

# Finance

HEAD OF SERVICE: Simon Hewings



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Dear Sirs,

I am writing on behalf of members of South Oxfordshire District Council, to ask the Secretary of State at MHCLG to request a review of the way in which local government Treasury Management decisions are made, highlighting the need to balance the climate and ecological emergency with regard to the CIPFA code of practice.

Although not directly linked to treasury management investment decisions, there was a recent consultation by CIPFA/LASAAC that included a section on sustainability reporting for local government. The private sector accounting standards have been released and are now in effect, however the disclosure requirements for the public sector remain in the development stage.

The requirement to prioritise Security, Liquidity and Yield in that order derives from the “Statutory Guidance on Local Government Investments (3rd Edition)”, issued by MHCLG under section 15(1)(a) of the Local Government Act 2003, rather than CIPFA. There is no mention of Environmental, Social and Governance (ESG) or sustainable investment in the statutory guidance, so local authorities who wish to apply those principles to their treasury investments would be required to have regard to the guidance and apply Security, Liquidity and Yield and overlay criteria. Our members ask that the exclusion of ESG guidance from the statutory guidance be reconsidered in light of the climate and ecological emergency, in particular with respect to the prioritisation of security, liquidity and yield.

CIPFA produces the “Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes” that derives from and complements the MHCLG guidance. The CIPFA Code incorporates environmental considerations by integrating Environmental, Social, and Governance (ESG) risks into Treasury Management Practice (TMP) 1 (Risk Management), rather than a separate section. This ensures that public service organisations consider the environmental impact of their treasury management decisions, such as short-term investments, alongside financial and other ESG factors to achieve their objectives in a sustainable way. Our members ask that the prominence of ESG in the CIPFA Code be reconsidered.

I look forward to hearing from you with a way forward on how to better consider ESG requirements in the future.

Yours faithfully,

**Pieter-Paul Barker**  
**Councillor for South Oxfordshire District Council**

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