



To: **Members of the Audit & Governance Committee**

***Notice of a Meeting of the Audit & Governance
Committee***

Wednesday, 13 March 2024 at 1.00 pm

Room 2&3 - County Hall, New Road, Oxford OX1 1ND

If you wish to view proceedings, please click on this [Live Stream Link](#)
Please note, that will not allow you to participate in the meeting.

Martin Reeves
Chief Executive

Deadline(pubagenda)

Committee Officers: *Committee Services*
Email: committees.democraticservices@oxfordshire.gov.uk

Membership

Chair – Councillor Roz Smith
Deputy Chair - Councillor Brad Baines

Councillors

Yvonne Constance OBE
Ted Fenton
Jenny Hannaby

Nick Leverton
Ian Middleton
Glynis Phillips

Richard Webber

Co-optee

Dr Geoff Jones
Vacancy Co-Optee

Notes:

- ***Date of next meeting: 8 May 2024***

AGENDA

- 1. Apologies for Absence and Temporary Appointments**
- 2. Declaration of Interests - see guidance note**
- 3. Minutes (Pages 1 - 8)**

To approve the minutes of the meeting held on 10 January 2024 (**AG3**) and to receive information arising from them.

4. Petitions and Public Address

Members of the public who wish to speak at this meeting can attend the meeting in person or 'virtually' through an online connection.

To facilitate 'hybrid' meetings we are asking that requests to speak or present a petition are submitted by no later than 9am four working days before the meeting. Requests to speak should be sent to committeesdemocraticservices@oxfordshire.gov.uk

If you are speaking 'virtually', you may submit a written statement of your presentation to ensure that your views are taken into account. A written copy of your statement can be provided no later than 9am 2 working days before the meeting. Written submissions should be no longer than 1 A4 sheet.

5. Counter Fraud Update (Pages 9 - 16)

This report presents a summary of the activity against the Counter Fraud Plan for 2023/24, presented to the July 2023 Audit & Governance Committee meeting. The Counter Fraud Plan supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the Council has proportionate and effective resources and controls in place to prevent and detect fraud as well as investigate those matters that do arise.

The Committee is RECOMMENDED to note the summary of activity against the Counter Fraud Plan for 2023/24.

6. Audit and Governance Committee Annual Report to Council (Pages 17 - 28)

In accordance with CIPFA (The Chartered Institute of Public Finance & Accountancy) Audit Committee Guidelines for Local Authorities 2022, it is recommended practice for an annual public report to be produced and reported to Council demonstrating how the committee has discharged its responsibilities.

The Audit & Governance Committee is RECOMMENDED to review the draft report, agree any amendments and finalise in preparation for presentation to Council by the Chair of the Audit & Governance Committee.

7. Treasury Management Q3 Performance Report 2023/24 (Pages 29 - 42)

The Chartered Institute of Public Finance and Accountancy's (CIPFA's) 'Code of Practice on Treasury Management 2021' requires that committee to which some treasury management responsibilities are delegated, will receive regular monitoring reports on treasury management activities and risks. This report is the third for the 2023/24 financial year and sets out the position at 31 December 2023.

Throughout this report, the performance for the three quarters of the year to December 2023 are measured against the budget agreed by Council in February 2023.

As at 31 December 2023, the council's outstanding debt totalled £284m and the average rate of interest paid on long-term debt during the year was 4.41%. No new external borrowing was arranged during the third quarter, whilst £8m of maturing Public Works Loan Board (PWLB), and £5m of LOBO¹ loans were repaid. The cumulative amount of PWLB and LOBO loans repaid during 2023/24 is £12m and £10m, respectively. The council's forecast debt financing position for 2023/24 is shown in Annex 1.

The [Treasury Management Strategy for 2023/24](#) agreed in February 2023 assumed an average base rate of 4.25%.

The average daily balance of temporary surplus cash invested in-house was expected to be £480m in 2023/24, with an average in-house return of 3.00%.

During the nine months to 31 December 2023 the council achieved an average in-house return of 3.93% on average cash balances of £496.422m, producing gross interest receivable of £14.686m. In relation to external funds, the return for the nine months was £3.035m, bringing total investment income to £17.721m. This compares to budgeted investment income of £10.805m, giving a net overachievement of £6.916m.

At 31 December 2023, the council's investment portfolio totalled £532.604m. This comprised £406.500m of fixed term deposits, £29.216m at short term notice in money market funds and £96.889m in pooled funds with a variable net asset value. Annex 4 provides an analysis of the investment portfolio at 31 December 2023.

The Audit & Governance Committee is RECOMMENDED to note the council's treasury management activity at the end of the third quarter of 2023/24.

8. Risk Management Update (Pages 43 - 46)

¹ LOBO (Lender's Option/Borrower's Option) Loans are long-term loans which include a re-pricing option for the bank at predetermined intervals.

This report sets out updates to Risk Management and an overview of the latest strategic risk register which contains the Council's most significant risks. The strategic risk register is closely managed by the Council Management Team and reported into the Strategic Leadership Team as part of the Council's Business Management and Monitoring Reports. These combined reports contain performance, risk and finance progress updates against the delivery of the current strategic plan priorities.

The Audit and Governance Committee is RECOMMENDED to note the Risk Management Update.

9. LEP Transition (Pages 47 - 52)

Government has announced that from 31 March 2024, Local Enterprise Partnerships (LEPs) will cease to have official recognition and that existing LEP functions will transfer to upper-tier local authorities or combined authorities, where they exist.

Following this announcement, it is important to establish a new governance framework to ensure local arrangements continue to meet government guidance. The County Council has agreed to create a controlling interest in OxLEP Ltd and become the sole member. To enable this to happen the OxLEP Ltd Board will need to consider and approve a revision to its Articles of Association and By-Laws whereby the County Council will become the sole 'member' of the company, exercising its membership functions through Cabinet.

Following agreement of Cabinet on 27 February 2024, the proposals for LEP transition are due to be considered by OxLEP Ltd Board on 12 March 2024.

If the proposed approach is agreed by the Board of OxLEP Ltd the County Council will need to review mechanisms for exercising oversight of the company, including paying specific attention to how the council will manage the sole member function and any additional audit and governance requirements.

The Committee is RECOMMENDED to

- a. Note the government announcement on the transfer of Local Enterprise Partnership core functions.**
- b. Note the approach to LEP transition and proposed changes to OxLEP Ltd governance.**
- c. Note that there will be further work on the governance arrangements during the implementation phase and an update will be brought to committee in approximately six months' time.**

10. Accounting Policies (Pages 53 - 78)

This report sets out the approach taken to the preparation of the 2023/24 Statement of Accounts including:

- a) The proposed date for publication of the draft 2023/24 Statement of Accounts, and

- b) The approved Significant Accounting Policies which describe how the Council has interpreted and applied the CIPFA 2023/24 Code of Practice in Local Authority Accounting in the UK (the Code) and the basis of preparation of the accounts.

The Committee is RECOMMENDED to

- (a) **Endorse the proposed timetable to produce the draft Statement of Accounts for 2023/24.**
- (b) **Note the consultation for back stop arrangements for the Statement of Accounts for 2022/23.**
- (c) **Ratify the accounting policies as approved by the Executive Director of Resources and Section 151 Officer and included as an annex to this report.**

11. Election Fees and Charges (Pages 79 - 94)

The County Returning Officer, Martin Reeves, is responsible for the conduct of the County Council elections and by-elections. The expenditure properly incurred by the Returning Officer is paid by the Council and, as such, a scale of expenses is set as a guide to such expenditure. The scale of expenses set out in the Annex would be applicable to any by-elections held within the 2024/25 financial year.

In accordance with the Council's practice, a review has been undertaken in consultation with the County, City and District Council election specialists in Oxfordshire who assist the Returning Officer in running the County Council's elections and by-elections. The Districts will use this scale when acting on behalf of the Returning Officer and are generally mindful of the County Council's scale of expenses when setting their own scales of expenses, including for those election events scheduled to be held in May 2024.

The scale is brought to the Committee in the interests of transparency for this area of election governance.

The purpose of the scale of expenses is to set out the amounts that can be charged for organising and running county council elections and by-elections. In practice, this means that these are the amounts that the City and District Councils will claim back from the County Council for running elections on its behalf.

The Committee is RECOMMENDED to note the Scale of Election Expenses for the financial year 2024/25, as shown in the Annex to this report, for the election of County Councillors and any other poll associated with the County Council during the year.

12. Delivering the Future Together - Governance Arrangements (Pages 95 - 100)

In 2021, the Council launched its internal programme for change – Delivering the Future Together (DTFT) – to help the organisation be the best it can for its people and manage organisational change.

Building on the success of the programme, we have launched a new phase to deliver transformational change and achieve our ambition to be an employer, partner and place shaper of choice.

To ensure appropriate oversight of this transformation activity, new governance arrangements have been established. These include a strategic transformation board, a transformation delivery board, and individual boards for each transformation programme.

The Leader is the portfolio holder for the Delivering the Future Together, and the chief executive is the sponsor.

The Audit and Governance Committee is RECOMMENDED to note the developments in the Delivering the Future Together programme and the governance arrangements for transformation activity.

13. Revised Whistleblowing Policy (Pages 101 - 122)

The existing Whistleblowing Policy was presented to the Audit and Governance Committee on 17 November 2021 and the Council has operated under that policy since that Policy was approved. The existing policy is attached at Annex 2.

The committee receives an annual report on the number of whistleblowing incidents each year. Summary details are provided for each incident but without any information that would allow individuals to be identified. The last report was presented to the committee on 29 November 2023.

The categories of complaint in the existing policy (paragraph 4 (ii)) are very wide and are outside the legislation and legal definition of a whistleblowing incident. Council employees have tried to use the whistleblowing procedure in place of Human Resources policies such as the grievance procedure. This has in some cases led to delays in dealing with issues and disappointment from employees.

The Audit and Governance Committee are asked:

- a) **To consider the revised Whistleblowing Policy at Annex 1 to this report and provide any comments to the Director of Law & Governance and Monitoring Officer and**
- b) **to recommend to Council that the Terms of Reference of the Committee be amended to include “ To monitor whistleblowing arrangements and to approve the Whistleblowing Policy”**

14. Review of Member Code of Conduct Arrangements (Pages 123 - 154)

The Localism Act 2011 (the Act) requires all local authorities to adopt a code of conduct setting out the standards of behaviour expected from local councillors (Section 27(2)).

Oxfordshire's revised Member Code of Conduct was approved at Full Council on 5 April 2022 and adopted with effect from 1 May 2022.

Under Section 28(6)(b) of the Act a local authority is required to put in place arrangements for dealing with allegations of breaches of the code of conduct and for making decisions upon allegations.

These "Arrangements" set out how a complaint that an elected or co-opted member of this Council has failed to comply with the Council's Code of Conduct will be dealt with, and how the Council will deal with allegations of a failure to comply with the Code of Conduct.

The Key changes made to these arrangements include:

- a) From the outset, when completing the complaint form, the requirement for a complainant to identify the parts of the Member Code of Conduct that they consider have been breached;
- b) Changes to the timeframes for dealing with member complaints to provide the Monitoring Officer with 30 working days within which to complete the assessment of the complaint, and 30 working days in which to complete the preparation and for a Members' Hearing Panel.
- c) Detailing the support available to Subject Councillors;
- d) A more detailed hearing process which is before a Members' Hearing Panel which replaces the Members' Advisory Panel. The significance of this is that rather than providing recommendations to the Monitoring Officer, the Members' Hearing Panel will take the decisions as to whether there is a breach of the code of conduct or not and any sanctions to impose if applicable;
- e) The hearing process has been set out in greater detail in annex 3. This includes clarity on timescales and a presumption that the hearing will be held in public.

The Audit and Governance Committee is:

- a) **is requested to consider the revised Arrangements for Dealing with Complaints Against Members and to comment upon them.**
- b) **To recommend to Full Council that the revised Arrangements for Dealing with Complaints Against Members together with annexes 1 to 5 are approved and adopted by the Council.**

15. Oxfordshire Code of Corporate Governance (Pages 155 - 172)

In 2016 CIPFA & SOLACE produced an updated guidance and framework with the identified principles that should underpin the governance of each local authority, and a structured approach to assist individual authorities to achieve good governance,

'Delivering Good Governance in Local Government: Framework 2016 Edition'. The Council's Code of Corporate Governance is based upon this guidance.

The Council's Code of Corporate Governance (the Code) is based on the seven core principles which are set out in 2016 CIPFA & SOLACE: "Delivering Good Governance in Local Government: Framework 2016 Edition": -

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- B. Ensuring openness and comprehensive stakeholder engagement;
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes;
- E. Developing the County Council's capacity, including the capability of its leadership and the individuals within it;
- F. Managing risks and performance through robust internal control and strong public financial management; and
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Framework urges local authorities to test their structures against these principles by:

- Reviewing their existing governance arrangements against the Framework;
- Developing and maintaining an up-to-date local code of governance including arrangements for ensuring its ongoing application and effectiveness;
- Preparing an Annual Governance Statement in order to report publicly on the extent to which they comply with their own code, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.

The Corporate Governance Assurance Group (an internal officer group) has reviewed and updated Oxfordshire County Council's Code of Corporate Governance, which is subject to an annual review; the next review date is March 2025.

The Audit and Governance Committee are recommended to approve the Oxfordshire Code of Corporate Governance attached to this report.

16. Ernst and Young Update (Pages 173 - 242)

Ernst and Young to update the Committee on the final Auditor's Annual Reports for the two years of accounts that we turned around between September and January.

17. Member Code of Conduct Report (Pages 243 - 246)

On 20 September 2022, the Monitoring Officer received a complaint about the conduct of Councillor Sally Povolotsky, which highlighted instances of concerns that Councillor Povolotsky may have failed to comply with the Council's Code of Conduct (the Code).

This was investigated and the Members' Advisory Panel convened on 30 November 2023 to consider allegations of breach of the code of conduct against the Subject Councillor.

Under the Arrangements for Dealing with Complaints Against Members (the Arrangements), a Members' Advisory Panel (the Panel) was formed from three councillor members of this Committee, one from each of the political groups on the Council.

The current Arrangements are clear that the purpose of the Panel is to advise the Monitoring Officer whether, in their view, the Code has been breached and if so to offer a view on any appropriate remedy. The final decision is that of the Monitoring Officer.

This report confirms the Monitoring Officer's decision and fulfils the requirement set out in the Arrangements that this Committee be informed of the outcome. This is appropriate given the Committee's overview of member ethical standards and because a Panel is drawn from its membership.

The Committee is asked to note the decision of the Monitoring Officer regarding a Members' Code of Conduct Complaint concerning Councillor Sally Povolotsky.

18. Work Programme (Pages 247 - 248)

The Committee to consider the work programme.

Close of meeting

An explanation of abbreviations and acronyms is available on request from the Chief Internal Auditor.

Councillors declaring interests

General duty

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed 'Declarations of Interest' or as soon as it becomes apparent to you.

What is a disclosable pecuniary interest?

Disclosable pecuniary interests relate to your employment; sponsorship (i.e. payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licenses for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

Declaring an interest

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest. If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

Members' Code of Conduct and public perception

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member 'must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself' and that 'you must not place yourself in situations where your honesty and integrity may be questioned'.

Members Code – Other registrable interests

Where a matter arises at a meeting which directly relates to the financial interest or wellbeing of one of your other registerable interests then you must declare an interest. You must not participate in discussion or voting on the item and you must withdraw from the meeting whilst the matter is discussed.

Wellbeing can be described as a condition of contentedness, healthiness and happiness; anything that could be said to affect a person's quality of life, either positively or negatively, is likely to affect their wellbeing.

Other registrable interests include:

- a) Any unpaid directorships

- b) Any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority.
- c) Any body (i) exercising functions of a public nature (ii) directed to charitable purposes or (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management.

Members Code – Non-registrable interests

Where a matter arises at a meeting which directly relates to your financial interest or wellbeing (and does not fall under disclosable pecuniary interests), or the financial interest or wellbeing of a relative or close associate, you must declare the interest.

Where a matter arises at a meeting which affects your own financial interest or wellbeing, a financial interest or wellbeing of a relative or close associate or a financial interest or wellbeing of a body included under other registrable interests, then you must declare the interest.

In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied:

Where a matter affects the financial interest or well-being:

- a) to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest.

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.