

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 12 March 2025 commencing at 1.00 pm and finishing at 3.40 pm

**Present:**

**Voting Members:** Councillor Ted Fenton – in the Chair  
Councillor Roz Smith (Deputy Chair)  
Councillor Yvonne Constance OBE  
Councillor Jenny Hannaby  
Councillor Bob Johnston  
Councillor Ian Middleton  
Councillor Glynis Phillips  
Dr Geoff Jones

**Officers:**

Whole of meeting Anita Bradley (Director of Law and Governance and Monitoring Officer), Sarah Cox (Chief Internal Auditor), Tim Chapple (Treasury Manager), Ella Stevens (Deputy Chief Accountant), Colm O’Caomhanaigh (Democratic Services Manager) and Shilpa Manek (Democratic Services Officer)

Simon Mathers (Ernst and Young)

*The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting.*

### **16/25 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 1)

Apologies for absence were received from Councillors Hicks, Leverton and Levy. Apologies were also received from Lorna Baxter.

### **17/25 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE**

(Agenda No. 2)

No declarations of interests had been received.

### **18/25 MINUTES**

(Agenda No. 3)

**Resolved:** that the minutes of the meeting held on 15 January 2025 were agreed as an accurate record and signed by the Chair, subject to the actions being resolved by the next meeting.

## **19/25 PETITIONS AND PUBLIC ADDRESS**

(Agenda No. 4)

There were none received.

## **20/25 TREASURY MANAGEMENT Q3 PERFORMANCE REPORT 2024/25**

(Agenda No. 5)

The report was presented to the Committee by the Treasury Manager. The Committee was given the following information:

- The report was for the third quarter of the financial year 2024/25 and set out the position at 31 December 2024.
- Throughout the report, the performance for three quarters of the year to December 2024 was measured against the budget agreed by Council in February 2024.
- As at 31 December 2024, the Council's outstanding debt totalled £271m and the average rate of interest paid on long-term debt during the year was 4.41%. the Council launched a 'green bond' in December 2024 aiming to raise £0.5m. No other external borrowing was raised during the quarter, whilst £3m of maturing Public Works Loan Board (PWLB) and £5m of Lender's Option/Borrower's Option (LOBO) loans were repaid. The cumulative amount of PWLB and LOBO loans repaid during 2024/25 was £3m and £10m respectively.
- The Treasury Management Strategy for 2024/25 agreed in February 2024 assumed an average base rate of 4.75%.
- The average daily balance of temporary surplus cash invested in-house was expected to be £463m in 2024/25, with an average in-house return on new and existing deposits of 4.25%.
- During the nine months to 31 December 2024, the Council achieved an average in-house return of 4.74% on average cash balances of £455.652m, producing gross interest receivable of £17.404m. in relation to external funds, the return for the nine months was £2867m, bringing total investment income to £20.372m. this compared to the budgeted investment income of £14.156m, giving a net overachievement of £6.256m.
- At 31 December 2024, the Council's investment portfolio totalled £503.390m, this comprised of £390.000m of fixed term deposits, £14.924m at short term notice in money market funds and £98.465m in pooled funds with a variable net asset value.
- Temporary surplus cash balances included developer contributions, Council reserves and balances and various other funds to which the Council paid interest at each financial year end. The budgeted annual return on these in-house balances for 2024/25 was 4.25% and assumed an average annual in-house cash balance of £361.622m.
- The actual average daily balance of temporary surplus cash invested in-house was £472.306m for the first three quarters of 2024/25 and the average in-house return was 4.74%, producing gross interest receivable of £17.404m. Gross distributions from pooled funds totalling £2.967m were also realised in the three quarters, bringing total investment income to £20.372m. this

compared to the budgeted investment income of £14.116m, giving a net overachievement of £6.256m. this reflected a combination of higher than forecast average cash balances, and higher than forecast interest rates.

- Cash balances for the year were forecasted to be lower than they otherwise would have been as a result of negative Dedicated Schools Grant (DSG) balances relating to High Needs. The negative DSG balance by the end of 2024/25 was forecast to be £84.20m. This would have an estimated opportunity cost of £3.49m in unearned interest during 2024/25.
- The council operates a number of instant access call accounts and money market funds to deposit short-term cash surpluses. During the first three quarters of 2024/25 the average balance held on instant access was £82.633m, at an average rate of 4.98%.
- At 31 December 2024 the total value of pooled fund investments was £98.465m. This has decreased from the last reported value of £98.861m at 30 September 2024.
- At 31 December 2024, the council's investment portfolio totalled 503.390m. This comprised £390.000m of fixed term deposits, £14.924m at short term notice in money market funds and £98.465m in pooled funds with a variable net asset value.

Members made the following points:

- The investments were slightly below the purchase price so good to hold on to these.
- The Green Bond was a great idea, was there an update? There would be a full report to the next meeting, but the target had been met very quickly with full uptake. This could be extended but needed to be sure that there were enough schemes in the horizon.

**Resolved: that the Committee noted the council's treasury management activity at the end of the third quarter of 2024/25.**

## **21/25 CHANGES TO CONSTITUTION OF PENSION FUND COMMITTEE**

(Agenda No. 6)

The Governance and Communications Manager presented the report to the Committee on the changes to the mandatory training requirement of the Pension Fund Committee Members. The proposal suggested was that all Pension Fund Committee Members were required to, in their first year and normally no later than the 31<sup>st</sup> December, attend an induction on the Oxfordshire Pension Funds Policies prior to attendance of a Committee meeting, and either the 3-day LGA Fundamentals Course or the 5 Core and 4DB online modules of the Pension Regulators Trustee Toolkit, in year subsequent year, all pre-Committee training and a minimum of 2 days' additional training. And complete the annual Knowledge Assessment exercise run by Hymans Robertson and maintain a score on the Knowledge and Assessment exercise consistent with their responsibilities as a serving member of the Pension Fund Committee or Pension Board as appropriate. Only named substitutes of the Committee were allowed where they had completed an induction on the Oxfordshire Pension Funds Policies.

The Committee agreed with the Officer that the training was essential and required.

**Resolved: that the Committee unanimously approved the changes to the mandatory training requirement of the Pension Fund Committee Members.**

## **22/25 REPORT OF THE CONSTITUTION WORKING GROUP**

(Agenda No. 7)

The Chair introduced the item advising the Committee that the changes were for approval or not. All changes had been discussed in detail at the Working Group where there had been a good representation.

The Monitoring Officer highlighted that some of the changes and informed the Committee of the process undertaken to reach the changes suggested in the report.

The Committee were informed of the following points:

- The Members allowance had been included in the recommendations to Council to approve so the scheme could not be changed.
- The changes were mainly to highlight the changing items and to make points clearer and to modernise the language.
- There were some additional changes that had been highlighted since the Working Group meeting, and these would also need to be considered.
- The Terms of Reference changes were changes to personal to the Health and Wellbeing Board and these would be taken straight to Full Council since they were only technical changes. The Committee were asked to take into consideration only.
- Members were reminded of the Addenda published on the scheme of delegation, Part 7.2, that included, where the Director of Law and Governance and Monitoring Officer was authorised to take any action to implement any decision taken by or on behalf of the Council, including the signature and service of statutory and other notices and any document; and authority to apply the Common Seal of the County Council to deeds in order to execute them.
- The Committee were also reminded of the recommendation from the Health Overview and Scrutiny Committee, that they preferred to have greater flexibility to allow more experienced Members to hold the role of Deputy Chair and would therefore prefer to remain with the status quo that the Deputy was elected by the Chair.

Members of the Committee made the following comments that were responded to by Officers:

- The suggestion to reduce the speaking time for outside speaker to three minutes was very little time. The change added clarity to outside speakers upfront knowing that they only had three minutes, so to only prepare for that.
- The Call-in decision process, it was suggested that the public could put forward an idea which the Committee could discuss and decide upon and brought to a future meeting if agreed. If it was agreed that the decision would lie with the Monitoring Officer, then a report would be brought back to the next meeting, for transparency. **ACTION**

- It was suggested that social benefits be added to the procedure rules, explicitly. This would be considered of where it could be added, possibly as part of social value in Paragraph 8.2. **ACTION**
- Where it read, 'official opposition have the right to speak to Council', to add 'and other Members of the Opposition at the Chair's discretion for three minutes'.
- Opposition Members to be able to request a briefing to ask questions of Officers.
- The effective communication with Councillors was a good paragraph that needed to be communicated to all Officers that Members needed all the appropriate information. The Officer core to be given training and education. **ACTION**
- Could Members attend Council remotely? Members could only vote if they were present at a meeting. This had been debated at length by the Working Group.
- It was that there was one motion per Member, now it was one motion per Political Group, this was very limiting. This was discussed in detail and it was the Monitoring Officer's responsibility to keep under review and update if required. It would be reviewed again after six months.
- The Constitution needed to be more visible on the website and be searchable globally to include areas within the Constitution. The Constitution would soon be available as a single document so would be fully searchable.
- Signatories for petitions had been increased from 10 to 100 signatories; this was a very big change especially if the area for petition had less than 100 residents. Research had been completed across other authorities. Members of the Working Group reflected on the research and felt that 10 was too few and 100, compared to other authorities was better. This was the majority view at the Working Group.
- The livestream of meetings was only retained for six months, could this be increased? The decision made on this was six months, but the Monitoring Officer would go look into this. **ACTION**
- It was a large epic piece of work to move forward with.
- The authorisation of proposals contract was being changed to have one signature for up to £200k. This had been based on a risk assessment by the Section 151 Officer and the value of business carried out reflected in accountability. The 25k was putting restraints to the organisation. There was further detail in the report at page 166.
- The Monitoring Officer confirmed afterwards (on the question raised by Cllr Phillips) that the Council meeting rules for public speakers also apply to scrutiny meetings (Part 6.2, Section 18).

The Monitoring Officer commented that the review of the Constitution would be ongoing and constant so these could be considered as part of the next review.

A proposal was put forward to take all the recommendations forward and consider again in six months. This was seconded. Members requested that the comments from the Committee be added as part of the report to Full Council, especially since the Monitoring Officer had accepted one of them.

The number of signatories for a petition was discussed again by the Committee as they felt that 100 was too many. After a lengthy debate, the Committee unanimously agreed to reduce to 50 signatories from 100.

**Resolved:**

**to RECOMMEND to Council**

- (a) to approve amendments listed in Annex 1 to the following Parts of the Council's Constitution:
  - (i) Part 1.2 How Oxfordshire County Council Operates;
  - (ii) Part 1.3 Decision Making;
  - (iii) Part 3.1 Council Procedure Rules;
  - (iv) Part 3.1A Virtual Meeting Procedure Rules (delete);
  - (v) Part 3.3 Virement Rules;
  - (vi) Part 4.2 Cabinet Procedure Rules;
  - (vii) Part 4.4 Delegated Decisions by Individual Cabinet Members;
  - (viii) Part 4.6 Transport Advisory Panel (delete);
  - (ix) Part 5.1A Regulatory and Other Committees;
  - (x) Part 5.1B Health and Wellbeing Board;
  - (xi) Part 6.1A Overview and Scrutiny Committees;
  - (xii) Part 6.1B Oxfordshire Joint Health Overview and Scrutiny Committee;
  - (xiii) Part 6.1C Buckinghamshire, Oxfordshire, Berkshire West Joint Health Overview and Scrutiny Committee Terms of Reference (new Part);
  - (xiv) Part 6.2 Overview and Scrutiny Committee Procedure Rules;
  - (xv) Part 6.3 Protocol on Scrutiny Participation (delete);
  - (xvi) Part 7.2 Scheme of Delegation to Officers;
  - (xvii) Part 8.3 Contract Procedure Rules;
  - (xviii) Part 9.2 Protocol on Councillors' Rights and Responsibilities;
  - (xix) Part 9.4 Policy on IT Use by Members of the County Council (delete);
  - (xx) Part 9.6 Protocol on Member-Officer Relations;
  - (xxi) Part 10.1 Members' Allowances;
  - (xxii) correct erroneous references and update titles where they have changed;

subject to the following changes:

- I. In Part 3.1 Section 10.1.1 (iii) "minimum number of 50 people" instead of 100 (for a petition);
- II. In Part 6.1B, withdrawing the proposed amendment to Section 8 on the position of Deputy Chair;
- III. In Part 6.2, Section 19 (o) append "If the Call-in request is deemed invalid, the assessment will be reported by the Director of Law and Governance and Monitoring Officer to the next meeting of the relevant Scrutiny Committee."

- IV. In Part 8.3, Section 8.1 add the text in bold: “In determining the relevant evaluation criteria for any procurement, Authorised Officers, in consultation with their Relevant Procurement Team, must consider all factors relevant to their requirement, including environmental and social considerations, **including social value benefit where appropriate**, so far as this is lawful.”
- (b) to delegate to the Director of Law & Governance and Monitoring Officer the ability to make any necessary additional changes to the Constitution to amend any inconsistencies arising from these proposed changes and where any existing drafting in the Constitution is inconsistent with the changes set out in this report and approved by Council.
- (c) to delegate to the Director of Law & Governance and Monitoring Officer the ability to update Part 10.1 Members’ Allowances annually in line with any requirement under the Scheme of Allowances to apply indexation to Members’ Allowances.
- (d) to amend Part 7.2, Scheme of Delegations to Officers, Section 6.4 (a) to include the following subsections:
- i. The Director of Law and Governance and Monitoring Officer will be responsible for the safe-keeping and secure administration of the Common Seal of the Council.
  - ii. The Common Seal of the Council may be affixed either by physical means or by such electronic means as the Director of Law and Governance and Monitoring Officer may from time to time authorise. References in this Rule and elsewhere in the Constitution to the Common Seal (or the Seal) of the Council and to the sealing of documents shall be taken to refer to the official seal and any accompanying attesting signatures as being affixed either by physical means, or by the electronic means provided for in this Rule.
  - iii. The Director of Law and Governance and Monitoring Officer or other person authorised by them may authenticate any document that may be required for legal proceedings.

## 23/25 ACCOUNTING POLICIES

(Agenda No. 8)

The Committee received a report from the Deputy Chief Accountant. The report was setting out the approach taken for the preparation of the 2024/25 Statement of Accounts including the proposed timetable for the publication and public inspection, the changes to the de minimis levels for capitalisation, the charges to the Chartered Institute for Public Finances and Accountancy 2024/25 Code of Practice on Local

Authority Accounting in the UK for 2024/25 and the approved significant Accounting Policies which described how the Council had interpreted and applied the Code and formed the basis of preparation of the accounts.

The following comments were made by the Committee:

- How were the rising land values taken into account? All valuations were carried out every three years.
- Had the risks with respect to trade affecting the stock market been accounted for in the Strategic Risk Register? This had not been accounted for on risks for accounting policies but would be added to the overall Risk Register.

The Committee were informed that land never depreciated. The commercial property and investment property were held at fair value. With investment property being revalued every year.

**Resolved: that the Committee unanimously endorsed the proposed timetable to produce the draft Statement of Accounts for 2024/25. The Committee considered and approved the change in the de minimis level for capitalisation and ratified the accounting policies including new changes for 2024/25 as approved by the Executive Director of Resources and Section 151 Officer.**

## **24/25 COUNTER FRAUD UPDATE**

(Agenda No. 9)

The Chief Internal Auditor reported a summary of activity against the Counter Fraud Plan for 2024/25, that had been presented to the July 2024 Audit and Governance Committee.

The main points highlighted included:

- Further detail would be provided at the Audit Working Group meeting on the cases.
- The Crown Prosecution Service had confirmed that three charges would be made against the School Business Manager, two for fraud by abuse of position and one for theft. The date of sentencing was being awaited. The amount lost from the forged cheques had been refunded to the Council by the relevant bank. This had been an excellent example of both the Counter Fraud Team and the Internal Audit Team working together.
- The Counter Fraud Team continued to conduct on-street blue badge enforcement exercises in 2024/25 with two exercises completed in May and June 2024 and a further two completed in January 2025.
- The 2024/25 National Fraud initiative exercise had commenced in October 2024, with the extraction and upload of 7 datasets across 5 areas of the Council. The upload had been successfully completed, and the matches became available in January 2025. A plan for the review of the matches was underway.



Members were very content with the detail in the report. Further information was given on the blue badge exercises, the National Fraud Initiative and the controls in place.

**Resolved: that the Committee noted the summary of activity against the Counter Fraud Plan for 2024/25.**

## **25/25 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT TO COUNCIL**

(Agenda No. 10)

The report was presented by the Chief Internal Auditor. A draft report of the activities of the Committee for the financial year 2024/25 had been prepared. The final report would be produced for the Chair of the Committee to present to Council.

The Chief Internal Auditor reported that the report would be amended to take out the item on fiducial responsibilities as this had not been considered by the Committee.

**Resolved: that the Committee reviewed the draft report, agreed to the amendment and agreed the report was finalised for presentation to Council by the Chair of the Audit and Governance Committee.**

## **26/25 INTERNAL AUDIT PROGRESS REPORT**

(Agenda No. 11)

The Chief Internal Audit presented the report to the Committee. The report provided an update on the Internal Audit Service, including resources, completed and planned audits. The report included the executive summaries from the individual internal audit reports finalised since the last report to the January 2025 Committee. It was reported that since the last update, there had been no red reports issued.

It was reported that as a result of one long-term sickness in the Team, this had impacted the delivery hence the work had been reprioritised. The Committee were informed that approval had been given to recruit a Principal Auditor, and work was being carried out with HR.

Six audits had been completed since January 2025 and there had been no overall red reports. This was a good position. The remaining audits would be presented at the June meeting.

**Resolved: that the Committee noted the progress with the 2024/25 Internal Audit Plan and the outcome of the completed audits.**

## **27/25 POLICY ON COUNCILLOR TRAINING AND DEVELOPMENT**

(Agenda No. 12)

The Committee received a report from the Director of Law and Governance and Monitoring Officer on a policy to set out the purpose, principles and expectations of Councillor induction, training and development. The Committee were asked to adopt the policy and re-consider the policy at the next meeting following consultation with the Member Reference Group on the categorisation of training.

The Committee were informed that if there was a national change, this would need to be amended as a certain amount of training would be compulsory, as a set of principles.

Members welcomed the recommendations and asked about sanctions if there was non-compliance. It was commented that Group discipline would be taken in the first instance. If the training had not been completed, the Councillor would not be able to sit on the Committee.

There would be a range of flexible ways offered to complete the training. There would be sufficient time between the election and the first meeting, which was Planning and Regulation Committee. Memberships of Committees needed to be considered, and if training had not been completed, the meeting would need to be postponed.

The Member Reference Group would look at the recommendations in more detail.

Suggestions from Members included that the buddying arrangements were supported, and Group buddying would be beneficial too. It would be useful to see role play in the induction training sessions and the basics such as the layout of the Chamber, the use of microphones and the processes of Committees and Council. The Committee were informed that neurodiversity had also been captured.

**Resolved: that the Committee reviewed the Policy on Councillor training and development and agreed to consider again at the next meeting following consultation with the Member Reference Group.**

## **28/25 OXFORDSHIRE CODE OF CORPORATE GOVERNANCE**

(Agenda No. 13)

It was reported that the Code of Corporate Governance had been reviewed and refreshed. The old references had been removed, and the terminology had been changed after the restructure and recent peer review. It had been updated and strengthened to reflect the current practices of Council.

**Resolved; that the Committee approved the Oxfordshire Code of Corporate Governance.**

## **29/25 ERNST & YOUNG UPDATE**

(Agenda No. 14)

The External Auditor reported the following points:

- The audit opinions had been issued on 10 February 2025, well ahead of the backstop date.
- The audit results report had been updated and circulated to Members on 10 February 2025.
- The Auditors Annual Report would be ready in due course.

For 2024/25, the following was reported:

- Planning procedures had started for pensions and the audit plans would be presented at the next Committee.
- The work had been completed earlier than the backstop date.
- This work would all be completed by the end of the financial year.

**Resolved: that the Committee noted the update from Ernst and Young.**

**30/25 AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME**

(Agenda No. 15)

**Resolved: that the Committee noted the Work Programme and agreed to add an item for Accounts and the Oxfordshire Fire and Rescue Annual Report to the June 2025 meeting agenda. ACTION**

..... in the Chair

Date of signing .....

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