidable delay where statutory officer input is required and supporting compliance with the Code of Practice on Good Governance for Local Authority Statutory Officers.	Leader of the Council, supported by the Chief Executive, Chief Finance Officer and Monitoring Officer	TBC

STATEMENT OF OPINION

It is our opinion that the Council's governance arrangements in 2025/26 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2026/27. It is our opinion that our ability to maintain sound governance during the past year, has been effective.

Gordon Stewart

Chief Executive

Cllr David Hingley

Leader of the Council (until May 2026)