



To: Members of the Audit & Governance Committee

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

Wednesday, 20 November 2013 at 2.00 pm

County Hall, Oxford, OX1 1ND

Peter G. Clark.

Peter G. Clark
County Solicitor

November 2013

Contact Officer:

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Membership

Chairman – Councillor David Wilmshurst
Deputy Chairman - Councillor Charles Mathew

Councillors

Surinder Dhesi
Janet Godden
Sandy Lovatt

Caroline Newton
Susanna Pressel
Roz Smith

Lawrie Stratford

Co-optee

Dr Geoff Jones

Notes:

- **Date of next meeting: 15 January 2014**



Declarations of Interest

The duty to declare.....

Under the Localism Act 2011 it is a criminal offence to

- (a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or
- (b) provide false or misleading information on registration, or
- (c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

Whose Interests must be included?

The Act provides that the interests which must be notified are those of a member or co-opted member of the authority, **or**

- those of a spouse or civil partner of the member or co-opted member;
- those of a person with whom the member or co-opted member is living as husband/wife
- those of a person with whom the member or co-opted member is living as if they were civil partners.

(in each case where the member or co-opted member is aware that the other person has the interest).

What if I remember that I have a Disclosable Pecuniary Interest during the Meeting?

The Code requires that, at a meeting, where a member or co-opted member has a disclosable interest (of which they are aware) in any matter being considered, they disclose that interest to the meeting. The Council will continue to include an appropriate item on agendas for all meetings, to facilitate this.

Although not explicitly required by the legislation or by the code, it is recommended that in the interests of transparency and for the benefit of all in attendance at the meeting (including members of the public) the nature as well as the existence of the interest is disclosed.

A member or co-opted member who has disclosed a pecuniary interest at a meeting must not participate (or participate further) in any discussion of the matter; and must not participate in any vote or further vote taken; and must withdraw from the room.

Members are asked to continue to pay regard to the following provisions in the code that *“You must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself”* or *“You must not place yourself in situations where your honesty and integrity may be questioned.....”*.

Please seek advice from the Monitoring Officer prior to the meeting should you have any doubt about your approach.

List of Disclosable Pecuniary Interests:

Employment (includes *“any employment, office, trade, profession or vocation carried on for profit or gain”*.), **Sponsorship, Contracts, Land, Licences, Corporate Tenancies, Securities.**

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members’ conduct guidelines. <http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/> or contact Rachel Dunn on (01865) 815279 or Rachel.dunn@oxfordshire.gov.uk for a hard copy of the document.

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, but please give as much notice as possible before the meeting.

AGENDA

1. **Apologies for Absence and Temporary Appointments**
2. **Declaration of Interests - see guidance note**
3. **Minutes** (Pages 1 - 6)

To approve the minutes of the meeting held on 18 September 2013 (**AG3**) and to receive information arising from them.

4. **Petitions and Public Address**
5. **Treasury Management Mid Term Review 2013/14** (Pages 7 - 20)

2.10pm

Report by Lorna Baxter, Chief Finance Officer (**AG5**).

The Committee is RECOMMENDED to note the report, and to RECOMMEND Cabinet to note the Council's Mid-Term Treasury Management Review 2013/14.

6. **Audit Working Group Report** (Pages 21 - 26)

2.30pm

Report by the Chief Internal Auditor (**AG6**).

The report summarises the matters arising at the meetings of the 10 October and 7 November 2013.

The Committee is RECOMMENDED to

- (a) note the attached reports;***
- (b) the timetable of future meetings;***
- (c) Nominate one or two members to attend tender presentations for the new social care management information system;***
- (d) Suggest the Cabinet Member for Adult Social Care attends the presentations from potential suppliers for the new social care management information system.***

7. Ernst & Young - Progress Report including Sector Up-date (Pages 27 - 44)

2.50pm

Report by Maria Grindley, Audit Director, and Alan Witty, Audit Manager, Ernst & Young (**AG7**).

The Committee is asked to note the report.

8. Review of Governance Arrangements (Pages 45 - 48)

3.20pm

Report by Peter Clark, County Solicitor & Monitoring Officer (**AG8**).

The report is to inform Committee of the timetable of the Monitoring Officer's review of the governance arrangements and formation of an informal sounding board (comprising of 3 members of the Committee) to assist the Monitoring Officer.

The Committee is RECOMMENDED to:

- (a) Note the Monitoring Officer's proposed review of governance arrangements and the Committee's role in receiving interim and final reports;*
- (b) Nominate three councillors from the Committee to act as an informal sounding board for the Monitoring Officer during the conduct of the review.*

9. Fire & Rescue Service Annual Statement of Assurance (Pages 49 - 78)

3.50pm

Report by the Chief Fire Officer and Head of Community Safety (**AG9**).

The Fire and Rescue National Framework for England (the Framework) sets out a new requirement for fire and rescue authorities to provide an annual statement of assurance on financial, governance and operational matters and to show how they have due regard to the requirements of the Framework and the expectations set out in authorities' own integrated risk management plans. To demonstrate this, the Framework requires that each authority must publish an annual statement of assurance.

The Statement of Assurance 2012/13 document is intended to meet the obligation to produce this statement through reference to public webpages, existing reports and documents. The report was prepared following the Department for Communities and Local Government guidance on statements of assurance for fire and rescue authorities in England. The structure of the report was based on guidance contained in Chief Fire Officers Association (CFOA) Circular 2013-10 appendix - draft table of contents statement of assurance. The statement of assurance is intended to be

published on the public website only, it is not intended to produce hard copy versions.

The OCC Annual Governance Statement 2012/13 makes reference to the statement of assurance and provides a link to the web address. The statement of assurance should be signed on behalf of Oxfordshire County Council by Councillor Louise Chapman, Cabinet Member with responsibility for the fire and rescue service.

RECOMMENDATION

The Audit and Governance Committee is asked to approve the publication of this Statement of Assurance 2012/13.

10. Committee Work Programme 2013/14 (Pages 79 - 80)

3.50pm

To review / update the Committee's Work Programme **(AG10)**.

4.00pm - Close of meeting

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

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **Thursday, 14 November 2013** at **2.00pm, Meeting Room 1** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

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AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 18 September 2013 commencing at 2.00 pm and finishing at 4.20 pm.

Present:

Voting Members: Councillor David Wilmshurst – in the Chair

Councillor Surinder Dhesi
Councillor Janet Godden
Councillor Sandy Lovatt
Councillor Caroline Newton
Councillor Susanna Pressel
Councillor Lawrie Stratford
Councillor Neil Owen
Councillor Zoé Patrick

Non-voting Member Dr Geoff Jones

By Invitation: Mary Fetigan and Maria Grindley (Ernst & Young).

Officers:

Whole of meeting S. Scane, Assistant Chief Executive & Chief Finance Officer, P. Clark, County Solicitor & Monitoring Officer, D. Miller and A. Newman.

Part of meeting

Agenda Item	Officer Attending
5	G. Watson
8	S. Skivington (Finance)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with the following additional documents: supplementary paper in relation to item 7 and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in agenda, reports and additional documents, copies of which are attached to the signed Minutes.

38/13 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

The following apologies and temporary appointments were received:

Councillor Neil Owen substituted on behalf of Councillor Charles Mathew and Councillor Zoe Patrick substituted on behalf of Councillor Roz Smith.

39/13 MINUTES

(Agenda No. 3)

The Minutes of the Meeting held on 3 July 2013 were approved and signed subject to the following amendment:

Minute 37/13 – in the title the text ‘Pan’ to be changed to ‘Plan’.

Matters Arising

Minute 29/3 – Mr Clark undertook to provide a written update to all members of the Committee regarding the work which was being undertaken to promote joint working between the Audit Governance Committee and the Performance Scrutiny Committee.

40/13 LOCAL GOVERNMENT OMBUDSMAN - CHANGES TO ANNUAL REVIEWS AND TO INVESTIGATIONS

(Agenda No. 5)

The Committee considered the County Solicitor and Monitoring Officer report (AG5) which highlighted changes to the ways in which Local Government Ombudsman intended to issue annual reports about each Council. It further summarised the changes to the Ombudsman’s approach to assessing and investigating cases. This followed a reorganisation of the Ombudsman service earlier this year.

Mr Clark reported that one consequence of the changes this year was that there was no traditional Annual Letter giving the Ombudsman’s detailed views on the County Council’s performance during 2012/13 and therefore there was no ability to benchmark against previous years’ performance. The annual letter did however highlight that the complaints received about Oxfordshire County Council were well below the average for county councils generally.

In response to a question from Members, Mr Clark confirmed that he monitored all complaints and would alert the Committee to any serious complaints and that an overview of the types of complaints received throughout the year were detailed in his Annual Monitoring Officer report.

RESOLVED: to note and comment upon this report and on the Local Government Ombudsman’s Annual Review of Oxfordshire County Council for 2012/13.

41/13 RISK MANAGEMENT ANNUAL REPORT

(Agenda No. 6)

The Committee considered the Risk Management Annual Report (AG6) which provided an overview of the Council’s activity both to manage risk across the organisation and to develop the risk management process.

Ms Bailey in introducing the report, indicated that the focus this year had been around improving strategies and processes, including refreshing the Framework and providing support for the directorates to implement the guidelines. As part of this Directorate leads now meet on a regular basis to review processes and share best practice.

Senior managers had been engaged in the adoption of the revised framework and had been supportive of the embedding process. On a quarterly basis CCMT monitored and discussed risks escalated on an exception basis, in conjunction with the performance management process. In addition, the Audit Working Group also received quarterly risk reports.

The next steps were to continue with the current work programme to ensure that processes were clearly established and embedded as business as usual. This would include a focus on delivering an e-learning package and a revision of support materials on the intranet as well as continued support and monitoring of the risk management process across the organisation.

The Committee welcomed the update and:

RESOLVED: to note the progress to date.

42/13 AUDIT WORKING GROUP REPORT

(Agenda No. 7)

The Committee considered a report (AG7) which summarised the main business items arising at the most recent meeting of the Audit Working Group on 21 November 2011, which were as follows:

Client Charging
Internal Audit Report
Pension Fund Fraud Risks
Work Programme

In relation to AWG13.27 (Pension Fund Fraud Risks) Mr Dyson tabled an additional report (a copy of which is attached to the minutes) which set out the Council's generic fraud risks identified in relation to the pension fund and pensions administration, together with details on how those risks were being managed.

Mr Dyson outlined the broad areas of control and stressed the importance of the Committee being satisfied that the risk of fraud in the council's pension fund was being managed correctly. In response to a question from members, Mr Dyson confirmed that Oxfordshire's programme was in line with others and based on best practice.

RESOLVED: (nem con) to note the report.

43/13 FINAL STATEMENT OF ACCOUNTS 2012/13

(Agenda No. 8)

The Assistant Chief Executive & Chief Finance Officer introduced the final Statement of Accounts 2012/13 and Management Representation Letter 2012/13 to the Auditors. She highlighted key points and paid tribute to the work of her team and directorates.

The Chairman and Committee thanked all concerned for their work on the Accounts which had contributed to the excellent Audit Commission reports.

RESOLVED: (nem con) to:

- (i) Consider and approve the Statement of Accounts for 2012/13;
- (ii) Consider and approve the Letter of Representation 2012/13 for the Oxfordshire County Council accounts;
- (iii) Consider and approve the Letter of Representation 2012/13 for the Oxfordshire Pension Fund accounts.

44/13 ANNUAL AUDIT LETTER 2012/13

(Agenda No. 9)

The Committee considered the Ernst & Young Annual Audit Letter (AG9).

Ms Fetigan introduced the Letter and informed the Committee that there were no issues on the Financial Statements of the Authority and Pension Fund arising from the Audit. A final copy would be supplied.

Ms Grindley confirmed that Ernst & Young were very impressed with the Finance Team and the Working Papers.

RESOLVED: to receive the Annual Audit Letter.

45/13 ERNST & YOUNG EXTERNAL AUDITORS

(Agenda No. 10)

The Committee considered the Ernst & Young Annual Governance Reports for the Oxfordshire County Council and Oxfordshire Pension Fund (AG10).

Ms Fetigan informed the Committee that the overall message remained that the Authority had put together good papers and Accounts and that there were no outstanding items for the Committee's consideration. She commended the Council's excellent team and joint working.

In relation to the comments regarding internal Control, Mr Dyson confirmed that the team had put processes in place to ensure that the evidence trail would be clearer next year.

RESOLVED: to receive the reports (AG10 (a) and (b)), and thank the Ernst & Young representatives for their reports and work.

46/13 INTERNAL AUDIT 2013/14 - PROGRESS REPORT AND QUARTER 3 PLAN

(Agenda No. 11)

The Committee considered a report (AG11) which presented the Internal Audit progress report and Plan for quarter 3 2013-14. Mr Dyson introduced the paper and highlighted the key issues regarding investigations of theft and visa/immigration matches.

RESOLVED: to note the report and approve the Quarter 3 Plan.

47/13 COMMITTEE WORK PROGRAMME 2013/14

(Agenda No. 12)

The Committee considered its Work Programme (AG12).

RESOLVED: to adopt the Work Programme.

..... in the Chair

Date of signing 2013

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Division(s): N/A

AUDIT & GOVERNANCE COMMITTEE

20 NOVEMBER 2013

TREASURY MANAGEMENT MID-TERM REVIEW 2013/14

Report by Chief Finance Officer

Introduction

1. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice on Treasury Management (Revised) 2011 recommends that members are informed of Treasury Management activities at least twice a year. This report ensures this authority is embracing Best Practice in accordance with CIPFA's recommendations.
2. The following annexes are attached
Annex 1 Lending List Changes
Annex 2 Debt Financing 2013/14
Annex 3 PWLB Debt Maturing
Annex 4 Prudential Indicator Monitoring
Annex 5 Arlingclose Quarter 2 Benchmarking

Strategy 2013/14

3. The approved Treasury Management Strategy for 2013/14 was based on an average base rate forecast of 0.50%.
4. The Strategy for Long Term Borrowing was to use internal balances up the value of 25% of the investment portfolio.
5. The Strategy included the continued use of the services of external fund manager Investec and of pooled fund vehicles with variable net asset value.

Economic Background

6. The UK economy showed some improvement, with consumer spending boosting growth. Gross Domestic Product (GDP) for the first quarter of 2013 was revised up to +0.4% and was +0.7% for the second quarter and +0.8% for the third quarter. An even stronger figure is anticipated in the final quarter on the back of strong economic indicator data releases. Revisions by the Office of National Statistics to previous GDP data showed the UK avoided a double-dip recession in 2012, but that the downturn in 2008/09 was deeper than previously estimated.
7. Annual CPI for September was 2.7% marginally down from 2.8% for March 2013. Inflation is expected to remain close to this level throughout the autumn. Further out,

inflation should fall back towards the 2% target as external price pressures fade and a revival in productivity growth from the spare capacity created during the recession curbs domestic cost pressures.

8. There was no change to UK monetary policy with official interest rates and asset purchases maintained at 0.5% and £375bn respectively. Mark Carney took over as Governor of the Bank of England in July 2013 and soon after implemented forward guidance. Within the August Inflation Report, the Bank released its forward guidance, the main element of which is to defer monetary tightening at least until the Unemployment Rate falls to a threshold of 7% (among a raft of caveats). The Bank projected that the probability of this happening would remain below 50% until 2016. The unemployment rate currently stands at 7.7%. The Governor has had to defend the Bank's guidance in the face of rising financial market expectations of an earlier rate rise on the back of the encouraging economic data.
9. In April the Fitch credit rating agency downgraded the UK credit rating one notch from AAA to AA+ becoming the second of the three major credit agencies to do so. Yields on 10 year UK Government Gilts have picked up from 1.77% to 2.72% between March 2013 and September 2013. Money market rates fell over the six month period by between 0.2% and 0.6% for one to 12 month maturities. In response to these lower rates the Council has seen the rates offered on its call account reduced, in addition to lower yields on Money Market Funds and lower rates for fixed term deposits.
10. In his testimony to Congress on 22 May the US Federal Reserve Chairman Ben Bernanke stated that, if the nascent recovery in the US economy became established, the Fed would reduce its \$85bn monthly asset purchase programme (QE). The apparent movement by the Fed towards tapering its open-ended QE programme prompted extreme asset price volatility in bonds and equities, as investors sought to crystallise gains driven by excessive liquidity. As a consequence, government bond yields spiked. There had been a growing expectation that the Federal Reserve would seek to commence 'tapering' in September but they took markets by surprise and maintained asset purchases at the existing level.
11. Whilst the outlook for the global economy appeared to have improved over the first half of calendar 2013/14, significant economic risks remain, particularly in China and the Eurozone. The Chinese banking system is facing tighter liquidity conditions as officials seek to slow down rampant credit growth, and, despite the time gained by the European Central Bank to allow individual members and the Eurozone as a whole to reform their economies, the Eurozone debt crisis has not gone away. The US recovery appeared to be in train, but a lack of agreement on the federal budget by the end of September caused a partial government shutdown at the start of October. There was also fierce debate regarding the US debt ceiling. A deal was eventually reached although this only funds the Government to 15 January and extends the Treasury's borrowing authority to 7 February when another round of political brinkmanship is anticipated.

Treasury Management Activity

Debt Financing

12. Oxfordshire County Council's debt financing to date for 2013/14 is analysed in Annex 2.
13. The 2013/14 borrowing strategy is to use internal balances to fund new or replacement borrowing up to the value of 25% of the portfolio. This is intended to reduce the cost of carry (the difference between borrowing rates and investment returns) in the low interest rate environment and reduce counterparty risk by minimising the level of cash balances.
14. There has been no change to this strategy.
15. The Council's cumulative total external debt has decreased from £412.38m on 1 April 2013 to £406.38m by 30 September 2013, a net decrease of £6m. No new debt financing has been arranged during the year. The total forecast external debt as at 31 March 2014, after repayment of loans maturing during the year, is £401.38m. The forecast debt financing position for 31 March 2014 is shown in Annex 2.
16. At 30 September 2013, the authority had 67 PWLB¹ loans totalling £356.38m and 10 LOBO² loans totalling £50m. The combined weighted average interest rate for external debt as at 30 September 2013 was 4.53%.

Maturing Debt

17. The Council repaid £6m of maturing PWLB loans during the first half of the year. The details are set out in Annex 3.

Debt Restructuring

18. There has been no restructuring of Long Term Debt during the year to date.

Investment Strategy

19. The security and liquidity of cash was prioritised above the requirement to maximise returns. The Council continued to adopt a cautious approach to lending to financial institutions and continuously monitored credit quality information relating to counterparties.
20. A mixture of short term fixed deposits of up to 12 months and longer term fixed deposits of greater than 12 months have been arranged throughout the first half of the financial year. All deposits with banks have been restricted to a maximum duration of twelve months. Deposits over twelve months have been made exclusively with other Local Authorities. The majority of these deposits have been made for the maximum

¹ PWLB (Public Works Loans Board) is a Government agency operating within the United Kingdom Debt Management Office and is responsible for lending money to Local Authorities.

² LOBO (Lender's Option/Borrower's Option) Loans are long-term loans which include a re-pricing option for the bank at predetermined intervals.

duration of three years to tie in to high credit quality counterparties over the longer term and to maximise the return available in the current low-interest environment.

21. The Council received a fourth distribution from the Landsbanki winding-up board on 12 September 2013. A total of £2.634m has now been received. The Council had £5m on deposit with Landsbanki. The latest CIPFA guidance assumes that the full amount may be recovered by 2018, although the timings and amounts of future distributions remain unknown.

The Council's Lending List

22. The Council's in-house cash balances were deposited with institutions that meet the Council's approved credit rating criteria. The approved Lending List was regularly updated during the period to reflect changes in bank and building society credit ratings. Changes were reported to Cabinet on a bi-monthly basis. Annex 1 shows the amendments incorporated into the Lending List during the first half of 2013/14, in accordance with the approved credit rating criteria.
23. In the Chancellor's Mansion House speech on 19th June he signalled his intention to sell the government's stake in the Lloyds Banking Group reasonably soon and a 6% stake was indeed sold to institutional investors on 17th September at a price of 75p. In a positive move, Fitch upgraded Lloyds' viability rating to BBB+. The changes have not had any impact on our banking relationship with Lloyds.
24. Breaches in policy have been reported to Cabinet as part of the bi-monthly financial monitoring. There has been no significant financial impact as a result of these breaches.

Investment Performance

25. Security of capital has remained the Authority's main investment objective. This has been maintained by following the Authority's counterparty policy as set out in its Treasury Management Strategy for 2013/14.
26. The average daily balance of temporary surplus cash invested in-house in the six months to 30 September was £371.1m. The Council achieved an average in-house return for that period of 0.87%, marginally below the target rate of 0.90% set in the strategy. This has produced gross interest receivable of £1.610m (excluding interest accrued on Landsbanki deposits). Temporary surplus cash includes; Government grants received in advance, developer contributions, SAP school balances, council reserves and balances, working capital, trust fund balances, and various other funds to which the Council pays interest at each financial year end, based on the average rate earned on all balances.
27. The Council uses the three month inter-bank sterling bid rate as its benchmark to measure its own in-house investment performance. During the first half of 2013/14 the average three month inter-bank sterling rate was 0.38%. The Council's average in-house return of 0.87% exceeded the benchmark by 0.49%. The Council operates a number of call accounts and instant access Money Market Funds to deposit short-term cash surpluses. The average balance held on overnight deposit in money market

funds or call accounts in the 6 months to 30 September was £43.9million or 12% of the total in house portfolio.

External Fund Managers and Pooled Funds

28. The Council has continued to use the services of one external fund manager: Investec Asset Management Limited. Proportions of the £12.1m portfolio are invested in three different types of investment fund. The Council has invested in the 'Dynamic Model' where 5% of the portfolio is invested in a Liquidity Fund, 65% is invested in a Short Dated Bond Fund and the remaining 30% is invested in a Target Return Fund. The Target Return fund is the most volatile aspect of the portfolio, carrying greater risk but also the most opportunity for significant returns.
29. Investec's annualised return for the first six months of the year (net of management charges) was 0.00%, compared with a benchmark of 1.59%. Failure to achieve the benchmark has primarily been due to the underperformance of the Target Return and Short-Dated Bond Fund elements of the portfolio. Over the period market conditions have been volatile due to developments in the global economy and the US in particular which has impacted on performance. It should be borne in mind that the Investec portfolio is a long-term investment and so performance needs to be considered over a longer time period. The three year return for the portfolio is 0.88% against a benchmark of 1.34%. The Treasury Management Strategy Team is continually monitoring the performance of the Investec portfolio and continues to keep all external funds under review.
30. The Council continued to use pooled funds with variable net asset value operated by Scottish Widows Investment Partnership, Federated, and Payden & Rygel. The annualised returns over the period to 30 September 2013 for these funds were 0.53%, 0.59%, and 0.17% respectively. As with the Investec fund these investments are held with a long-term view and performance is assessed accordingly.

Prudential Indicators for Treasury Management

31. The position as at 30 September 2013 for the Prudential Indicators is shown in Annex 4.

External Performance Indicators and Statistics

32. The County Council is a member of the CIPFA Treasury and Debt Management benchmarking club and receives annual reports comparing returns and interest payable against other authorities. The benchmarking results for 2012/13 showed that Oxfordshire County Council had achieved an average return of 0.98% compared with an average of 0.97% for their comparative group of County Councils and an average of 1.10% for all 68 members.
33. The average interest rate paid for all debt during 2012/13 was 4.52%, lower than the 4.75% average for the comparative group of 19 County Councils and the same as the all member average of 4.52%. It should be noted that all of Oxfordshire County Council's debt is long-term whereas the averages for the comparators include short-term debt which has a lower interest rate and so reduces the averages. Oxfordshire

County Council had a higher than average proportion of its debt portfolio in PWLB loans at 88% compared to 76% for the all member group and 81% for the comparative group. Oxfordshire County Council had 12% of its debt in LOBO loans at 31 March 2013 compared with an average of 18% for both the all member group and comparative group.

34. Arlingclose also benchmark the Council's investment performance against its other clients on a quarterly basis. The results of the quarter 2 benchmarking to 30 September 2013 for 2013/14 are included at Annex 5.
35. The benchmarking results show that the Council has achieved higher than average interest on deposits at 30 September 2013. This has been achieved by placing deposits over a longer than average duration with institutions that are of better than average credit quality. This reflects the current investment strategy to place long term deposits with other local authorities to maximise the security of cash.

Training

36. Individuals within the Treasury Management Team continued to keep up to date with the latest developments and have attended a number of external workshops. Some members of the team also visited one of our brokers to shadow them for a morning in order to gain insight in to how brokers operate.

Financial and Legal Implications

37. Interest payable and receivable in relation to Treasury Management activities are only two parts of the overall Strategic Measures budget.
38. The 2013/14 budget for interest receivable is £2.115m. The forecast outturn for interest receivable is £2.859m giving net forecast excess income of £0.744m. The increased forecast in interest receivable is due to higher average cash balances due in part to the front loading of government grants and the timings of capital and revenue expenditure.
39. The 2013/14 budget for interest payable is £18.405m. The forecast outturn for interest payable is £18.536m giving a net forecast overspend of £0.131m.

RECOMMENDATION

40. **The Committee is RECOMMENDED to note the report, and to RECOMMEND Cabinet to note the Council's Mid-Term Treasury Management Review 2013/14.**

LORNA BAXTER
Chief Finance Officer

Contact officer: Gregory Ley – Financial Manager Treasury Management
Contact number: Tel: 01865 323978
November 2013

Lending List Changes during 2013/14

Counterparties added/reinstated

Close Brothers
Credit Suisse

Counterparties removed

No Counterparties have been removed from the Lending List between 1 April 2013 and 30 September 2013.

Lending limits & Maturity limits increased

Counterparty	New Lending limit	New Maximum Maturity
Standard Chartered Bank	no change	12 months
Svenska Handelsbanken	no change	12 months
JP Morgan Chase Bank	no change	9 months
HSBC Bank Plc	£25m	no change
UK Local Authorities	£30m	no change
Morgan Stanley MMF	£5m	no change
Federated MMF	£12m	no change

Lending limits & Maturity limits decreased

Counterparty	New Lending limit	New Maximum Maturity
Royal Bank of Scotland	no change	Overnight (was increased to 6 months earlier in period)
Nationwide Building Society	no change	6 months (was increased to 9 months earlier in period)

OXFORDSHIRE COUNTY COUNCIL DEBT FINANCING 2013/14

Debt Profile		£m
1.	PWLB	90% 362.37
2.	Money Market LOBO loans	12% <u>50.00</u>
3.	Sub-total External Debt	412.37
4.	Internal Balances	-2% <u>-9.04</u>
5.	Actual Debt at 31 March 2013	100% 403.33
6.	Government Supported Borrowing	0.00
7.	Unsupported Borrowing	12.33
8.	Borrowing in Advance	0.00
9.	Minimum Revenue Provision	<u>-16.82</u>
10.	Forecast Debt at 31 March 2014	398.84
		<i>Maturing Debt</i>
11.	PWLB loans maturing during the year	-11.00
12.	PWLB loans repaid prematurely in the course of debt restructuring	<u>0.00</u>
13.	Total Maturing Debt	-11.00
		<i>New External Borrowing</i>
14.	PWLB Normal	0.00
15.	PWLB loans raised in the course of debt restructuring	0.00
16.	Money Market LOBO loans	<u>0.00</u>
17.	Total New External Borrowing	0.00
		<i>Debt Profile Year End</i>
18.	PWLB	88% 351.37
19.	Money Market LOBO loans	13% <u>50.00</u>
20.	Sub-total External Debt	401.37
21.	Internal Balances	-1% <u>-2.53</u>
22.	Forecast Debt at 31 March 2014	100% 398.84

Line

- 1– 5 This is a breakdown of the Council's debt at the beginning of the financial year (1 April 2013). The PWLB is a government agency operating within the Debt Management Office. LOBO (Lender's Option/ Borrower's Option) loans are long-term loans, with a maturity of up to 60 years, which includes a re-pricing option for the bank at predetermined time intervals. Internal balances include provisions, reserves, revenue balances, capital receipts unapplied, and excess of creditors over debtors.
- 6 'Government Supported Borrowing' is the amount that the Council can borrow in any one year to finance the capital programme. This is determined by Central Government, and in theory supported through the Revenue Support Grant (RSG) system.
- 7 'Unsupported Borrowing' reflects Prudential Borrowing taken by the authority whereby the associated borrowing costs are met by savings in the revenue budget.
- 8 'Borrowing in Advance' is the amount the Council borrowed in advance to fund future capital finance costs.
- 9 The amount of debt to be repaid from revenue. The sum to be repaid annually is laid down in the Local Government and Housing Act 1989, which stipulates that the repayments must equate to at least 4% of the debt outstanding at 1 April each year.
- 10 The Council's forecast total debt by the end of the financial year, after taking into account new borrowing, debt repayment and movement in funding by internal balances.
- 11 The Council's normal maturing PWLB debt.
- 12 PWLB debt repaid early during the year.
- 13 Total debt repayable during the year.
- 14 The normal PWLB borrowing undertaken by the Council during 2013/14.
- 15 New PWLB loans to replace debt repaid early.
- 16 The Money Market borrowing undertaken by the Council during 2013/14.
- 17 The total external borrowing undertaken.
- 18-22 The Council's forecast debt profile at the end of the year.

Long-Term Debt Maturing 2013/14**Public Works Loan Board: Loans Matured during first half of 2013/14**

Date	Amount £m	Rate %
22/05/2013	5.000	4.20%
13/07/2013	0.500	2.35%
31/07/2013	0.500	2.35%
Total	6.000	

Public Works Loan Board: Loans Due to Mature during second half of 2013/14

Date	Amount £m	Rate %
31/12/2013	4.000	4.90%
13/01/2013	0.500	2.35%
31/01/2013	0.500	2.35%
Total	5.000	

Prudential Indicators Monitoring at 30 September 2013**Authorised and Operational Limit for External Debt**

External Debt	Operational Limit £m	Authorised Limit £m	Actual 30/09/13 £m	Forecast 31/03/14 £m
Borrowing	475	485	406	401
Other Long-Term Liabilities	6	6	6	6
TOTAL External Debt	481	491	412	407

Capital Financing Requirement for year £428,177,000.00

Fixed Interest Rate Exposure

Fixed Interest Net Borrowing limit 150.00%
Actual at 30 September 2013 151.57%

Variable Interest Rate Exposure

Variable Interest Net Borrowing limit 25.00%
Actual at 30 September 2013 -51.57%

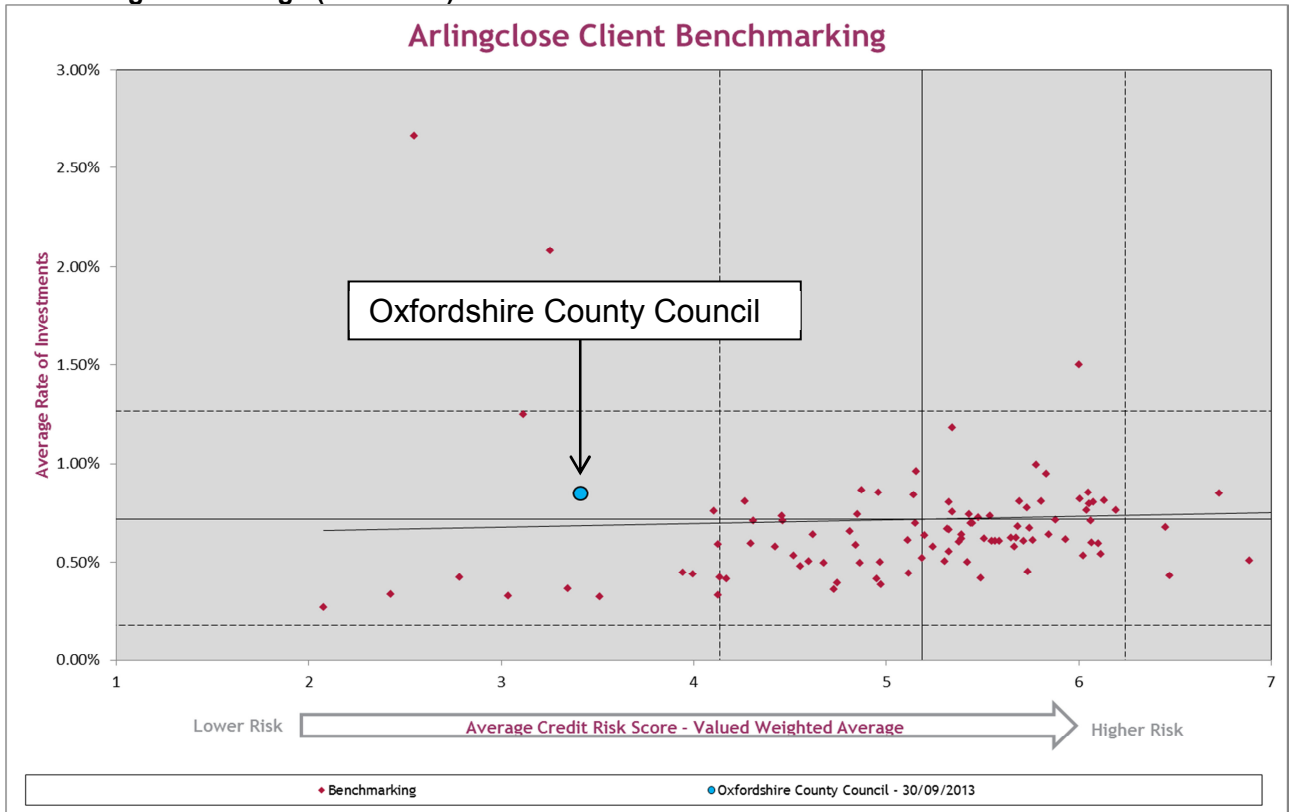
Sums Invested over 365 days

Total sums invested for more than 364 days limit £100,000,000
Actual sums invested for more than 364 days £ 98,365,590

Maturity Structure of Borrowing

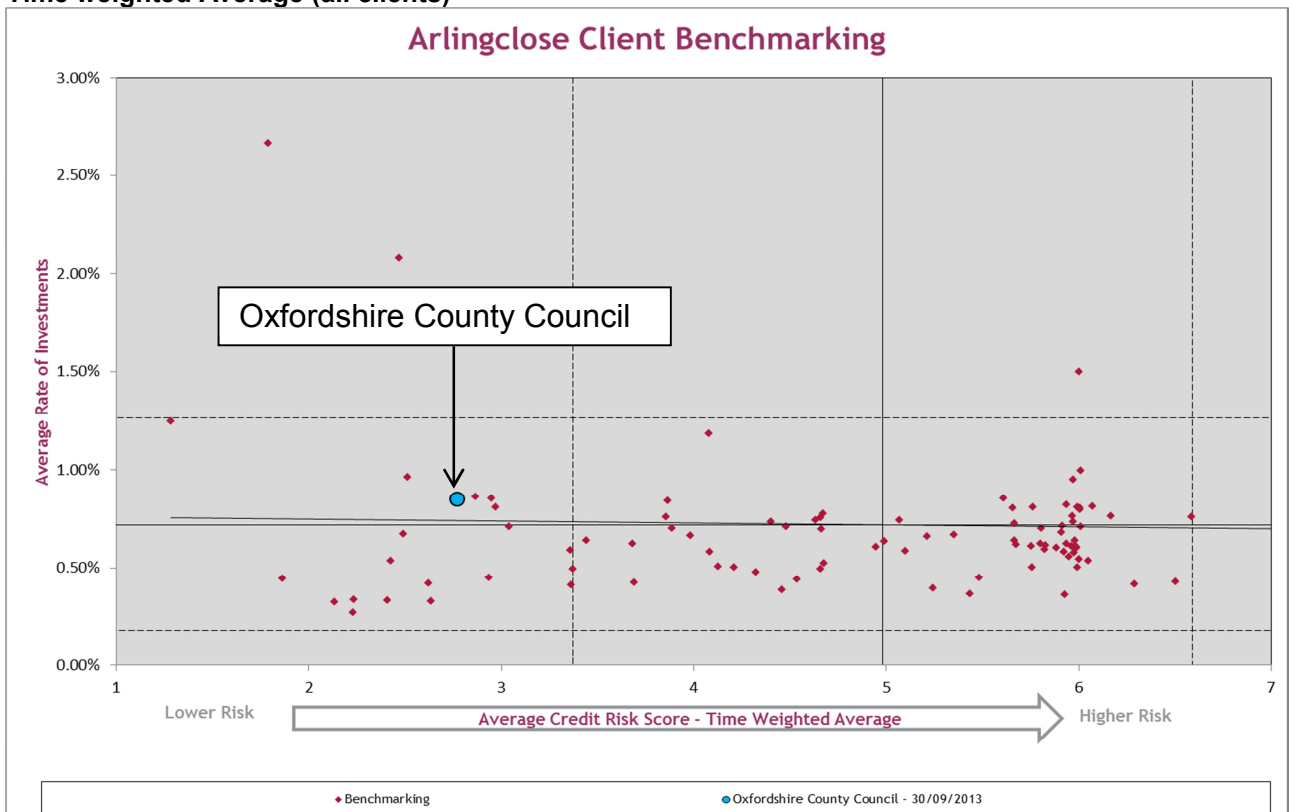
	Limit %	Actual %
Under 12 months	0 - 20	6.40
12 – 24 months	0 - 25	2.71
24 months – 5 years	0 - 35	16.73
5 years to 10 years	5 - 40	12.06
10 years +	50 - 95	62.10

Value weighted average (all clients)



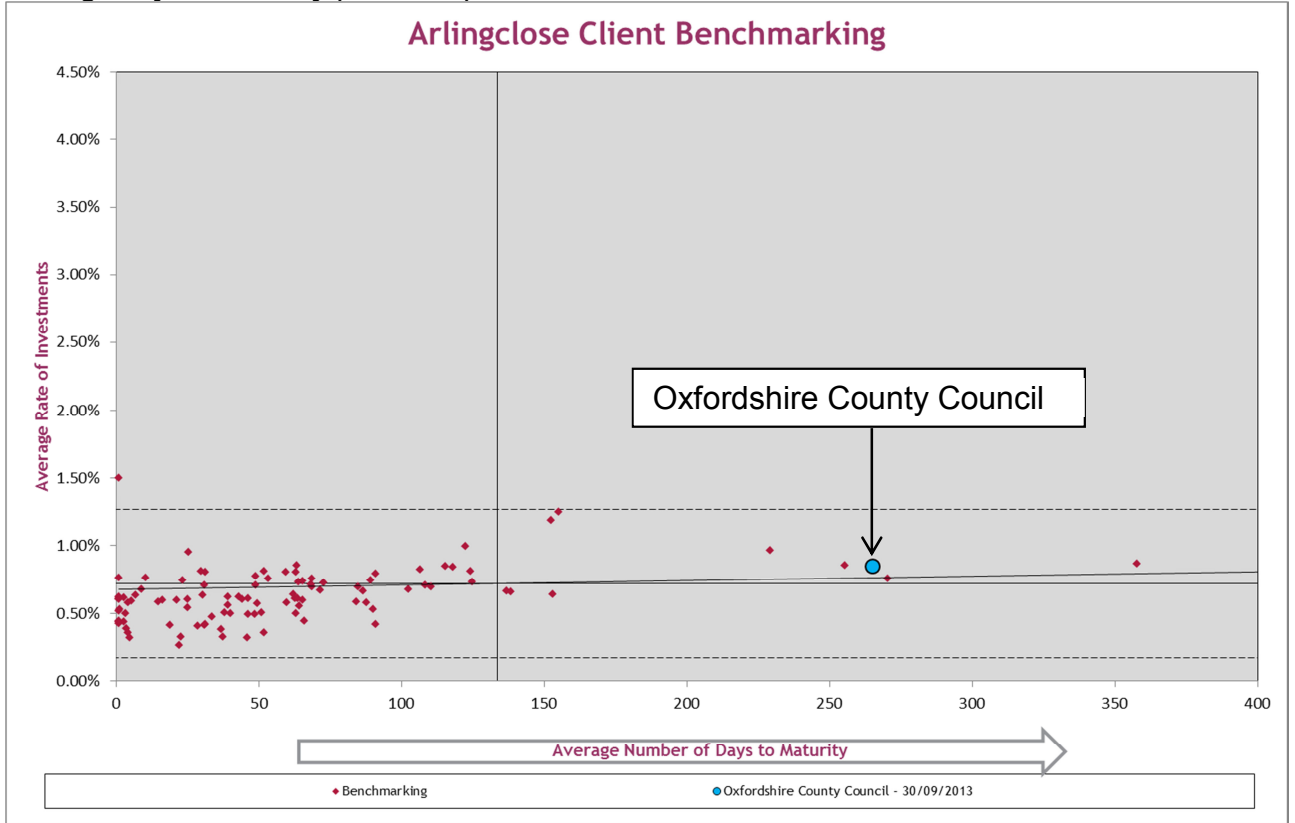
This graph shows that, at 30 September 2013, Oxfordshire achieved a higher than average return for lower than average credit risk, weighted by deposit size.

Time weighted Average (all clients)



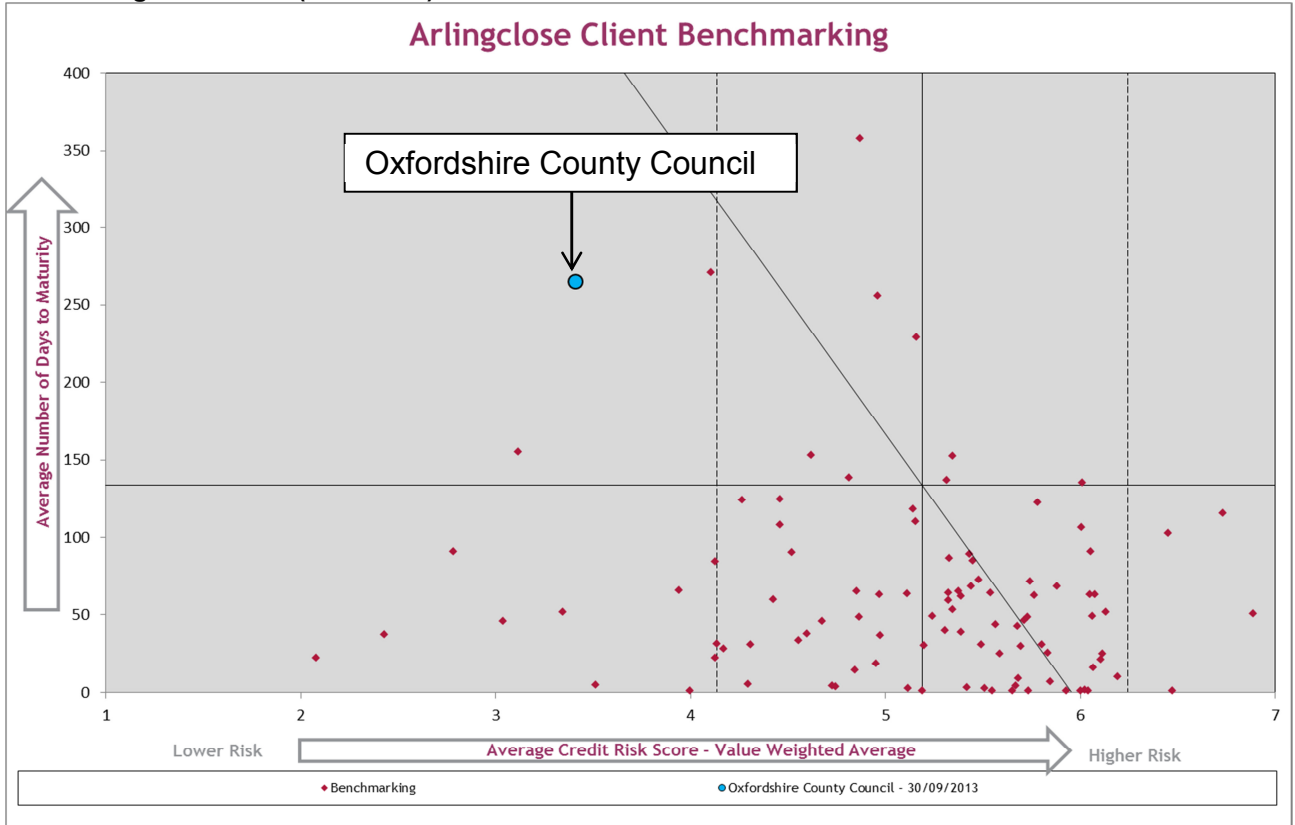
This graph shows that, at 30 September 2013, Oxfordshire achieved higher than average return for lower than average credit risk, weighted by duration.

Average Days to Maturity (all clients)



This graph shows that, at 30 September 2013, Oxfordshire achieved a higher than average return by placing deposits for longer than average duration.

Value Weighted Credit (all clients)



This graph shows that, at 30 September 2013, Oxfordshire had a higher than average duration for deposits and that

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AUDIT and GOVERNANCE COMMITTEE – 20 November 2013

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on 10 October 2013

The meeting was attended by:

Dr Geoff Jones – Chairman; Cllr Wilmshurst; Cllr Mathew; Peter Clark; Lorna Baxter; Eira Hale, and Ian Dyson

Part meeting only: Cllr Roz Smith; Mark Kemp, Deputy Director – Commercial; Jeremy Hollard, Quantity Surveyor; Steve Thomas, Performance & Information Manager; Neil Shovell, Audit Manager; Paul Beasley, Senior Auditor

Observer: Cllr Dhesi; Cllr Pressel; Cllr Stratford; Cllr Godden;

Main business items of the meeting were as follows:

AWG13.33 Highways Contract

The Deputy Director - Commercial, attended the meeting to update the Group on the governance and due diligence process that has been followed in managing the change in the delivery of the Highways Contract. The contract itself has not changed, in that it remains with Atkins; however the operations and therefore the benefits of the contract have been assigned to Skanska. The Group heard from both the Deputy Director, and the Head of Law and Governance, that the safeguarding of the councils interests had been positively resolved through a robust change management process.

It was noted that the Performance Scrutiny Committee are currently looking at the performance of the Highways Contract. Cllr Stratford, also a member of the Performance Scrutiny Committee, will bring to the attention of the Audit and Governance Committee, any governance or internal control issues or concerns should they be identified through the scrutiny review.

AWG13.34 Risk Management Update

The Group noted the most recent performance and risk report. There are no matters to be highlighted to the Committee.

The Group was informed of changes in the corporate management arrangements for the following business processes:

Alexandra Bailey has transferred to E&E but retains corporate responsibility for Programme and Project Management;

Maggie Scott has corporate responsibility for Performance Management; and,

Ian Dyson has corporate responsibility for Risk Management.

The Group will receive a report in December setting out the new arrangements and any changes to operations.

AWG13.35 CEF Risk Management

This was the first of a cyclical review of the risk management processes adopted by Directorates. It was noted that the risk registers are not yet fully populated; risks have been identified and scored, but further work is planned to record the mitigation, and actions plans to achieve the target risk scores. It was also noted that further work is needed to link the risk register with projects in CEF.

The Group discussed the importance of tracking the movement of risks within the register as assurance that the risks are being managed. It was agreed that in addition to the quarterly performance and risk report, the Group should also receive a report highlighting new risks; material changes in risk rating; and, status of actions where target scores for risks have not yet been achieved.

Members on the Group suggested that risks on the risk register should be referenced to make it easier for highlighting those that are directly within the control of the Council from those where the Council has no direct management responsibility, but nevertheless has a reputational risk. Officers agreed to give this further consideration, reporting back to the meeting in December.

Recommendations

The Committee is RECOMMENDED to note the report

LORNA BAXTER
Chief Finance Officer

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ian.dyson@oxfordshire.gov.uk

AUDIT and GOVERNANCE COMMITTEE – 20 November 2013

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on 7 November 2013

The meeting was attended by:

Dr Geoff Jones – Chairman; Cllr Wilmshurst; Cllr Lovatt; Peter Clark; Sean Collins, and Ian Dyson

Part meeting only: AWG13.42 Lucy Butler, Graham Shaw, and Aisling O'Sullivan Darcy; AWG13.38 - AWG13.43 Neil Shovell and Sarah Cox.

Observer: Cllr Pressel.

Apologies: Cllr Mathew; Cllr. Roz Smith; Cllr Godden. Apologies were also received from Cllr Newton who was unable to attend as an observer.

Main business items of the meeting were as follows:

AWG13.41 Procurement Improvement Project

The Group noted the project is not yet complete, but that significant improvement has already been achieved through the completed actions as evidenced through the performance reporting. The Manager reported that plans are in place for the completion of the outstanding actions. Further substantive changes and performance improvement targets will be included in the specification for the proposed outsourcing of back office finance functions, where there is insufficient capacity to deliver the improvements in-house.

The Group was informed the next internal audit is scheduled for quarter 4. Acknowledging the improvement already delivered, the Group agreed to wait for the outcome of that audit before considering whether it should undertake further monitoring of this activity.

AWG13.42 Client Charging Update

The Group was pleased to note the progress made, and in particular the improvement in the performance of the Financial Assessments Team.

Lucy Butler confirmed that she no longer has responsibility for Adult Social Care, and therefore will not be providing updates in the future; that responsibility is being taken by John Dixon, who has been appointed as Interim Deputy Director.

It was noted that two areas key to achieving continuous improvement and high performance in client charging are the Lean Project, and the implementation of a new management system:

The Lean Project is sponsored by John Dixon and is due to commence in January 2014. In the context of 'Client Charging' it will be seeking to improve the timeliness, efficiency and effectiveness of the information flow from client assessment through to the Financial Assessment Team.

The invitation to tender for a new management information system will be out shortly. It is expected that evaluation of providers will be undertaken in January 2014. The Audit and Governance Committee is invited to nominate one or two members of the Committee to attend the presentations to be given by the potential suppliers in January. The Group also recommends that the Cabinet Member attends those presentations.

The Group is to receive a further update in February, and has requested that the focus is on evidencing the effectiveness of actions already implemented, and on the work undertaken by through the Lean Project.

AWG13.43 Internal Audit Report

There were no material issues arising from this paper. It was noted there are a number of relatively small financial irregularities currently being investigated by management and Internal Audit.

Work Programme

The work programme for the remainder of 2013/14, and the dates and times of the meetings for 2014/15 are attached as appendix 1 to this report. Please note a provisional meeting date has been set for April 2014. The original suggested date occurred during the Easter break, the new proposed date of 24 April 2014 is the day after the Audit and Governance Committee.

Recommendations

The Committee is RECOMMENDED to

- a) note the report, and the timetable of future meetings;**
- b) Nominate one or two members to attend tender presentations for the new social care management information system;**
- c) Suggest the Cabinet Member for Adult Social Care attends the presentations from potential suppliers for the new social care management information system.**

LORNA BAXTER
Chief Finance Officer

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APPENDIX 1

**AUDIT WORKING GROUP
Forward Plan and Future Dates**

2013

Wednesday 11 December 2:00-4:00

- Risk Management Report – Claire Phillips
- E&E Risk Management Review - TBC

2014

Thursday 13 February 10:00-1:00

- Internal Audit Report – Ian Dyson
- Draft work programme 2012/13 – Ian Dyson
- Review of AWG Terms of Reference – Ian Dyson
- Property Leases - Trevor Askew
- Client Charging Update - Graham Shaw/John Dixon
- Draft OFRS Statement of Assurance - Richard Smith
- OFRS Risk Management Review - TBC

Thursday 20 March 2:00-4:00

- Risk Management Report – Claire Phillips
- SCS Risk Management Review TBC

Dates and Times for AWG 2014/15 to December 2014

- 24 April 2014 - 14:00 - 16:00 - day after Audit and Governance Committee?
- 19 June 2014 - 14:00 -16:00
- 04 September 2014 - 14:00 - 16:00
- 02 October 2014 - 14:00 - 16:00
- 06 November 2014 - 14:00 - 16:00
- 11 December 2014 - 14:00 - 16:00

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Oxfordshire County Council

Year ending 31 March 2014

Audit Progress Report

November 2013

Ernst & Young LLP



Private and confidential

Audit & Governance Committee
Oxfordshire County Council
County Hall
Oxford
OX1 1ND

4 November 2013

Dear Councillors

Audit Progress Report - 2013/14

We are pleased to attach our Audit Progress Report. This report covers the audits of Oxfordshire County Council and Oxfordshire County Council Pension Fund.

The purpose of this report is to provide the Audit and Governance Committee with an overview of the stage we have reached in your 2013/14 audit and ensure our audit is aligned with the Committee's service expectations.

Our audits will be undertaken in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Audit Commission Standing Guidance, auditing standards and other professional requirements.

We brought our Audit Fee Letter to the July Audit and Governance Committee.

There has been one change to my audit team, as discussed with you at the September meeting, Alan Witty has replaced Mary Fetigan as your Audit Manager.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Maria Grindley
Director
For and behalf of Ernst & Young LLP
Enc

Contents

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2. Timetable	2
Appendix A Audit Progress	4

1. Work completed

1.1 Meetings

We will continue regular meetings with key officers as part of our ongoing audit process including:

- ▶ Fortnightly meetings with key finance staff during the opinion audit visit to discuss significant risks around the accounts, and updates on our work;
- ▶ Quarterly meetings with the S151 officer and other key managers to discuss the significant risks faced by the Council and our approach and progress with the audit.

1.2 Walk throughs and tests of control

We have shared our 2012/13 assessments and results with your Internal Auditors. Whilst we do not direct the work of Internal Audit, if they cover the controls we wish to place reliance on we will review their work to see if we can place reliance on it.

1.3 Value for money assessment

We will update our risk assessment for our value for money work in line with the Audit Commission's specified criteria and areas of focus. We will report any risks identified in our audit plan which will come to the February 2014 Audit and Governance Committee.

1.4 Financial Statements

We will update our risk assessment for our financial statement work following completion of our planning work. We will report any risks identified in our audit plan which will come to the February 2014 Audit and Governance Committee.

1.5 Grant claim certification 2013/14

We have not yet started any work on the certification of your 2013/14 claims.

1.6 Grant claim certification 2012/13

The only remaining work we have for 2012/13 is the certification of the Teachers Pension Fund claim and this is currently in progress and we expect to meet the 29 November 2013 deadline.

We no longer need to certify the Employment Based Initial Teacher Training claim under the Audit Commission regime and the grant claim scale fee will be reduced accordingly. The sponsoring department still requires the claim to be certified and we have been asked if we are able to undertake the audit of the claim. We are considering how best to do this work outside the Audit Commission's regime.

2. Timetable

2.1 Audit and Governance Committee Timeline

We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts, and the deliverables we have agreed to provide to you through the 2013/14 Audit and Governance Committee cycle.

We will provide formal reports to the Audit and Governance Committee throughout our audit process as outlined below. Where required, we will issue an Interim Report, summarising the findings from our audit at that stage. From time to time matters may arise that require immediate communication with the Audit and Governance Committee and we will discuss them with the Audit and Governance Committee Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work on both the County Council Audit and the Pension Fund Audit.

Audit phase	Timetable	Deliverables
High level planning:	June 2013	Fee Letter taken to the July 2013 Audit and Governance Committee
Risk assessment and setting of scopes	December/January	Report on the audit of 2012/13 grant claims
Testing of routine processes and controls	January 2014	Audit Plan Progress Report (if required)
Value for money conclusion	February/April 2014	
Year-end audit	July – September 2014	Report to those charged with governance Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources). Audit completion certificate Whole of Government Accounts Certification
Reporting	October 2014	Annual Audit Letter
Grant claims	December 2014	Report on the audit of grant claims

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters through our Sector Briefings.

2.2 Planning discussions

We will update our planning throughout the course of our audit.

Appendix A Audit Progress

Progress against key deliverables

Key deliverable	Timetable in plan	Status	Comments
Fee Letter	July 2013	Completed	Reported to Those Charged With Governance July 2013
2012/13 grant claim report	January 2014	not due	
Audit Plan	January 2014	not due	
Report to Those Charged with Governance	September 2014	not due	
Audit Report (including opinion and vfm conclusion)	September 2014	not due	
Audit Certificate	September 2014	not due	
WGA Certificate	October 2014	not due	
Annual Audit Letter	October 2014	not due	
Report on the Audit of Grant Claims	December 2014	not due	

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Local Government Audit Committee briefing

Contents at a glance

Sector and economic news

Accounting, auditing and governance

Regulation news

Find out more

Introduction

This sector briefing is one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving.

It covers issues which may have an impact on your organisation, the Local government sector and the audits that we undertake. The public sector audit specialists who transferred from the Audit Commission form part of EY's national Government and Public Sector (GPS) team. Their extensive public sector knowledge is now supported by the rich resource of wider expertise across EY's UK and international business. This briefing reflects this, bringing together not only technical issues relevant to the local government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing, as well as some examples of areas where EY can provide support to Local Authority bodies. We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local audit team.





Sector and economic news

Proposals for the use of capital receipts from asset sales to invest in reforming services

On 25 July 2013 the Government launched a consultation on 'Proposals for the use of capital receipts from asset sales to invest in reforming services'. The consultation aimed to gather views from the Local Government sector on proposals to allow part or even the whole of a capital receipt from new asset sales to be used for one-off revenue purposes.

The broad aims of the proposed policy are to:

- ▶ Encourage good asset management planning and incentivise the appropriate sale of local authority assets so that they are put into productive use and support growth.
- ▶ To enable additional resources, from local authority asset sales, to give a capital receipt flexibility for the one-off cost of reforming, integrating or restructuring services.

Views were sought to gauge the level of support for the proposed policy, as well as comments on how it would work in practice and the mechanisms for delivery.

A competitive bidding process is the preferred mechanism for approving such use of capital receipts. It is proposed that any application under a bid based process should set out a cost/benefit analysis to demonstrate value for money.

The criteria to evaluate competing applications from local authorities could include:

- ▶ Amount of expenditure and proposed use of that revenue
- ▶ The reduction of ongoing/long-term costs
- ▶ How you plan to transform your services
- ▶ Working across the wider public sector
- ▶ Asset to be sold
- ▶ Possible forward use of an asset

The consultation also considered how any approved proposals would be implemented, highlighting two possible methods:

- ▶ A Direction from the Secretary of State, allowing specified revenue expenditure to be treated as capital expenditure
- ▶ Through the existing provisions in The Local Authorities (Capital Finance and Accounting) Regulations 2003 (SI: 2003/3146).

The preferred option set out in the consultation documented is through a letter of Direction from the Secretary of State, as this would more closely fit with the competitive bid process.



Sector and economic news

The consultation closed on 24 September, and it is expected that there will be a response to the consultation in Autumn setting out the finalised proposals. The indicative timeline set out in the consultation document is set out below.

Event	Timing
Bid process commences	Winter 2013
Bid process decisions	Spring 2014
Direction letter issued	Spring 2014
Disposal of Asset	August 2013-March 2016
Revenue Expenditure	April 2015-March 2016

Economic outlook

The ITEM Club, one of the UK's foremost independent economic forecasting groups, sponsored by EY, published its Autumn Forecast in October 2013. It recognises that the UK economy is improving with GDP now projected to grow by 1.4% this year and 2.4% next year after a 0.1% rise in 2012. It notes that this is supported by the encouraging outlook for exports and business investment. It warns, however, that unforeseen events could disrupt this positive outlook, not least new external shocks such as the US budget deadlock. It believes that the view that the UK government's initiatives to support the housing market will result in a housing bubble is strongly overplayed. It states that the current rises in prices and transactions are from a historically very low base, and remain way below pre-crisis levels. With the housing recovery knocking on into wider consumer spending, and virtually all surveys of business confidence trending upwards, the economic outlook for the UK is continuing to brighten – despite the inevitable risks.



Accounting, auditing and governance

Audit Commission briefing on the Local Audit and Accountability Bill

On 4 September 2013 the Audit Commission released a briefing paper on the Local Audit and Accountability Bill, which is currently passing through Parliament.

The briefing provides an up-to-date view of where the Commission believes that amendments and refinements could further improve and strengthen the Bill.

Eight areas are identified in the briefing, where the Commission believes improvements to the bill could be made:

1. Including an option for optional collective procurement arrangements.
2. Strengthening the arrangements for the appointment of auditors, by having external members on audit committees rather than separate audit panels.
3. Expanding the data collected as part of the National Fraud Initiative.
4. Allowing more time to develop a proportionate audit regime for small bodies, by allowing current arrangements to be extended to 2020.
5. Ensuring that there continues to be central returns and publications to support accountability to Parliament and the public.
6. Including reporting on arrangements to secure value for money.
7. Updating the legislative framework governing local public audit.
8. Considering the transitional issues to the new regime, given that contracts under the current framework end in 2016/17 (with potential extensions to 2020), but the Commission, who manage the contracts, is due to be fully abolished in 2015.

Minimum Revenue Provision (MRP)

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) became effective from March 2008. These regulations replaced the formula-based method for calculating MRP which existed under previous regulations under the Local Government Act 2003. The new requirement was for an authority to:

'Determine for the current financial year an amount of minimum revenue provision which it considers to be prudent'.

No definition of 'prudent' was given, although DCLG issued statutory guidance in 2008, which authorities had to take account of, setting out their interpretation. This was updated in 2012 to take account of HRA self-financing and the implications of IFRS regarding PFI schemes. For authorities with a positive Capital Financing Requirement (CFR) the guidance set four out options, but indicated that any alternatives that met the basic criteria included within the statutory guidance was acceptable. The four options are briefly described below:

1. Regulatory Method (for expenditure incurred before 1st April 2008, and supported expenditure incurred after that date):
 - ▶ MRP is charged at 4% of the Authority's capital financing requirement (or underlying need to borrow for a capital purpose) which has been reduced by Adjustment A (calculated in 2004 under previous regulations).
2. CFR Method (for expenditure incurred before 1 April 2008, and supported expenditure incurred after that date):
 - ▶ MRP is simply charged at 4% of the Authority's capital financing requirement at the end of the preceding financial year (with no technical adjustment).



Accounting, auditing and governance

3. Asset Life Method (for unsupported capital expenditure incurred on or after 1st April 2008):
 - ▶ An MRP provision is made over the estimated life of the asset for which the borrowing (or other long-term financing) has been undertaken. This will be based either on the 'equal instalment method' or the 'annuity method'.
4. Depreciation Method (for unsupported capital expenditure incurred on or after 1st April 2008):
 - ▶ An MRP provision is calculated in accordance with the standard rules for calculating depreciation provision.

The use of a broad framework rather than the formulaic approach has resulted in incorrect interpretation and calculation of MRP at a number of authorities in the past. Our audit work during the last year identified examples where authorities were not following their own accounting MRP policy or were, in a number of cases, overstating the amount of MRP that they set aside. Detailed work at selected sites identified that these non-compliance and calculation errors had accumulated overstatements of MRP of more than £10mn which could be reversed. Similar in-depth reviews can be incorporated within the 2013/14 audit programmes.



Regulation news

Pensions Regulator to have oversight of public sector pensions

The 2013 Public Service Pensions Act which received royal assent in April afforded the Pensions Regulator an enhanced role – broadening its remit to include oversight of public sector pensions from April 2015. It will set standards of governance and administration for public sector schemes in response to the Independent Public Service Pensions Commission's 2011 recommendations make improvements to both of these areas.

The schemes include approximately 22,000 employers and 12.6mn members (2012 figures taken from the Pensions Regulator website), and span Local Government, NHS, Police, Fire, Teachers, Civil Service, Armed Forces and Judicial pension schemes.

The Pensions Regulator has published a report, together with the supporting research, which documents current practice in these eight categories of public sector pension schemes.

The Pensions Regulator has promised to 'take action if necessary' to ensure public sector pension schemes are run to high standards following government reforms that will see it assuming oversight of the public sector.

Following the passage of the 2013 Public Service Pensions Act the regulator will set standards of governance and administration for public sector schemes from April 2015 including Police and Fire.

On September 6, the Pensions Regulator produced a report summarising current practice in eight categories of civil service pension schemes.

The survey of current schemes found room for improvement but also highlighted areas of good practice.

Local Government Pension Scheme findings:

- ▶ The survey noted that governance and administration had been on the agenda for these schemes for several years, and that this was evident in the survey findings, which demonstrated greater awareness of these matters.
- ▶ Ninety eight percent had a governance board in place. The majority of schemes also had a risk register in place, with risks and internal controls being reviewed at least annually; a conflict of interests policy and a register of members' interests.
- ▶ Eighty one percent of LGPS arrangements are administered in-house and the majority have service standards which are documented and reported against.
- ▶ LGPS schemes when compared the others in the survey had the most active member communication.

The Regulator is now working on producing code of practice as well as the regulatory strategy, and has plans to monitor and report on the progress of public sector schemes each year.



Regulation news

Local Government Pension Scheme Structural Reform

In addition to the review of investment regulations noted in the previous sector update, a wide ranging consultation was announced by Brandon Lewis MP (Minister for Local Government) in a speech at the National Association of Pension Funds local authority conference in May 2013. The consultation was launched by DLG and the LGA in June 2013 and aimed to identify reforms that will both improve investment performance and reduce fund management costs, in advance of the implementation of the new scheme in April 2014.

The consultation closed at the end of September, and the analysis of submissions is expected to inform a further consultation on options for change, which is to be released in early 2014.

At the same time, further detail has been provided about the proposed governance arrangements for the new LGPS in the DCLG discussion paper 'Local Government Pension Scheme (England and Wales) New Governance arrangements, also issued in June 2013.

The paper set out the proposed response to five specific sections of the Public Service Pensions Act 2013 which impact on the governance arrangements of the new scheme:

1. Responsible authority
2. Scheme manager
3. Pension board
4. Pension board information
5. Scheme Advisory board

The intention is for new regulations to be in place before April 2014, which will require new scheme advisory boards and local pension boards to become operational later in the year. In the intervening period between the commencement of the new LGPS scheme and the governing bodies becoming operational, existing governance arrangements under Section 101 of the Local Government Act 1972 will continue to apply.

This consultation closed at the end of August.



Find out more

To find out more on the articles above, please follow the links below:

Proposals for the use of capital receipts from asset sales to invest in reforming services

Full details can be found at:
<https://www.gov.uk/government/consultations/proposals-for-the-use-of-capital-receipts-from-asset-sales-to-invest-in-reforming-services>.

Economic outlook

For the full analysis go to:
<http://www.ey.com/UK/en/Issues/Business-environment/Financial-markets-and-economy/ITEM---Forecast-headlines-and-projections>

Audit Commission briefing on the Local Audit and Accountability Bill

The full briefing can be found at:
<http://www.audit-commission.gov.uk/2013/09/public-briefing-on-the-local-audit-and-accountability-bill/>

Minimum Revenue Provision

For more information, please see the DCLG guidance at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11297/2089512.pdf
For more details on calculating MRP, please refer to Chapter 6 of the Practitioners' Guide to Capital Finance in Local Government (CIPFA 2008).

For details on incorporating a more in-depth review of MRP into your 2013/14 audit programmes, contact your audit team.

Pensions Regulator to have oversight of public sector pensions

For more information see the Pensions Regulator website at:
<http://www.thepensionsregulator.gov.uk/index.aspx>
and the civil service pension schemes report at:
<http://www.thepensionsregulator.gov.uk/docs/public-service-research-summary.pdf>

Local Government Pension Scheme Structural Reform:

For further detail on the consultation, and to view all available consultations and consultation outcomes within the Local Pension series please visit:
<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/local-government-pensions>

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Division(s):

AUDIT & GOVERNANCE COMMITTEE

20 NOVEMBER 2013

REVIEW OF THE COUNTY COUNCIL'S DECISION MAKING GOVERNANCE ARRANGMENTS

1. On 2 April the County Council agreed new governance arrangements for the political decision making of the Council. In so doing, the Council determined that the Monitoring Officer should undertake a review of these arrangements twelve months after their coming into operation.
2. The Audit and Governance Committee has responsibilities for the oversight of governance and constitutional matters. Therefore this report advises the Committee of the Monitoring Officer's proposed timetable for reviewing the governance arrangements; outlines the intention to provide a report to this Committee in due course; and asks the Committee to consider appointing three members of it to act as an informal sounding board for the Monitoring Officer, as required, during the progress of his review.

Background

3. The new governance arrangements, which came into effect after the May 2013 elections, sought more fully to engage all members, to slim down bureaucracy and simultaneously to create a flexible and focused form of governance on the business of the Council. This involved reducing the number of scrutiny committees from six to three – Performance, Education and Joint Health Overview and Scrutiny – providing a keener focus.
4. In addition, Council approved the concept of Cabinet Advisory Groups to strengthen and support the Cabinet in policy development. A standing advisory group was created in the form of the Transport Advisory Panel. The remit of the Audit and Governance Committee was also changed to take on the majority of the responsibilities of the former Standards Committee and the Democracy & Organisation Committee, which was ended.
5. At the local level, Council recognised the importance of engaging members in their localities and therefore created nine Locality Meetings with a view to maximising the perspectives of local members and to integrate these into the direction of the Council.

6. In April, the Council also endorsed the creation of a statutory body, the Health and Wellbeing Board, which had existed in shadow form for a year previously.

Basis for a review

7. In changing its governance arrangements, Council wished to ensure that the new arrangements actually achieved the twin aims of engaging members more fully and providing a more focused, integrated approach to policy and performance.
8. Council envisaged that the arrangements should be in place for twelve months before undertaking a review. The arrangements came into effect after the May 2013 elections and therefore a decision on a review is probably best taken to September 2014 meeting of Council. However, to enable an informed decision, it would be appropriate for key considerations to begin a little earlier than that, in early Spring.

Outline and timeline for the review

9. The Monitoring Officer will lead the review which will run, effectively, from February to July 2014 and will commence once the budget round has been concluded. The review will involve seeking the views of members generally in respect of their experience of the new governance arrangements. The review will consider the extent to which:
 - a. members consider themselves to be more fully engaged
 - b. the arrangements are contributing to the effective delivery of policy and performance
 - c. the arrangements provide a sound and accountable form of governance
 - d. whether any changes should be made and what these should be
10. It is intended that a progress report would be given to this Committee in mid-April 2014 with a final report on 2 July (following consideration by the Performance Scrutiny Committee on 26 June and prior to Cabinet meeting on 15 July to finalise recommendations to Council on 9 September).
11. Group leaders have endorsed this approach.

Sounding board

12. The Committee is asked to consider nominating three councillors to act as an informal sounding board to assist the Monitoring Officer in the conduct of his review. This would involve receiving periodic updates and queries from the Monitoring Officer on any issues or governance considerations arising from the review on which he would value some member views. This would be helpful both in terms of providing a useful member sounding board for the Monitoring Officer and also in assisting discussion at this Committee when the Monitoring Officer presents his interim and final reports.

RECOMMENDATION

13. The Committee is RECOMMENDED to:

- (a) Note the Monitoring Officer's proposed review of governance arrangements and the Committee's role in receiving interim and final reports;**
- (b) Nominate three councillors from the Committee to act as an informal sounding board for the Monitoring Officer during the conduct of the review.**

PETER CLARK

County Solicitor and Monitoring Officer

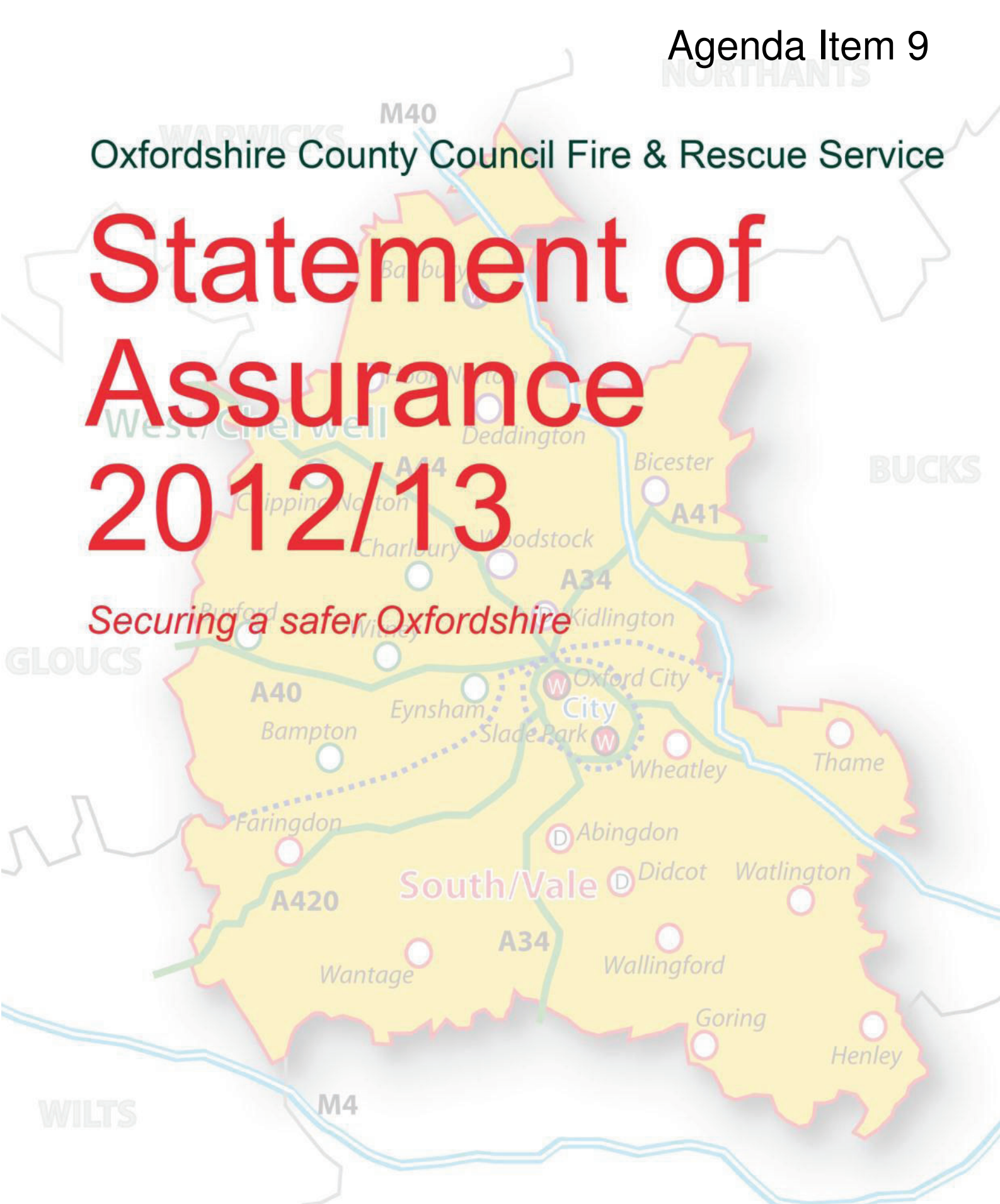
Contact officer: Glenn Watson
Contact number: Tel: 01865 815270
November 2013

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Oxfordshire County Council Fire & Rescue Service

Statement of Assurance 2012/13

Securing a safer Oxfordshire



www.365alive.co.uk



**OXFORDSHIRE
COUNTY COUNCIL**

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Welcome and foreword by Councillor Louise Chapman



Cabinet member with responsibility for the fire and rescue service

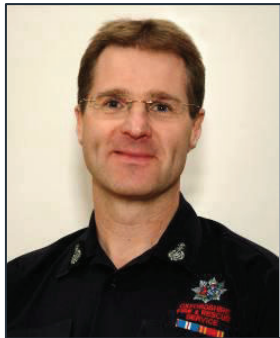
Oxfordshire Fire and Rescue Authority have a legal duty to ensure that an effective fire and rescue service is delivered across our county. We are proud to be a high performing integrated part of the county council which delivers far more than just an effective response service. Through working in partnership with other teams of the county council and key partners, we ensure that our proactive approach focussed on preventative activities help stop incidents from happening and lead to a safer county.

This integrated approach helps the most vulnerable in our communities to gain access to the support that is available and assists individuals and families to help themselves. There are many challenges that are facing our communities and we can assist in many areas beyond the traditional role of a firefighter. As an example, we have implemented projects to support young people with their basic reading skills and have provided mentors for disaffected young people.

We have been at the forefront of innovation looking at new ways to support those that are most at need in our communities. However, I am not complacent and I recognise that there is more that can be done.

I am immensely proud of what we do, the way we do it and what we have achieved. Our personnel are our most important resource and it is through them, with the support of our county councillors and our partner agencies that we will continue to deliver an excellent service to the people of Oxfordshire.

Foreword by Chief Fire Officer David Etheridge



Welcome to the first Oxfordshire Fire & Rescue Service Statement of Assurance. As the Chief Fire Officer for Oxfordshire I am pleased to be able to provide this statement for our local communities to show how the fire and rescue authority have met and continue to meet the requirements of The Fire and Rescue National Framework for England.

The national framework sets out the requirement for fire and rescue authorities to provide an annual statement of assurance on financial, governance and operational matters and to show how they have due regard to the requirements of the framework and the expectations set out in authorities' own integrated risk management plans. To demonstrate this, the framework requires that each authority must publish an annual statement of assurance. The following document is intended to meet the obligation to produce this statement through reference to public webpages, existing reports and documents.

As part of the county council we are committed to delivering an integrated, high performing fire and rescue service which provides excellent value for money to the tax payers of this county. Our integration within the wider county council enables us to ensure that we are joined up in delivering solutions to the key issues affecting our communities, whilst providing the economic benefits of a shared services approach.

The fire and rescue service faces a number of challenges over the next few years in continuing to deliver the same level of high quality service with a developing built environment. Our integrated risk management planning will enable us to focus our priorities on the current and future risk within the county and continue to provide assurance to the people of Oxfordshire that we continue to be a cost effective, well governed and a well-managed organisation.

[National Framework Document Published July 2012](#)



Communities we serve

Our community

Oxfordshire is home to around 650,000 people. The population is increasing and is forecast to rise 11 per cent to over 700,000 residents by 2026, with the biggest increases expected around Bicester, Didcot, Carterton, Harwell and Witney.

Our natural environment

Oxfordshire is the most rural county in the south east and is a popular visitor destination renowned for its rural beauty covering 260,595 hectares. The provision of additional off road response vehicles and partnership work through the Local Resilience Forum will assist in managing the risk from adverse weather.

Our built environment

Oxfordshire has significant plans for future economic and housing growth, with a focus on the Local Enterprise Partnership Hubs – the Science Vale UK Area (a Local Enterprise Zone), Bicester and Oxford City. There will be smaller but still significant developments at other locations including Banbury, Carterton and Witney.

As we develop our service we will consider residential and commercial areas that are growing, to ensure that we can continue to provide an excellent prevention, protection and response service to all areas of a changing county. Therefore, we will continue to engage early in any planning processes throughout the county to address any areas of concern and give specialist advice where necessary.

Our heritage

Oxfordshire has over 12,000 listed buildings, including many sites of importance to the country's national heritage. The city of Oxford is internationally famous for its university and college buildings. Blenheim Palace heads a list of nationally important stately homes and is one of 390 grade I listed buildings in the county. We will continue to work with owners and occupiers to ensure plans, risks, training and information is reviewed to safeguard our heritage.

The risks we face

The Community Risk Management Plan is Oxfordshire County Council Fire and Rescue Service's (OFRS) analysis of the county's community risk profile, together with our strategic approach of how we intend to effectively manage those risks over the period.

The Fire and Rescue National Framework for England (the framework) requires us to produce an Integrated Risk Management Plan (IRMP), known as Community Risk Management Plan (CRMP), that identifies and assesses all foreseeable fire and rescue related risk that could affect its community, including those of a cross border, multi authority and / or national nature.

Each year OFRS produces an action plan based on the CRMP which sets out a number of priorities and projects to ensure that residents and businesses are safer, whilst at the same time delivering an efficient and effective emergency response when necessary.

[Community Risk Management Plans and Annual Action Plans](#)

Social risk

Our population is also living longer. The number of people aged 75 and over is projected to grow by 60 percent between 2006 and 2026. Historical data shows that older people are at a greater risk from suffering serious injuries or death from accidental fires. Our Home and Community Safety Department, through partnership working, will continue to target our at risk groups through home fire risk checks and education.

Environmental risk

Oxfordshire has many waterways, which have associated risks of flooding and drowning. We have firefighters trained to rescue people from both moving and still water, including faster moving 'white water'. They will also respond to national emergencies resulting from large-scale flooding. Our firefighters identify potential areas of danger on our waterways and learn the best locations to launch our rescue craft.

Economic risk

The county is home to a number of nationally and internationally recognised businesses such as ISIS, Oxford Instruments, BMW Mini, Williams and Lotus Formula One, the city's two universities and a number of important military establishments. Our operational and fire protection personnel work with business to plan for emergencies and carry out fire protection enforcement and advice.

Risks beyond our borders

Over the border mutual aid arrangements

Through sections 13 and 16 of the Fire and Rescue Services Act 2004 OFRS has set up reinforcement schemes for securing mutual assistance with Berkshire, Buckinghamshire, Gloucestershire, Northamptonshire, Warwickshire and Wiltshire Fire and Rescue Service Authorities to provide and utilise resources such as fire engines.

Plans are also in place, through National Resilience Advisory Team (NRAT), to provide specialist appliances and crews for mass decontamination, urban search and rescue, water and high volume pumping, hazardous chemical analysis and command and control across England and Wales.

Standard operating procedures

OFRS have been engaged in the Collaborative Partnership Programme to promote a common approach when working across borders. We are also planning to have a joint fire control with two of our neighbour Fire and Rescue Services, Royal Berkshire and Buckinghamshire, known as the Thames Valley Fire Control Project.

During a re-structure we have established a Standard Operating Procedures (SOP) Development Team. The SOP information is carried on fire engines and accessed via Mobile Data Terminals (MDT's). It will enable all operational staff to access the most up to date guidance and information at scene with neighbouring authorities working to the same procedures.

The Joint Emergency Services Interoperability Project (JESIP) has also been formed to enhance joint working further across services and collaborate where possible.

Overview of Fire and Rescue Service

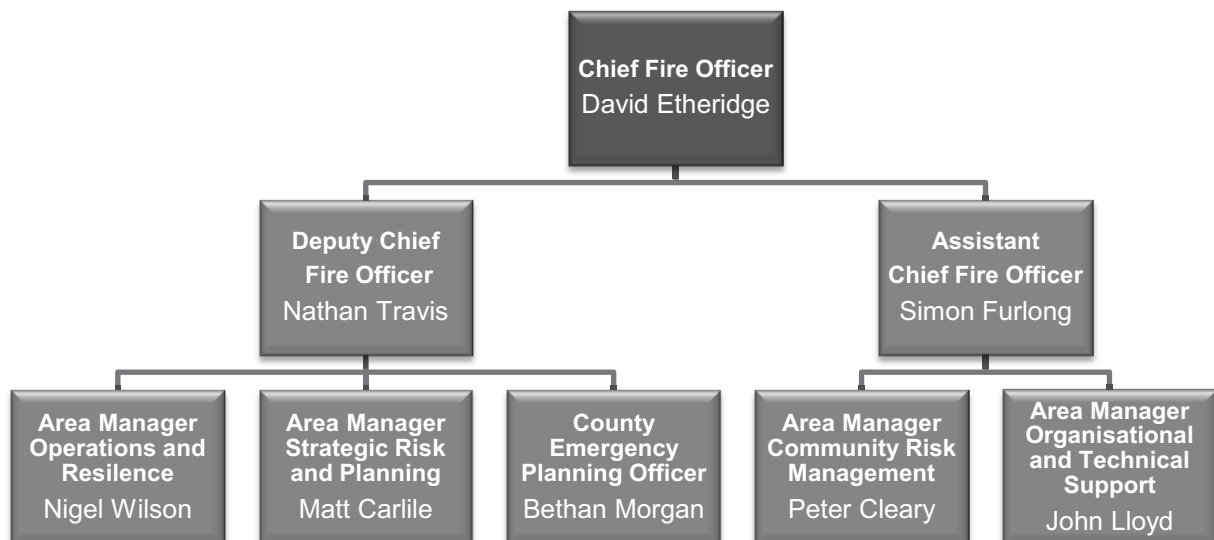
Overview of our structure

OFRS is governed by the Strategic Leadership Team (SLT) whose full members are listed below. Full SLT meetings are held monthly with fortnightly meetings to discuss specific issues. SLT reports to County Council Management Team (CCMT).

- Chief Fire Officer — David Etheridge
- Deputy Chief Fire Officer — Nathan Travis
- Assistant Chief Fire Officer — Simon Furlong
- Area Manager Operations and Resilience — Nigel Wilson
- Area Manager Strategic Risk and Planning — Matt Carlile
- Area Manager Community Risk Management — Pete Cleary
- Area Manager Organisational and Technical Support — John Lloyd
- Human Resources Business Partner — Kim Terry
- Finance Business Partner — Tim Paul.

Following an extensive period of engagement with managers across the organisation and a period of staff consultation, the Senior Leadership Team implemented a re-alignment of the service which commenced on 1 April 2013.

Strategic Leadership Team



Our people

At the end of March 2012 there were a total of 25 control room staff, 247 whole-time firefighters and 74 support staff. We also had 352 people working as on-call firefighters in Oxfordshire's local communities.

Our resources

There are currently 24 fire stations in Oxfordshire, which are staffed 24 hours a day, 365 days a year by a mix of full time and on-call firefighters. They offer safety advice, education and a response to emergencies calls.

We have a front-line fleet of 34 fire engines and a number of specialist vehicles. This includes a hydraulic platform for performing rescues at height, a specialist rescue vehicle for attending road traffic collisions and other specialist rescues, an environmental protection unit (provided in partnership with the Environment Agency) and two mobile command units.

Our values

OFRS fully supports the underpinning values of the county council, as well as those agreed nationally by the Chief Fire Officers' Association, the Fire Brigades' Union, UNISON and a number of other fire and rescue services. These combined values provide a central focus on the standards and principles we expect our employees to promote, uphold and maintain.

We value **service to the community** by:

- focusing on our customers' needs
- working with all groups to reduce risks
- treating everyone fairly and with respect
- being accountable to those we serve
- striving for excellence in all we do.

We value **diversity** in the Service and community by:

- treating everyone with dignity and respect
- providing varying solutions for different needs and expectations
- promoting equality of opportunity in employment and progression within the service
- challenging prejudice and discrimination.



We value **each other** by practising and promoting:

- fairness and respect
- recognition of merit
- honesty, integrity and mutual trust
- personal development
- 'can-do' attitude, co-operative and inclusive working
- one-team approach.

We value **improvement** at all levels of the Service by:

- taking responsibility for our performance
- promoting and supporting innovation
- embedding efficiency and effectiveness in all we do
- being open-minded
- responding positively to feedback
- learning from others
- consulting others.

Chief Fire Officer's statement on equality and diversity

Oxfordshire County Council Fire and Rescue Service recognises that all individuals have fundamental human rights and therefore adopts a rights based approach to equality. We shall develop practices that promote the right for everyone to participate in all aspects of life by promoting initiatives which remove barriers to participation and by actively promoting equality and social inclusion. We will have due regard to the need to eliminate unlawful discrimination, harassment and victimisation and other unacceptable conduct, to promote equality of opportunity and to promote good relations between all persons with respect to their disability, sex, race, religion or belief, sexual orientation, transgender status or gender reassignment, age, marital status and pregnancy or maternity.

We seek to develop and provide relevant, appropriate and accessible services that meet the needs of our diverse population. We will eliminate unlawful or otherwise unjustifiable discrimination and promote equality in the provision of our services. As an employer we will value the contribution that every employee makes and respect individual differences, utilising the diversity of our workforce as a positive benefit.

Chief Fire Officer, David Etheridge

[Equality and diversity information from the fire service](#)

Our services to the community

The Community Risk Management Plan (CRMP) is Oxfordshire Fire and Rescue Service's (OFRS) analysis of the county's community risk profile, together with our strategic approach of how we intend to effectively manage those risks over the period. Each year OFRS produces an action plan based on the CRMP which sets out a number of priorities and projects to ensure that residents and businesses are safer, whilst at the same time delivering an efficient and effective emergency response when necessary.

We consulted with the community on nine proposed projects in the 2012-13 action plan. The risks are identified in our Operational Risk Register for Oxfordshire. This plan then considers how each of these risks could affect the public and firefighters, and explains what we currently do to manage these risks under the headings:

- Prevention — eliminating or reducing the likelihood of the risk occurring
- Protection — reducing the impact of the risk should it occur
- Response — providing a rapid and effective response should an incident happen.

[Community Risk Management Plans and Annual Action Plans](#)

Governance arrangements

OFRS is an integral part of Oxfordshire County Council (OCC). OCC are responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. OCC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

OCC has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government'. The OCC Annual Governance Statement enables the fire and rescue service to demonstrate that it has fulfilled its obligations under the framework. Full details can be found in the OCC Annual Governance Statement which is included in our 'Statement of Accounts' publication, at the end of the document.

[Annual accounts and audit](#)

Your fire and rescue authority

Oxfordshire County Council is a county authority and is the delegated fire authority for Oxfordshire. All the key decisions are made by cabinet members, meeting either jointly as the cabinet or as individual cabinet members, taking delegated decisions within their own responsibilities. We now have two cabinet members overseeing our service areas:

- Councillor Louise Chapman has responsibility for fire and rescue and trading standards plus cross-council responsibility for policy coordination, equalities, localities and community cohesion.
- Councillor Rodney Rose has responsibility for Emergency Planning Unit, Thames Valley Fire Control Project, South East Fire Improvement Partnership (SEFIP) plus cross-council responsibility for internal management, human resources, industrial relations and strategic rail issues.

The performance of the fire and rescue service is overseen by the Performance Scrutiny Committee and the Audit and Governance Committee. Cabinet meetings are held once a month and are attended by all cabinet members. The cabinet is also responsible for preparing the budget and policies to propose to the full council. The scrutiny committees provide advice to the cabinet on major policy issues and may review its decisions. Details of how the community can attend meetings and access agendas and reports can be found on the [Meetings and decisions web page](#).

Our legal responsibilities

Responsibilities under the Fire & Rescue Services Act 2004

The Fire & Rescue Services Act 2004 sets out the duties and powers of fire authorities. Under the Act, the Fire Authority has a number of core functions:

- Fire safety - promoting fire safety, including the provision of information and publicity on steps to be taken to prevent fires and the giving of advice on how to prevent fires and on the means of escape from buildings in case of fire.
- Firefighting - extinguishing fires and protecting life and property in the event of fires.
- To respond to and rescue people from road traffic collisions (RTCs) and protecting people from serious harm in the event of RTCs.
- Emergencies - when necessary deal with emergencies, other than fires and road traffic accidents.

We address these core functions in our Community Risk Management Plan (CRMP), which identifies and assesses all foreseeable fire and rescue related risks that could affect its community. Each year we produce an action plan based on the CRMP which sets out a number of priorities emergency response when necessary.

[Community Risk Management Plans and Annual Action Plans](#)
[The Fire and Rescue Service Act 2004](#)

Responsibilities under the Civil Contingencies Act 2004

The Civil Contingencies Act 2004 (CCA) places certain duties on all Category 1 Responders as defined by the act, including OFRS. One of these duties is the formation of the Thames Valley Local Resilience Forum (TVLRF). The purpose of this forum is to ensure that there is an appropriate level of preparedness to enable an effective multi agency response to emergencies which may have a significant impact on the communities OFRS serve.

TVLRF is a partnership consisting of representatives from police, local authorities, fire, ambulance, environment agency, health, military, utility companies and transport companies. The act requires Category 1 Responders to maintain the plans for preventing emergencies; reducing, controlling or mitigating the effects of emergencies; and taking other action in the event of emergencies.

These plans are drawn from risk assessments and have regard for the arrangements to warn, inform and advise the public at the time of an emergency. The Emergency Planning Unit helps the council meet these duties.

[Civil Contingencies Act 2004](#)

Responsibilities under the Fire and Rescue Services (Emergencies) (England) Order 2007

The Fire & Rescue Services (Emergencies) (England) Order 2007 instructs fire authorities to make provision for:

- At chemical, biological, radiological or nuclear emergencies make provision for decontamination of people and to limit harm to the environment.
- Rescue people at emergencies involving collapse of building, structures, incidents involving trains, trams or aircraft, and where resources are required beyond the scope of day to day operations.
- Provide personnel, services, training and make arrangements to carry out these above functions.
- Respond to emergencies outside the fire authorities' area.

We make provision for these requirements through operational planning and procedures as part of our involvement with the New Dimensions Programme. Planning and management of the programme, as well as delivery of the capabilities have been overseen by a partnership between Communities Local Government (CLG), the Local Government Association (LGA) and the Chief Fire Officers' Association (CFOA), managed through the New Dimension Programme Board (NDPB) reporting to the Fire and Resilience Programme Board (FRPB).

[Fire resilience website](#)

[The Fire & Rescue Services \(Emergencies\) \(England\) Order](#)

Responsibilities under the Regulatory Reform (Fire Safety) Order 2005

Oxfordshire Fire and Rescue Service enforces' general fire safety legislation on behalf of the county council. The legislation the authority enforces includes:

- The Regulatory Reform (Fire Safety) Order 2005
- Health and Safety at Work etc. Act 1974
- The Dangerous Substances (Notification and Marking of Sites) Regulations 1990
- The Health and Safety (Safety Signs and Signals) Regulations 1996
- The Construction (Design and Management) Regulations 2007.

Our enforcement activities adhere to the principles of 'better regulation' contained in the Enforcement Concordat and Regulators Compliance Code and we aim to support business and other responsible persons through education and the provision of advice and guidance. Where it is absolutely necessary, we will take enforcement action and will only consider prosecution where it is in the public's best interest.

Full details of how we discharge our responsibilities under fire safety legislation can be found on the [Fire safety advice for businesses web page](#).

Responsibilities under the Health & Safety at Work etc Act 1974 and the Management of Health & Safety at Work Regulations 1999

Oxfordshire Fire and Rescue Service operates within the County Council's Management Framework which incorporates the provisions of the Health & Safety at Work etc. Act 1974, the Management of Health & Safety at Work Regulations 1999 and the responsibility to provide, so far as is reasonably practicable, a safe and healthy working environment for all employees.

Our health and safety policy documents explain how we discharge our responsibilities under health and safety legislation.

[Fire and Rescue Service Health and Safety Policy Part 2](#)

[Fire and Rescue Service Health and Safety Policy Part 3](#)

Responsibilities under the Road Traffic Act 1988 section 39

Oxfordshire County Council as the local authority has a statutory responsibility under section 39 of the Road Traffic Act 1988 for road safety engineering, education, training and publicity (ETP) which are discharged through both the Environment and Economy and Social and Community Services Directorates.

Full details of how we discharge our responsibilities under the Road Traffic Act 1988 can be found on the [Road safety web page](#).

Responsibilities under the Localism Act 2011

The Localism Act 2011 gives fire authorities powers of competence to:

- Carry out its functions so that it will be able to do anything they consider appropriate for purposes linked to their statutory responsibilities to help deliver innovative and more personalised services to their communities.
- Make charges for certain services. These new powers enable both councils and fire and rescue authorities to act innovatively to generate efficiencies and secure value for money outcomes.

Full details of the community right to challenge and right to bid for community assets can be found on the [Community Rights and Localism Act web page](#).

Further details of the Localism Act 2011 can in the [Localism Act 2011 document](#).

The Fire and Rescue Service National Framework

The Fire and Rescue National Framework sets out the government's priorities and objectives for fire and rescue authorities in England to:

- Identify and assess the full range of foreseeable fire and rescue related risks their areas face, make provision for prevention and protection activities and respond to incidents appropriately.
- Work in partnership with their communities and a wide range of partners locally and nationally to deliver their service.
- Be accountable to communities for the service they provide.

A gap analysis has been completed to ensure that OFRS has met the requirements of the framework document and an action plan has been established.

[National Framework Requirements Gap Analysis](#)

Full details of how OFRS assesses the full range of foreseeable fire and rescue related risks our areas face, make provision for prevention and protection activities and respond to incidents appropriately, can be found in [Community Risk Management Plans and Annual Action Plans](#)

Management of risk

The county council has a risk management strategy which aims to ensure that there is continuous improvement in the arrangements for managing risk across the directorates.

Full details can be found in the OCC Annual Governance Statement which is included in our 'Statement of Accounts' publication, at the end of the document. These are published each year, on the Council's website, on the [annual accounts and audit web page](#).

OFRS risk management strategy follows the principles of the Office of Government Commerce, Management of Risk Framework. All members of staff work to identify threats and opportunities to the service and our communities.

Once a risk has been identified we decide how we want to deal with the risk and it will be closely monitored. Risk registers are maintained for strategic risk, operational risk, community incident and firefighter safety risk and a business and resident profile risk report is kept. The nature of certain risks means that not all records will be accessible to all.

[Risk Management Strategy](#)

Our purpose

Our vision

Oxfordshire Fire and Rescue Service (OFRS) is proud of the quality of the services that it delivers to the public. We have a clear vision and strive to recognise and respond to the key issues and challenges. These combine to create our ten year vision for a safer Oxfordshire. This commenced in 2006 and is called 365alive. This vision sets three challenging targets for us.

By 2016, thanks to the emergency response and the community and partnership work of Oxfordshire County Council's Fire and Rescue Service, there will be:

- 365 more people alive¹
- £100 Million saved to the economy of Oxfordshire
- 840,000 safety messages delivered to the community.

For more details visit 365alive.co.uk

Our aims and objectives

Safer by design

The 'Safer by Design' Business Strategy covers the fire and rescue service, Emergency Planning Unit and Community Safety Services. The strategy has been updated in order to capture the medium term (3-5 year) vision for all of the services identified, as well as where their aims meet the current priorities of the wider county council. In addition, this strategy also highlights how the various services add extra value to local communities, above and beyond their traditional role, by becoming more 'integrated' i.e. proactively assisting other directorates and partners in delivering their community safety objectives.

The 'Safer by design' vision for the fire and rescue service, in particular, has four main strands of activity which are:

- Growing in confidence – a strategy for safer young people
- Living in confidence – a strategy for the residents of Oxfordshire
- Travelling in confidence – a strategy for those on the move
- Working in confidence – a strategy for business.

[Fire and Rescue, Emergency Planning and Community Safety Business Strategy 2011-12 to 2014-15.](#)

¹ By looking at the reduction in the number of people who dies as a result of fires and road traffic collisions and the number of rescues we perform, we calculate the number of people who are still alive as a result of our work.

Our challenges and priorities during 2012-13

The OFRS Integrated Risk Management Plan (IRMP) 2012-13 formed part of our approach to mitigate risk within Oxfordshire through prevention, protection and intervention strategies. The IRMP 2012-13 action plan identified the following priorities:

- Project 1: Business continuity review
- Project 2: Recruitment and advancement review
- Project 3: Road traffic casualty reduction
- Project 4: Olympics 2012 pre-planning
- Project 5: Retained duty system availability review
- Project 6: Operational assurance framework
- Project 7: Data sharing to improve the safeguarding of vulnerable adults and children
- Project 8: Review of incident command, worst case operational scenario planning assumptions
- Project 9: Improving fire control resilience.

[Community Risk Management Plans and Annual Action Plans](#)

Our collaborative arrangements

Memorandums of Understanding (MOU's) exist between other agencies such as Highways Authority, Thames Valley Police, South Central Ambulance Service, Defence Fire Rescue Service.

We also have MOU's with other local organisations such as RAF Brize Norton, Emergency Planning Unit, British Red Cross, HMP Huntercombe, Emergency Response Team Search and Rescue & Oxfordshire Lowland Search and Rescue.

A full list of Memorandums of Understanding can be found on the [Memorandums of understanding document](#).

Reinforcement schemes

Under sections 13 and 16 of the Fire and Rescue Services Act 2004 OFRS have a duty to enter into reinforcement schemes with other fire and rescue authorities. A list of these schemes can be viewed in the [Memorandums of understanding document](#).

How we secured business continuity

Business continuity management is a series of processes and plans which identify risk and develop OFRS resilience to ensure that adverse events cause minimal disruption to the services provided and that critical services are maintained.

OFRS business continuity management was satisfactorily audited in January 2013 by OCC Internal Audit Team. During the year 2012-13 significant progress has been made in improving business continuity management within the organisation with increased training and awareness at all levels and all departments carrying out reviews to identify areas of weakness.

Our performance

How we performed during 2012-13

A description of the fire authority's key performance indicators and targets against which the service is measured can be found in Oxfordshire County Council Fire and Rescue Service Annual Report for 2012-13.

This report reviews our performance over the last financial year, April 2012 to March 2013, and shows the headline statistics and trends in incidents and emergencies that we have attended. This allows us to recognise areas where we have done well, identify where we can improve our service and trends in specific incidents and emergency types. It helps us decide where to focus our efforts and resources to reduce threats and seize opportunities. The report contributes to our future planning and is essential to our process of integrated risk management.

[Annual Report 2012-13](#)

Response standards performance

Since April 2005 Oxfordshire County Council Fire & Rescue Service has had local response standards for attending emergency incidents in the county. The Chief Fire Officer is required to report annually on the fire and rescue service's performance against these standards and bring forward any recommendations as appropriate. Our response targets remain stretching, yet over recent years we have achieved levels within a few percent of the target.

Local response standards are:

- 80 per cent of all emergency incidents will be responded to within 11 minutes
- 95 per cent of all emergency incidents will be responded to within 14 minutes.

The above is measured by the time it takes to get the first fire appliance to the scene from the time at which the fire station is first alerted.

Response standards performance 2012/13	Total emergency incidents in scope	Incidents responded to <11mins	% response standards <11mins	Incidents responded to <14mins	% response standards <14mins
Totals	3409	2665	78.18	3161	92.73

The Response Standards Performance Report 2012-13 can be found on the [Oxfordshire Fire and Rescue Service Performance web page](#).

Benchmarking

We use national benchmarking reports and tools. We are also part of a [Chief Fire Officers Association](#) (CFOA) family group to facilitate benchmarking against fire and rescue services of similar size and demographics and to promote best practice.

[Fire and Rescue Service: Operational Statistics Bulletin for England 2011 to 2012](#)
[Oxfordshire Fire and Rescue Service Performance](#)

What others have said about our performance

Operational assessment (Op A) peer challenge

The Op A peer challenge is scheduled for December 2013, with a self-assessment to be forwarded to Local Government Association (LGA) in October 2013. An initial assessment has taken place to establish a benchmark against the seven Key Assessment Areas (KAA's) during November 2012, this has fed action plans for 2013 to improve performance and deliver a successful peer review with improved performance against the KAA's. The KAA's include community risk management, prevention, protection, response, health & safety, training & development and call management & incident support.

The last peer review of Oxfordshire County Council Fire and Rescue Service was carried out in September 2010 and a report was produced, as OFRS strives to improve with every opportunity it has developed an action plan in order to tackle the points raised.

The Op A Report and action plan can be found on the [Oxfordshire Fire and Rescue Service performance web page](#).

Customer Service Excellence

The government wants services for all that are efficient, effective, excellent, equitable and empowering with the citizen always and everywhere at the heart of service provision. With this in mind Customer Service Excellence was developed to offer services a practical tool for driving customer-focused change within their organisation. OFRS have maintained the Customer Service Excellence award for 2012-13.

Organisational Assurance Team

The Organisational Assurance Team was established following a re-structure of the service in 2013. The role of the team is to ensure consistently high performance throughout the organisation by conducting quality assurance audits. The first quality assurance check undertaken in 2013 looked at operational audit, debrief, monitoring and feedback systems and processes.

Lessons learnt

Operational debriefs

Operational debriefs are used at both incidents and exercises and form part of a quality control system to ensure effectiveness of core activities at a tactical level. They help ensure that any lessons learnt can be actioned and improve the service we provide. Outcomes and actions taken from previous debriefs are made available to all personnel.

Coroners Rule 43 notices

Coroners have recently issued two Rule 43 notices. The purpose of a Rule 43 notice is that the coroner will inform persons or authorities that they believe a similar incident can be prevented by taking certain actions.

The coroner issued a Rule 43 notice following the inquest into a fatal fire at Lakanal House, Camberwell, London on 3 July 2009.

A Rule 43 notice was issued by the Coroner following the inquest into the tragic deaths of two Firefighters at Shirley Towers, Hampshire on 6 April 2010.

It is important that fire and rescue services learns from these tragic incident and implements changes to prevent similar incidents occurring in the future. As a result, we have conducted a review of the recommendations against our current policies, procedures and training programs and produced an action plan for improvement.

The Shirley Towers and Lakanal House Rule 43 notices and our action plans can be found on the links below:

- [Letter to London Fire Brigade pursuant to Rule 43 - 28 March 2013](#)
- [Rule 43 letter](#)
- [Lakanal House and Shirley Towers Rule 43 Action Plan](#)

Financial performance

Statement of accounts

Our budget for 2012-13

OFRS are an integral part of OCC who provide the statement of accounts and audit which can be found on the OCC public website.

[Annual accounts and audit](#)

Revenue expenditure

The budget for the Fire and Rescue service for 2012-13 was £24,911,000. A summary of OFRS expenditure can be found in the Annual Report 2012-13 on the [Oxfordshire Fire and Rescue Service Performance web page](#).

Where our money came from

Expenditure per head of population²

The cost of providing the fire and rescue service is approximately 11p per day for each person within Oxfordshire.

The cost per head of population for 2011-12 was £39.99. We are lower cost than the average cost per head of:

- South east region fire and rescue services - £42.51
- Family group fire and rescue services - £40.22
- All fire and rescue services - £45.04.

² Financial data is taken from the CIPFA Fire and Rescue Statistics 2011/12, FRSs that did not supply data to CIPFA are not included in these averages. Number of incidents taken from CLG stats tables 3a, 3d (i), 7a.

What your money was spent on

Expenditure per member of staff

We provided a service at a cost of £42,060 per member of staff in 2011-12 compared to the average cost of:

- South east region fire and rescue services - £44,436
- Family group fire and rescue services - £42,661
- All UK fire and rescue services - £42,028.

[Pay Policy Statement](#)

Expenditure per incident

Our overall expenditure against the number of incidents we attend is above average for other fire and rescue services, £4,841 per incident in 2011-12 compared to the average of:

- South east region fire and rescue services - £4,304
- Family group fire and rescue services - £4,090
- All UK fire and rescue services - £4,046.

This is mainly due to the success of our prevention work. By using our resources effectively to deliver prevention work we are reducing the number of incidents that occur. Therefore those incidents that do occur are seemingly more expensive. It is also to a lesser extent due to the rural nature of Oxfordshire. To provide a suitable response across the whole county the level of resources are higher than more densely populated areas. This is why the on-call firefighters are so important in delivering an excellent and cost effective service.

How we provide value for money

Oxfordshire County Council Corporate Plan sets out the key objectives and priorities for action for the council. It's a key document that sets out the broad strategic direction, as well as the values and principles, that guides all of our work. We have an absolute focus on ensuring services are efficient and delivering value for money for local people.

[Oxfordshire County Council Corporate Plan](#)

Auditors findings

A summary of auditors' reports and findings can be found in the Annual Audit Letter 2012-13 on the link below. The Accounts and Audit (England) Regulations 2011 require local authorities, including fire and rescue authorities, to prepare an annual governance statement in support of the annual statement of accounts. Full details can be found in the OCC Annual Governance Statement which is included in our 'Statement of Accounts' publication, at the end of the document.

[Annual accounts and audit](#)

Our future plans

OFRS overarching plan 2013-14

This plan is a précis of each of the functional plans drawn up for 2013-14. We will always maintain a reactive 999 response to calls for assistance. The main emphasis of OCC's approach towards delivering a safer society will be via preventative and educational measures delivered by multi-skilled employees, voluntary agencies and other partners. These groups are able to take practical actions on behalf of the County Council, promoting risk awareness, self-help, safeguarding, and sign-posting specialist assistance and support when required.

[Overarching Plan 2013-14](#)

Our future challenges

We regularly analyse the county's community risk profile and set out our strategic approach as to how we will effectively manage those risks.

This is detailed in our Community Risk Management Plan 2013 to 2018, which can be found on the link below. The Government requires us, by law, to regularly produce and review our plan, which is also known as our 'Strategic Integrated Risk management Plan'.

[Community Risk Management Plan 2013-2018](#)

Our future commitments

The Community Risk Management Action Plan 2013-14 details the specific projects we will start in 2013.

- Project 1: Implement the service's road safety strategy as an integral part of its prevention and protection activities.
- Project 2: Implement opportunities for technological advancements - following a review of fleet, equipment and working practices - to further support and enhance public and firefighter safety.
- Project 3: Review and revise the service's Learning and Development Strategy to further support and enhance public and firefighter safety.
- Project 4: Deliver the Thames Valley Fire Control Service (TVFCS) Programme.
- Project 5: Implement further collaborative opportunities with other Thames Valley Local Resilience Forum (TVLRF) Category 1 and 2 responders and align working practices to improve our provision of multi-agency prevention, protection and response services.
- Project 6: Review and revise the service's strategy for the effective management of operational incidents in order to further support and enhance public and firefighter safety

[Community Risk Management Action Plan 2013-14](#)

Our Community engagement

In preparation for the CRMP for 2013-18, the OFRS consultation team devised a questionnaire for members of the public, to give their views and to comment on the risk plan and the action plan before finalising the content, taking into consideration the replies and commentary.

OFRS sent out over 3000 invitations to community groups, local representatives and people who had already expressed an interest, bringing in hundreds of unique responses, providing the service with both positive and negative feedback. The team also spent five days around the county with a mobile road show, asking people to comment and give their input to the process.

Comments and compliments

The fire and rescue service is passionate about delivering top quality customer service. Delivering excellent customer service benefits us as individuals, our organisation and our customers. We also know that we need to continually adjust and improve our levels of customer service because we need to meet the changing needs and expectations of our customers.

If you have any comments, compliments, complaints or suggestions please contact us using whichever of the following methods is most convenient to you:

- In person at our offices.
- By phone – 01865 815906.
- By email – complaints@oxfordshire.gov.uk.
- Online – www.oxfordshire.gov.uk/complaints.
- By post – writing to: Complaints Team, FREEPOST (SCE 7709) Oxford OX1 1YA.

Comprehensive information is available in the following links:

- [How to make a complaint about Oxfordshire County Council](#)
- [Fire and rescue service comments, compliments and complaints](#)

How you can become involved

To make a request for a free Home Fire Risk check call the community Safety Helpline free on 08000 325999 or visit the [365alive website](#) and complete our quick on-line questionnaire.

For fire and road safety advice visit the [365alive website](#).

Follow us on Twitter at [OxonFireRescue](#) or like our [Oxfordshire Fire and Rescue Service \(official\)](#) page on facebook.

Access to information

Details regarding the fire authority's arrangements in respect of access to data and information can be found on the council's [access data and information web page](#).

Signature

Signed on behalf of Oxfordshire County Council:

..... Date.....

Councillor Louise Chapman

Cabinet member with responsibility for the fire and rescue service

Do you want to become an on-call firefighter?

There is currently a shortage of on-call firefighters at some fire stations in OFRS. This is particularly the case in our small towns and rural areas because nowadays there are fewer people who live and work in their local towns and villages. You might be just the person to fill the gap.

Where do you work?

First of all, you need to live or work near to a fire station because you have to be able to get there within a few minutes of a call. Secondly, because we can't predict when you'll be called out, you have to be flexible in your work. The chances are that you'll be working at home, self-employed or for a community-minded employer who can let you off from time to time.

Are you fit for the job?

To apply to join the fire and rescue service you don't need any paper qualifications. You must be at least 18, with good all-round fitness. You will be asked to take a straightforward physical test as part of the process, and just as important are qualities like common sense, commitment and enthusiasm.

How often will you be needed?

On average, you will be called out two or three times a week for a couple of hours. If you cannot be available all the time, that's not a problem. You can be paid for being "on-call" for only part of the day or week. There is a particular shortage of people who are available during weekends, but you would have some evenings and weekends free if you need to, and still do a valuable and worthwhile job. If you really can't be on-call - for example because of a holiday or a deadline at work - you can take time off.

What do you get out of it?

Apart from the excitement, the challenge and the satisfaction of a job well done, your on-going training will assist you in becoming more self-reliant and confident. After all, if you can cope in a real emergency, you are ready for anything else which life might throw at you. You will meet a lot of people in your local community and earn their confidence and respect. You will also get continual, on-going training in the use of equipment and in other more general life skills including first aid. Added to all this, you get paid! You get paid a basic retainer, plus a fee for call-outs and another fee for going into action. You also get paid for training and duties like equipment maintenance.

If you think you've got what it takes to join the team, contact your local fire station for further information, or check out [our vacancies pages](#).

AUDIT & GOVERNANCE COMMITTEE – 20 NOVEMBER 2013

DRAFT WORK PROGRAMME 2013/14

2014

Wed 15 January

Statement on Internal Control – Annual Review of Effectiveness
(Peter Clark & Lorna Baxter)

Internal Audit Plan – 2013/14 Progress Report and Quarter 4 Plan
(Ian Dyson)

Review of the Process for Reporting on the Effectiveness of the System of Internal Audit
(Ian Dyson)

Treasury Management Strategy
(Lorna Baxter / relevant officer)

Audit & Governance Committee - Draft Work Programme 2014/15
(Co-ordinated by Committee officer in consultation with relevant directorate officers)

Annual Governance Statement
(David Illingworth – going to AWG 11.December 2013)

Future of Adult Social Care in Oxfordshire – Regular progress update on Implementation Plan

New Guidance on Members Interests
Report by the Peter Clark, County Solicitor and Monitoring Officer, presented by Glenn Watson, Principal Governance Officer

Election Fees & Charges
(Rachel Dunn)

Wed 26 February

Audit & Governance Committee Annual Report to Council 2014
(in accordance with the process adopted by the Committee on 29 November 2006)

Internal Audit Services-Internal Audit Strategy & Annual Plan 2014/15
(Ian Dyson)

Fire & Rescue Service – Statement of Assurance (Future Performance and Audit Approach)

Standing Items:

- Audit Working Group Reports
(Ian Dyson)
- Business Strategy: updates & key extracts from the cabinet Financial Monitoring & Business Strategy Delivery Report
(Lorna Baxter / Relevant officer)
- Scrutiny - governance & control matters including Scrutiny Work Programme
(as available)
(Maggie Scott / Relevant officer)
- Audit & Governance Committee Work Programme – update/review
(Committee Officer/Chairman/relevant officers)

Other matters

Review of new Scrutiny/Governance Arrangements – April and July 2014

Background Papers Nil

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