



To: Members of the Audit & Governance Committee

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

Wednesday, 21 September 2022 at 2.00 pm

Council Chamber - County Hall, New Road, Oxford OX1 1ND

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

A handwritten signature in black ink that reads "Stephen T Chandler".

Stephen Chandler
Interim Chief Executive

September 2022

Committee Officers: *Chris Reynolds*
Email: chris.reynolds@oxfordshire.gov.uk

Membership

Chair – Councillor Roz Smith
Deputy Chair - Councillor Brad Baines

Councillors

Ted Fenton
Donna Ford
Nick Leverton

Ian Middleton
Freddie van Mierlo
Michele Paule

Freddie van Mierlo

Co-optee

Dr Geoff Jones

Notes:

- ***Date of next meeting: 23 November 2022***

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 email democracy@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 - 12)

To approve the minutes of the last meeting.

4. Petitions and Public Address

5. Local Government Ombudsman's Review of Oxfordshire County Council (Pages 13 - 28)

Each year, the Local Government and Social Care Ombudsman (LGSCO) issues an Annual Review Report about each council. This relates to the complaints made to the LGSCO about the Council in the previous financial year. This report updates the Committee on this area of governance for the year 2021/22, reflecting on those complaints that were considered by the LGSCO up to March 2022.

6. Monitoring Officer Annual Report (Pages 29 - 38)

This report gives an overview from the Monitoring Officer of democratic and ethical governance activity, during the year 2021/22, in relation to the functions of the Committee. The report reflects on the implications of the pandemic for democratic decision making, the occurrence of code of conduct complaints and other member-related matters.

7. Draft Statement of Accounts 2021/22 (report to follow)

8. Review of the Financial Regulations - proposed changes to the Capital section' (Pages 39 - 56)

The Council is required, under the Local Government and Housing Act 1989, to follow proper accounting practices and to secure best value. All officers and members have a duty to abide by the highest standards of probity in dealing with financial issues.

9. Constitution Review - phase two (report to follow)

10. Surveillance Commissioner's Inspection and Regulation of Investigatory Powers Act (Pages 57 - 76)

The Regulation of Investigatory Powers Act 2000 ('the Act') creates a legal framework within which public bodies can lawfully carry out covert information gathering activities. Codes of Practice under the Act require that elected members review the Authority's use of activities within the scope of the Act periodically and review the Authority's Policy

annually. This report provides a summary of the covert activities undertaken by the council between April 2021 and March 2022 for review by the committee.

11. Ernst & Young - verbal update (Pages 77 - 116)

A verbal update from Ernst and Young representatives including Oxfordshire County Council Pension Fund Audit Results Report.

12. Internal Audit Plan - Progress Report (Pages 117 - 144)

This report provides an update on the Internal Audit Service, including resources, completed and planned audits.

13. Treasury Management Strategy Performance Report (Pages 145 - 160)

This report covers the treasury management activity for the first quarter of 2022/23 in compliance with the CIPFA Code of Practice on Treasury Management 2021. It provides an update on the anticipated position and prudential indicators set out in the Treasury Management Strategy Statement & Annual Investment Strategy for 2022/23 agreed as part of the council's budget and Medium Term Financial Strategy in February 2022

14. Annual Report of Health & Safety (Pages 161 - 190)

This annual report contains information about the work of the Corporate Health and Safety Team, the Council's health and safety performance over the year 2021/22 and its plans for 2022/23.

15. Risk Management (Pages 191 - 210)

This paper provides an update on Oxfordshire County Council's risk management strategy, training completed so far and revised strategic risk register.

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 **Date Not Specified** at **Time Not Specified** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 20 July 2022 commencing at 2.00 pm and finishing at 4.48 pm

Present:

Voting Members: Councillor Roz Smith – in the Chair

Councillor Brad Baines (Deputy Chair)
Councillor Donna Ford
Councillor Nick Leverton
Councillor Ian Middleton
Councillor Freddie van Mierlo
Councillor Judy Roberts
Councillor Liam Walker (substituting for Councillor Ted Fenton)

Other Members in Attendance: Dr Geoff Jones (Co-Opted Member)

Officers:

Whole of meeting Anita Bradley (Director of Law and Governance), Sarah Cox (Chief Internal Auditor), Ian Dyson (Assistant Director of Finance), Richard Hodby (Solicitor), Jonathan Deacon (Interim Democratic Services Officer)

Part of meeting Richard Quayle (Chief Accountant), Tessa Clayton (Audit Manager), Declan Brolly (Counter Fraud Officer), Belinda Dimmock-Smith (Capital Programme Manager), Rob MacDougall (Chief Fire Officer), Sean Collins (Service Manager, Pensions)

Other Persons in Attendance: Adrian Balmer (Ernst & Young)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports [agenda, reports and schedule/additional documents], copies of which are attached to the signed Minutes.

1/22 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies for absence had been received from the following Members of the Committee: Councillor Ted Fenton and Councillor Michelle Paule. Councillor Liam Walker substituted for Councillor Fenton.

2/22 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

There were none.

3/22 MINUTES

(Agenda No. 3)

The Committee approved the minutes of the meeting held on 11 May 2022 and authorised the Chair to sign them as a correct record, subject to the amendment that Dr Geoff Jones was included in the attendance as a co-opted member rather than as a voting member.

4/22 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were none.

5/22 ANNUAL GOVERNANCE STATEMENT 2021/22

(Agenda No. 5)

The Audit & Governance Committee considered a report which recommended approval of the Annual Governance Statement 2021/22, subject to the Monitoring Officer making any necessary amendments in the light of comments made by the Committee, after consultation with the Leader of the Council, the Chief Executive and the Section 151 officer.

Anita Bradley, Director of Law and Governance, Oxfordshire County Council, presented the report. She confirmed that the Audit & Governance Committee have the responsibility of approving the Council's Annual Governance Statement each year and local authorities are required to prepare a Statement to be transparent about their compliance with good governance principles. The Statement was a reflection on the County Council's governance framework and how it complies with that to give assurance to the County Council. It formed part of the Statement of Accounts which is signed off by the Leader of the Council and the Chief Executive. It was examined by the public and external auditors.

In the subsequent consideration of this item, the following points of note were made:

- a) It was clarified that the opinion on the Council's governance arrangements could either be 'adequate' or 'inadequate'. The rating for Oxfordshire was 'adequate'. The up to date CIPFA guidance was followed and the Statement had been pared back in order to raise key aspects. It was confirmed that best

governance practice from across the country had been taken into account by senior officers, including in the review of the Council's Constitution.

- b) One of the significant governance actions flagged up to the Committee in the report was to 'review resource to deal with data subject access requests in view of an increase in the numbers of requests being received'. The update provided at the meeting was that the County Council had, at the beginning of May, started addressing the backlog of requests which had arisen during the Covid Lockdown period. Two members of staff were working on this backlog with the aim of finalising this work at the beginning of August.
- c) It was noted that the procurement strategy was due to be presented to SLT in Autumn 2022. It was agreed that in the event of any significant changes to the procurement strategy, the Committee would be informed of these.
- d) The Committee noted that in respect of the 'Financial Management Code of Practice – Summary Compliance Assessment 2021/22' included in the report, all 19 Standards had been assessed as Green meaning that compliance had been demonstrated throughout. The Committee requested that their thanks be recorded for this achievement. The Committee was advised that the Assessment was required to be produced every year with compliance of the Standards being regularly reviewed.
- e) It was confirmed that there was work progressing which was looking at the governance arrangements between Oxfordshire County Council and the Hampshire Partnership/Integrated Business Centre, referred to in the report. This included a high level business case and ongoing work on specific aspects of the service provided. The anticipated timescale for completion of this work would be confirmed.
- f) It was stated in the report that 'for 2022/2023 the focus will be on Risk Management training across the organisation to support strategy for the Senior and Extended Leadership Teams'. It was agreed that the updated deadline would be circulated to the Committee.
- g) The Committee did not seek any amendments to the Annual Governance Statement 2021/22. It was agreed that officers would review the Overview of Corporate Governance Assurance Framework flowchart for next year's Annual Governance Statement to see if it could be made easier to understand.

RESOLVED: That the Audit & Governance Committee APPROVED the Annual Governance Statement 2021/22.

ACTIONS:

- 1. The anticipated timescales for e) and f) above to be circulated to the Committee (Ian Dyson)
- 2. To look at whether the Overview of Corporate Governance Assurance Framework flowchart can be simplified for next year's Annual Governance Statement (Ian Dyson and Anita Bradley).

6/22 ERNST & YOUNG - UPDATE AUDIT

(Agenda No. 6)

An oral update was provided to the Committee by Adrian Balmer of Ernst & Young, the external auditors. He explained that the audit process was yet to be completed.

In terms of the 2020/21 accounts, valuations had had to be re-worked across 60 assets. This had been an extensive piece of work which was now reaching its conclusion. One matter would continue to be outstanding in respect of the 2020/21 accounts which was the infrastructure assets. This was an issue where resolution was sought on a national level.

Mr Balmer stated that good progress had been made in planning for the audit of the 2021/22 accounts, including letters of inquiry, third party investment confirmations and initial planning queries having been sent out. The draft accounts were due to be received by the end of July and the Committee was due to receive the draft audit plan for 2021/22 at the September meeting.

In response to questions from the Committee, the points were made that if the infrastructure matter was an ongoing known issue and if it was not resolved it had the potential to impact on the 2021/22 accounts as well.

RESOLVED: That the update be NOTED.

7/22 STATEMENT OF ACCOUNTS 2021/22

(Agenda No. 7)

The Audit and Governance Committee considered a report which set out the latest position on the preparation and audit of the 2021/22 Statement of Accounts and which sought agreement from the Committee that the Director of Finance would be able to approve a draft set of accounts by 29 July 2022.

The report was presented by Richard Quayle, Chief Accountant, Oxfordshire County Council. He referred to the infrastructure assets matter discussed in the previous item, adding that it was hoped that CIPFA would provide a statement on this issue soon. He also clarified that there was no specific requirement for the Committee to delegate responsibility to the Director of Finance to approve a draft set of accounts. It was however seen as best practice for this request to be made of the Committee. The draft accounts would be circulated to the Committee prior to publication on the website. The Committee would also receive the submitted final set of accounts for consideration in November.

It was agreed that if there was news of a resolution of the infrastructure assets issue, the Chair of the Committee would be consulted and Members of the Committee would be informed.

The Committee requested that their thanks be formally recorded for the work of Richard Quayle and his team in progressing the 2020/21 and 2021/22 Statement of Accounts.

RESOLVED: That a draft set of accounts be APPROVED by the Director of Finance by 29 July 2022.

ACTION: In the event there was news of a resolution of the infrastructure assets issue, the Chair of the Committee would be consulted and Members of the Committee would be informed (Ian Dyson).

8/22 REPORT OF THE AUDIT WORKING GROUP 22 JUNE 2022

(Agenda No. 8)

Sarah Cox, Chief Internal Auditor, presented a report of the Audit Working Group (AWG) held on 22 June 2022. She stated that the AWG had considered three internal audits, GDPR, Fleet Management and Cleaning Asset Management. They had been content with the progress resulting from the actions being taken for all three of the internal audits. They had also requested that updates were provided for the GDPR internal audit at the February 2023 AWG meeting and the Fleet Management internal audit at the April 2023 AWG meeting.

RESOLVED: That the report be NOTED.

9/22 INTERNAL AUDIT CHARTER 2022/23

(Agenda No. 9)

The Committee received a report requesting approval for the Internal Audit Charter and to note the Quality Assurance and Improvement Programme for 2022/23.

The report was presented by Ms Cox. She explained that it was a requirement of public sector internal audit standards that the documents were both subject to annual review. There had been no material changes since the Committee had given their approval for the Internal Audit Charter in July 2021. An external assessment was due later in the year which took place approximately every five years. The date was yet to be confirmed. Once the external assessment had taken place and the results received, this would be brought to the Committee's attention. The internal self-assessment had found that standards were still being met.

In the subsequent discussion, the following points were clarified:

- a) There was a deputy Section 151 officer in place at the County Council.
- b) Ms Cox advised that she and her team were adequately resourced to provide assurance. The challenge was not current resources or the structure but being able to identify and recruit the right people, given the skillset required.
- c) There was a discussion as to whether the Internal Audit Charter needed to be approved by the Committee. It was noted that this had been discussed in previous years and that the main purpose of the paper had been for the Committee to provide oversight in respect of the work of the Chief Internal Auditor in producing the Internal Audit Charter.
- d) It was agreed, in line with the Chair's request, that in the event there were no significant changes to the Internal Audit Charter in future years that officers look at providing an electronic link to the document rather than providing it in full in the agenda papers.

RESOLVED:

- a) The Internal Audit Charter be APPROVED; and,
- b) The Quality Assurance and Improvement Programme be NOTED.

10/22 COUNTER-FRAUD PLAN 2022/23

(Agenda No. 10)

The Committee considered a report providing a summary of activity against the Counter Fraud Plan for 2021/22 (which had been previously presented to the July 2021 Committee meeting) and also the Counter Fraud Plan for the coming year 2022/23.

Ms Cox presented the report. She was accompanied for this item by Tessa Clayton, Audit Manager and Declan Brolly, who was shortly to become a Senior Counter Fraud Officer. She commented that the team had delivered a successful first full year of the new Counter-Fraud service, dealing with cases in a timely way. Proactive work was being undertaken, including broad awareness training. The team had now taken on the responsibility for whistleblowing cases. Ms Cox explained the changes to the structure of the team which would be taking place following Ms Clayton's departure from the County Council.

In the subsequent discussion, the following points were clarified:

- a) An opportunity had been provided to recruit an apprentice / junior auditor. This would be for a 2 year fixed term contract and the minimum training period was approximately 18 months.
- b) The report referred to the Counter Fraud team having undertaken two on-street Blue Badge Enforcement exercises this year. Ms Cox added that this had been over a six month period since the team had taken on responsibility for the Enforcement. The aim was to undertake three to four of these exercises per year.
- c) Debt recovery was undertaken by specialists in this area who were separate from the Counter Fraud team.

RESOLVED:

- a) the summary of activity against the Counter Fraud Plan for 2021/22 be NOTED; and,
- b) the Counter Fraud Plan for 2022/23 be APPROVED.

11/22 UPDATE ON CAPITAL GOVERNANCE

(Agenda No. 11)

The Committee received an update on the Capital Programme from Belinda Dimmock-Smith, Capital Programme Manager. She took Members through the presentation which had been included in the agenda papers. There would be a review of the Capital Programme in the Autumn with the aim of reporting back to Cabinet in September.

In the subsequent discussion, the following points were clarified.

- a) It was queried how the Programme would reduce the likelihood of slippage in project timetables. The response was received that the new arrangements would help to intervene where there were delays. The Strategic Capital Board was placing an emphasis on more realistic project deadlines. Forecasting was being challenged. The new structure also brought clarity in terms of responsibilities and accountabilities. The role of Capital Programme Manager provided an independent oversight to report to the Strategic Capital Board. Improved reporting had been developed as part of the implementation programme.
- b) The structures had been informed by best practice and Oxfordshire was liaising with other local authorities to look at where they had experienced similar challenges. An example was Buckinghamshire who had increased the delivery of their scheduled programme to 80%.
- c) It was agreed that the Implementation Plan in the presentation would be updated to reflect that there was a two year implementation programme. It was clarified that this implementation process had started a number of months ago.
- d) The quarterly reporting to Cabinet was perceived as very finance driven and it was being reviewed to examine how it could be improved.
- e) Members of the Committee asked how they could follow up progress regarding specific projects or schemes. Ms Dimmock-Smith offered to be a contact point and approach the specific Project Manager or Project Team associated with the specific scheme on their behalf as she manages the overall Capital Programme.
- f) It was recommended that the projects were RAG rated to see which were on track. Ms Dimmock-Smith responded that she would take into account the feedback. A dashboard was in the process of being developed.
- g) The Committee noted that the Property team was implementing the Concerto system which was a new property asset management system. It was understood that data on any property could feasibly be accessed from anywhere in Oxfordshire. The Concerto system was currently due to be rolled out in 2023.
- h) The Committee was informed that the Property Programme Board oversaw the Council's portfolio of assets including school expansions, new school builds, changes to libraries, fire stations as well as the disposals programme.

RESOLVED: That the Committee NOTED the presentation and commented as set out above.

12/22 AMENDMENTS TO THE COUNCIL'S CONSTITUTION AND ITS PRESENTATION (INCLUDING RECOMMENDATIONS FROM THE CONSTITUTION REVIEW WORKING GROUP)

(Agenda No. 12)

The Committee considered a report with a number of proposed recommendations to Council for amending the Council's Constitution and its presentation. An addenda was also received which proposed a new Part 2 to the Constitution relating to the Fire and Rescue Service.

The report was presented by Ms Bradley. She stated that this was the culmination of a significant piece of work which had been undertaken with Members and officers, including nine meetings of the Cross Party Constitution Working Group. She confirmed that the recommendations were to Council as this was the body required to approve any changes to the Constitution.

Ms Bradley explained that Members of the Working Group had been keen to update the look, content and structure of the Constitution. This had included removing the articles from the beginning of the document in order to prevent repetition. She added that she was seeking delegation from the Committee to herself to have the ability to make textual amendments in case there were any inconsistencies or cross-referencing errors in the revised document.

Other changes included that there was a video and diagram setting out how the Council operates.

Ms Bradley and Rob MacDougall, Chief Fire Officer, also advised that there had been a long standing request to ensure that the Council had reference to the Channel Panel, which the Chief Fire Officer has responsibility for, in the Constitution and it had been decided to add the Fire and Rescue Service into the new Part 2 section of the Constitution.

In the subsequent discussion, the following points were raised:

- a) Members of the Committee confirmed they were content to recommend to Council the proposed new Part 2 of the Constitution relating to the Fire and Rescue Service.
- b) It was noted that some of the committee memberships listed in the Constitution were out of date following the changes in May. Ms Bradley informed the Committee that there was a plan to add links from Modern.Gov, used by Democratic Services, to the Constitution. This would enable the committees' membership to be updated electronically without having to manually update the Constitution document.
- c) It was requested that further changes were made to the Constitution in relation to Section 17 Voting. This was due to Members' votes not being recorded on the Council's websites as stipulated in Section 17.2; it not being clear how the seven Members requested a recorded vote in Section 17.4 and a query whether Section 17.6 was needed for a Member to request a recorded vote given this was already referred to in Section 17.2.

It was noted that the Constitution Working Group had been keen to bring proposals to Council in September as it had not been reviewed in a number of years. There would be a further opportunity to review Section 17 of the Constitution.

- d) It was confirmed that the work to fully integrate the relevant Constitution documents into the website was being carried out internally and would not have cost implications. Most of this work had already been undertaken.
- e) A concern was expressed that the Working Group had agreed that clause 13.5 of the Council Procedure Rules should be amended to require that amendments to Motions on Notice should be submitted by 9am at least two

working days before the relevant Council meeting (the current Rules allowed them to be submitted one working day before). The concern was that Members would no longer have weekends to consider submitting amendments to Motions on Notice. It was stated in response that the Monitoring Officer was currently given a deadline on Monday morning which did not give the Groups proper oversight of the amendments being received or the necessary time to consider them. It would also give the Monitoring Officer time to give proper advice to the Groups. Whilst Members might lose a weekend in considering an amendment they wished to make, they would gain a weekend in considering amendments others had made.

- f) Councillor Middleton expressed concerns that he did not believe Members had had sufficient time to endorse the changes suggested by the Working Group in order that they could then be considered by Council. He was also of the view that more of the meeting could have been devoted to this item to examine the proposed changes to the Constitution in more detail. He was also seeking that there was an electronic version with track changes.

It was noted that Members of the Working Group had been asked to report back to the Groups to go through with Members what had been happening at the Working Group meetings. There had been a delegation from the Committee to the Working Group to update the Constitution. There had also been an executive summary setting out the changes that had been made. The only changes of substance were to the Contract Procedure Rules whilst other changes were editing or avoiding repetition. There was the option to comment on any amendments at the September Council meeting. It was the long term plan for the Constitution to become an electronic document.

- g) The Committee wished to record its thanks to the Working Group Members and officers.

RESOLVED: That the Committee RECOMMENDED to Council to APPROVE:

- (a) The changes to the presentation of the Constitution on the Council's website referred to in paragraphs 3 to 7 of the report
- (b) The video and diagram referred to in paragraphs 8 to 10 of the report for inclusion on the Council's website
- (c) The proposals for the incorporation of all of the current Articles into the main body of the Constitution referred to in paragraphs 11 to 13 of the report
- (d) The proposals for amendment to the Protocol on Members' Rights and Responsibilities, the Protocol on Member/Officer Relations, the Council Procedure Rules and the Contract Procedure Rules in the Constitution referred to in paragraphs 14 to 22 of the report
- (e) The proposed new Part 2 of the Constitution relating to the Fire and Rescue Service referred to in paragraphs 25 to 27 of this report; and,
- (f) A delegation to the Director of Law and Governance to make textual amendments to the Constitution to address any inconsistencies or correct any cross-referencing errors arising from or as a consequence of the amendments, along with updating job and group titles if those referred to in the Constitution are obsolete (insofar as the Director of Law and Governance does not already have such a delegation)

That (g) the Committee NOTED that the Code of Conduct adopted by Council on 5 April 2022 and the Current Scheme of Allowances referred to in paragraphs 23 to 24 below will be incorporated into the Constitution.

Councillor Ian Middleton requested that his abstention from the above decision (a to f) was recorded.

13/22 PROPOSED CHANGES TO THE CONSTITUTION OF THE PENSION FUND COMMITTEE

(Agenda No. 13)

The Committee considered recommendations from the Pension Fund Committee meeting held on 10 June 2022. Members were content to approve recommendations (a) to (d) as set out in the report. It was confirmed in relation to (c) that anyone who had completed the statutory training for the Pension Fund Committee meeting in line with the policy could act as a substitute. There did not have to be a named substitute replacing an individual.

Members expressed concerns regarding recommendation (e). It was appreciated that the Pension Fund Committee wished to attract sufficiently trained Members to do the statutory work but there were other cases of required Member training for County Council meetings. It was not considered appropriate for the independent Remuneration Panel to meet specifically to decide on whether Members of the Pension Fund Committee (and their trained substitute Members) and the Local Pension Board, be considered for an allowance at this time. It was agreed that the Audit and Governance Committee would recommend to Council that when the independent Remuneration Panel was next due to formally meet, they would undertake a full review of Members' responsibilities and commitments relating to their roles and consider the appropriateness of whether an additional allowance should be provided in relation to specific roles.

RESOLVED: That the Committee ENDORSE the recommendations agreed by the Pension Fund Committee as set out below and RECOMMEND them to Council.

- (a) The contents of the report be noted.
- (b) That approval be given to amend the Governance Policy to mandate all Members of the Committee to complete training in line with the Training Policy as set out in paragraph 18 of the report.
- (c) That approval be given to only named substitutes of the Committee being allowed where they have completed training in line with the Training Policy.
- (d) That Council be RECOMMENDED to make the appropriate changes to the Terms of Reference and Constitution of the Pension Fund Committee to formalise the new governance arrangements.

The Audit and Governance Committee also RECOMMEND to Council that:

- (e) That when the independent Remuneration Panel is next due to formally meet, a full review be undertaken of Members' responsibilities and commitments

relating to their roles and the appropriateness of whether an additional allowance should be provided be considered in relation to specific roles.

14/22 AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME 2022/23

(Agenda No. 14)

Members considered the Audit & Governance Committee Work Programme 2022/23.

Ms Bradley advised that the Constitution Review report at the Audit and Governance meeting on 21 September would look to reflect discussion of the Constitution at Council on 13 September. The Audit and Governance report would include the expectation that the Review would continue, scoping the work for the next phase. It would also take into account councillors' comments about how the documentation should be presented. It would be a matter for Council as to whether they would ultimately approve the proposed changes to the Constitution. It would not require the Council to decide whether the Review process continued.

It was noted that a training session on counter-fraud was scheduled to be provided prior to the next meeting of the Committee on Wednesday 21 September.

RESOLVED: The Audit and Governance Committee Work Programme 2022/23 be NOTED.

..... in the Chair

Date of signing

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Divisions Affected -

AUDIT & GOVERNANCE COMMITTEE

21 SEPTEMBER 2022

LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN – ANNUAL REVIEW REPORT

Report by Anita Bradley, Monitoring Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to receive and comment on the Local Government and Social Care Ombudsman's Annual Review of Oxfordshire County Council for 2021/22, and the work undertaken by the Council with regard to its handling of complaints.**

Introduction

2. Each year, the Local Government and Social Care Ombudsman (LGSCO) issues an Annual Review Report about each council. This relates to the complaints made to the LGSCO about the Council in the previous financial year. This report updates the Committee on this area of governance for the year 2021/22, reflecting on those complaints that were considered by the LGSCO up to March 2022
3. In short, the Council saw an increase in the number of complaints upheld in 2021/22 than in 2020/21: 14 upheld instead of 7. This in part was to be expected due to a pause for three months in 2020 by the LGSCO in accepting new complaints because of the Covid-19 Pandemic. Some complaints received in 2020/21, therefore, will have been decided on in 2021/22.
4. The LGSCO have themselves confirmed that they received and decided on fewer complaints than normal because they stopped accepting new complaints for three months due to Covid-19.
5. 70% of Oxfordshire cases considered by the LGSCO were upheld, compared to a national average of 71%. Whilst this is higher than last year's figure of 44%, it should be noted that the increase in investigated cases only rose from 16 to 20 despite the LGSCO receiving 27 more complaints for Oxfordshire in 2021/22 than the previous year. Furthermore, there was an increase in the number of complaints that were referred to the LGSCO about the Council: 64

as opposed to 37 in 2020/21 with 58 cases being decided as opposed to 40 in 2020/21.

6. As the LGSCO paused all of its case work for three months due to the Covid-19 pandemic, several cases received in 2020/21 are likely to have not been assessed for investigation until 2021/22. The higher number of decided cases may well be due to the LGSCO working through complaints that were received after the three months pause. That said, it remains positive that in times when all Councils have been experiencing the same challenges, Oxfordshire records as just below the national average.
7. It is reported that for the 14 upheld cases in 2021/22 Oxfordshire did not provide a satisfactory remedy before the complaint reached the LGSCO. Nationally, this compares to an average of 8% upheld cases in similar authorities where satisfactory remedy had been provided. However, it should be noted that in 100% of cases for Oxfordshire, the LGSCO were satisfied the Council had successfully implemented its recommendations.
8. This report explores these findings in more detail and sets them in the national context for county councils.

Purpose of the LGSCO's Annual Letter

9. Under the Local Government Act 1974, the LGSCO has two main statutory functions:
 - To investigate complaints against councils (and some other authorities)
 - To provide advice and guidance on good administrative practice
10. The LGSCO records the following categories of information – which can be found contained within the Annual Review Letter.
 - Complaints and enquiries received - by subject area
 - Decisions made (upheld, not upheld, advice given, closed after initial enquiries, incomplete/invalid and premature)
11. The purpose of the Annual Letter is to reflect to councils the number and nature of the LGSCO's dealings with complaints about that authority. The Annual Letter is at **Annex 1**.

Summary of Complaints and enquiries received by the LGSCO

12. The LGSCO records the subjects of county council complaints as follows – with Oxfordshire County Council's numbers for 2021/22.

By LGSCO category	Number of complaints received by the LGSCO
Adult care services	14
Education and children's services	37
Highways and transport	8
Corporate and other services	2
Environment services	1
Planning and development	1
Other	1

13. Most relate to adult social care and children's services; however, this is not unusual as these continue to reflect the national position.

Decisions made by LGSCO

14. During the reporting period, the LGSCO made **58 decisions** concerning the Council (18 more than the previous year). Of these:

Closed by LGSCO, not pursued	20	34%
Referred to Oxon CC for resolution	16	28%
Incomplete or invalid complaints	1	2%
Offered advice by LGSCO as previously considered	1	2%
<i>Investigated</i>	20	34%

15. This means that **Investigations** were carried out on 20 complaints, 4 more than in 2020/21. The LGSCO's report indicates that:

Not upheld	6	30%
Upheld	14	70%

16. The rate of complaints upheld is 26% higher than the previous year, but the actual number of complaints upheld at 14 remains relatively low. The cases upheld are summarised below in **Annex 2** with an indication of the outcomes in each case.

General comment by the LGSCO

17. The LGSCO recognises that councils will have been through a period of adaptation as the restrictions imposed by the pandemic lifted. They acknowledge that whilst some pre-pandemic practices returned, many new ways of working have been embedded in councils' routine processes. However, it remains the Ombudsman's view that "*complaint functions have been under-resourced in recent years, a trend only exacerbated by the challenges of the pandemic*". The Ombudsman encourages councils to consider how their organisation prioritises complaints, particularly in terms of capacity and visibility. "*Properly resourced complaint functions that are well-*

connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery." The LGSCO were pleased to deliver an online complaint handling course to Oxfordshire County Council's complaints staff early in 2022.

The Overall context of complaints received by the Council

18. The Council received **578** complaints during 2021/22. These are broken down as follows, set against the numbers for recent years.

Type	2021/22	2020/21	2019/20
Corporate (i.e. non-social care)	321	197	273
Adults Social Care Complaints	117	108	119
Children's Social Care Complaints	140	150	140
	578	455	532

Summary of upheld cases

19. The LGSCO upheld 14 cases (10 in relation to Education and Children's services, 3 for Adult Social Care, and 1 Corporate & Other Services. This remains in keeping with the national picture.
20. The ***upheld complaints*** are listed in **Annex 2**. All the remedies have been implemented. Where a financial remedy was recommended by the LGSCO, this was in accordance with its own published guidance on the circumstances in which a financial remedy may be appropriate (e.g. for time and trouble, delay or distress).

Conclusion

21. In 2021/22, 578 complaints were received by the Council, split across Corporate and Statutory complaints processes. The LGSCO received 64 complaints relating to the Council in the same year, although not all of these progressed to assessment or investigation stage. The LGSCO concluded 20 complaints, with 14 of those being upheld. As noted above the LGSCO had to suggest suitable remedies for all complaints upheld against Oxfordshire as the Council had not proposed its own; this is something that was identified last year as needing greater focus on and should now be prioritised as an action to take through in 2022/23.
22. Directorates should try to remedy complaints at the earliest opportunity via the Council's own internal complaints processes where possible whilst having regard for the LGSCO's Remedies guidance. For complaints that do reach the LGSCO, the Governance Team will encourage Directorates/Services to consider proposing a remedy at the outset of an enquiry and will assist in

identifying cases where this may be beneficial (such as where there are clear failings by the council that were not suitably remedied internally).

23.4 upheld cases found fault in the handling of complaints and the timeliness in completing the Council's processes. However, findings of fault regarding delays generally in Corporate/Statutory processes was a key theme, and the Council will need to take away learning from this and adopt measures to prevent such delays in the future.

24. The outcomes of the LGSCO's report indicate that the Council could achieve improvements to its own approach to complaints. The Council will work to:

- a. Further improve visibility for the Council's senior leadership team on issues, outcomes and learning;
- b. Provide additional training on best practice complaints-handling for staff and managers investigating complaints, using upheld cases both from this authority and nationally, as a point of learning when trying to resolve complaints through the Councils own complaints processes;
- c. Give early consideration to offering a remedy either as part of the Council's own complaints process where fault has been identified, or when being invited to do so by the LGSCO at the outset of their enquiries;
- d. Improve communication between complaints officers and services to reduce delays in concluding complaints investigations.

25. The Council was proactive in its response to the LGSCO's enquiries in 2021/22, ensuring it acted on recommendations within agreed timescales. The Council could continue to see a rise in the number of cases being investigated as it is likely that the effect of the Covid-19 pandemic will continue to impact on cases during 2022/23 due to the LGSCO still working through the backlog of cases received during that period.

26. Steps taken for 2022/23 referred to above at paragraph 23 and paragraph 24, should however, assist with the Council resolving more complaints via internal processes, and within the set corporate and statutory timeframes.

Legal, financial and staffing implications

27. There are no legal, financial or staffing implications arising from this report.

Anita Bradley

Director of Law & Governance and Monitoring Officer

Contact Officer: Sarah Smith
sarah.smith@oxfordshire.gov.uk

September 2022

Annex 2 – Cases Upheld by the Local Government and Social Care Ombudsman

	Nature of decision	Remedy
1	<u>Summary:</u> 20004066 The handling of a safeguarding referral.	No remedy to action.
2	<u>Summary:</u> 20006220 Handling of the process of issuing Education, Health Care Plan.	Financial redress of £300 for the uncertainty it caused by the faults identified and a review/reminder to staff of procedures
3	<u>Summary:</u> 20007694 Handling of the process of issuing Education, Health Care Plan.	Apology, Financial redress of a total of £450, and reminders to staff
4	<u>Summary:</u> 20007719 Handling of transition to post-16 education.	Financial redress of a total of £500, and a review of practices & procedures
5	<u>Summary:</u> 20008770 Delays in complaints process.	Financial redress of £250 and completion of stage 2 investigation without delay.
6	<u>Summary:</u> 20009409 Education provision.	Financial redress of a total of £4565 to recognise the loss of education and failure to deliver the provision outlined in the

	Nature of decision	Remedy
		EHCP, to reimburse the family for private tuition costs, and to recognise upset, frustration, uncertainty caused, and time and trouble. To carry out a review of procedures
7	<u>Summary:</u> 20011555 Handling of a safeguarding investigation and complaints process.	Apology
8	<u>Summary:</u> 20013394 Delays in complaints process.	Financial redress of £300 and completion of stage 2 investigation
9	<u>Summary:</u> 20014250 Handling of the process of issuing Education, Health Care Plan.	Financial redress of a total of £1000 to remedy lost provision and in recognition of distress caused, and a review of policies and procedures.
10	<u>Summary:</u> 20014404 Handling and delays in provision of home care package (ASC).	Financial redress of £250: Avoidable distress/time and trouble, Provide training and/or guidance, reminding staff of the importance of sourcing alternative care as a contingency if an existing care package breaks down.
11	<u>Summary:</u> 21003092 Handling of the process of issuing Education, Health Care Plan.	Financial redress of a total of £5700 for loss of education and special educational provision, apology, review of practices and case in question to identify service improvements

	Nature of decision	Remedy
12	<u>Summary:</u> 21004488 Quality of the provision of care by a third-party care provider, contracted by Council.	Apology, Financial redress of a total of £600: Avoidable distress/time and trouble, Financial redress: Loss of service
13	<u>Summary:</u> 21011436 Delays in complaint process.	Financial redress of £125, and completion of stage 3 panel
14	<u>Summary:</u> 21015257 Distress caused by Data Protection Breach	Financial Redress of £200.

Local Government & Social Care OMBUDSMAN

20 July 2022

By email

Mr Chandler
Interim Chief Executive
Oxfordshire County Council

Dear Mr Chandler

Annual Review letter 2022

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2022. The information offers valuable insight about your organisation's approach to complaints. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

Compliance with recommendations - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 27 July 2022. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your

Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Supporting complaint and service improvement

I know your organisation, like ours, will have been through a period of adaptation as the restrictions imposed by the pandemic lifted. While some pre-pandemic practices returned, many new ways of working are here to stay. It is my continued view that complaint functions have been under-resourced in recent years, a trend only exacerbated by the challenges of the pandemic. Through the lens of this recent upheaval and adjustment, I urge you to consider how your organisation prioritises complaints, particularly in terms of capacity and visibility. Properly resourced complaint functions that are well-connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery.

I want to support your organisation to harness the value of complaints and we continue to develop our programme of support. Significantly, we are working in partnership with the Housing Ombudsman Service to develop a joint complaint handling code. We are aiming to consolidate our approaches and therefore simplify guidance to enable organisations to provide an effective, quality response to each and every complaint. We will keep you informed as this work develops, and expect that, once launched, we will assess your compliance with the code during our investigations and report your performance via this letter.

An already established tool we have for supporting improvements in local complaint handling is our successful training programme. We adapted our courses during the Covid-19 pandemic to an online format and successfully delivered 122 online workshops during the year, reaching more than 1,600 people. To find out more visit www.lgo.org.uk/training.

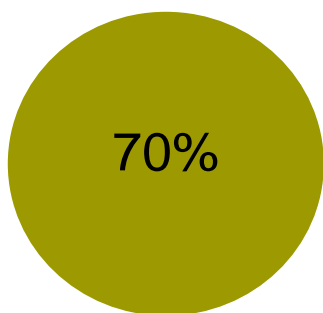
We were pleased to deliver an online complaint handling course to your staff during the year. I welcome your Council's investment in good complaint handling training and trust the course was useful to you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M King', with a stylized flourish at the end.

Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld



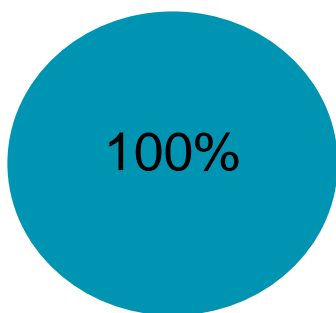
70% of complaints we investigated were upheld.

This compares to an average of **71%** in similar organisations.

14
upheld decisions

Statistics are based on a total of **20** investigations for the period between 1 April 2021 to 31 March 2022

Compliance with Ombudsman recommendations



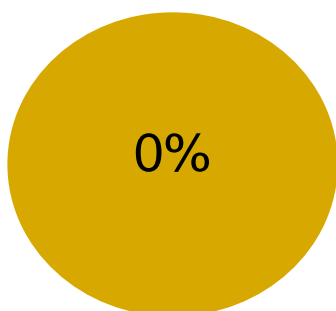
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **100%** in similar organisations.

Statistics are based on a total of **13** compliance outcomes for the period between 1 April 2021 to 31 March 2022

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedy provided by the organisation



In **0%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **8%** in similar organisations.

0
satisfactory remedy decisions

Statistics are based on a total of **14** upheld decisions for the period between 1 April 2021 to 31 March 2022

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Reference	Authority	Category	Received
21014685	Oxfordshire County Council	Adult Care Services	10/01/2022
20008770	Oxfordshire County Council	Education & Childrens Services	07/06/2021
20011424	Oxfordshire County Council	Education & Childrens Services	03/09/2021
20012227	Oxfordshire County Council	Adult Care Services	07/04/2021
20013394	Oxfordshire County Council	Education & Childrens Services	21/10/2021
20014404	Oxfordshire County Council	Adult Care Services	14/04/2021
21000158	Oxfordshire County Council	Adult Care Services	07/04/2021
21000180	Oxfordshire County Council	Education & Childrens Services	14/04/2021
21000368	Oxfordshire County Council	Adult Care Services	13/04/2021
21000865	Oxfordshire County Council	Adult Care Services	20/04/2021
21001561	Oxfordshire County Council	Education & Childrens Services	05/05/2021
21001642	Oxfordshire County Council	Environmental Services & Public Protection & Regulation	06/05/2021
21002475	Oxfordshire County Council	Corporate & Other Services	21/05/2021
21002530	Oxfordshire County Council	Adult Care Services	21/05/2021
21003092	Oxfordshire County Council	Education & Childrens Services	02/06/2021
21003152	Oxfordshire County Council	Education & Childrens Services	03/06/2021
21003455	Oxfordshire County Council	Adult Care Services	28/06/2021
21003656	Oxfordshire County Council	Education & Childrens Services	11/06/2021
21004488	Oxfordshire County Council	Adult Care Services	28/06/2021
21005314	Oxfordshire County Council	Education & Childrens Services	13/07/2021
21005436	Oxfordshire County Council	Adult Care Services	05/01/2022
21005704	Oxfordshire County Council	Planning & Development	20/07/2021
21006155	Oxfordshire County Council	Education & Childrens Services	27/07/2021
21006222	Oxfordshire County Council	Education & Childrens Services	27/07/2021
21006656	Oxfordshire County Council	Education & Childrens Services	04/08/2021
21006696	Oxfordshire County Council	Education & Childrens Services	05/08/2021
21006932	Oxfordshire County Council	Other	10/08/2021
21007422	Oxfordshire County Council	Education & Childrens Services	18/08/2021
21007684	Oxfordshire County Council	Education & Childrens Services	25/08/2021
21007767	Oxfordshire County Council	Education & Childrens Services	26/08/2021
21007826	Oxfordshire County Council	Highways & Transport	09/09/2021
21007911	Oxfordshire County Council	Adult Care Services	14/09/2021

21008862	Oxfordshire County Council	Education & Childrens Services	10/01/2022
21008924	Oxfordshire County Council	Highways & Transport	17/09/2021
21009141	Oxfordshire County Council	Education & Childrens Services	17/11/2021
21009170	Oxfordshire County Council	Adult Care Services	15/10/2021
21009723	Oxfordshire County Council	Education & Childrens Services	09/12/2021
21010102	Oxfordshire County Council	Highways & Transport	11/10/2021
21010344	Oxfordshire County Council	Education & Childrens Services	20/10/2021
21010359	Oxfordshire County Council	Highways & Transport	21/10/2021
21010769	Oxfordshire County Council	Education & Childrens Services	04/01/2022
21011356	Oxfordshire County Council	Education & Childrens Services	01/11/2021
21011436	Oxfordshire County Council	Education & Childrens Services	03/11/2021
21011819	Oxfordshire County Council	Highways & Transport	20/12/2021
21012312	Oxfordshire County Council	Education & Childrens Services	17/11/2021
21012445	Oxfordshire County Council	Adult Care Services	30/11/2021
21013153	Oxfordshire County Council	Adult Care Services	21/01/2022
21013401	Oxfordshire County Council	Education & Childrens Services	06/12/2021
21013539	Oxfordshire County Council	Education & Childrens Services	09/12/2021
21013838	Oxfordshire County Council	Education & Childrens Services	15/12/2021
21014104	Oxfordshire County Council	Highways & Transport	21/12/2021
21014264	Oxfordshire County Council	Education & Childrens Services	04/01/2022
21014498	Oxfordshire County Council	Education & Childrens Services	05/01/2022
21014943	Oxfordshire County Council	Highways & Transport	12/01/2022
21015003	Oxfordshire County Council	Education & Childrens Services	13/01/2022
21015257	Oxfordshire County Council	Corporate & Other Services	18/01/2022
21015689	Oxfordshire County Council	Highways & Transport	26/01/2022
21016688	Oxfordshire County Council	Education & Childrens Services	10/02/2022
21016817	Oxfordshire County Council	Education & Childrens Services	14/02/2022
21016881	Oxfordshire County Council	Education & Childrens Services	23/02/2022
21016948	Oxfordshire County Council	Education & Childrens Services	16/02/2022
21017421	Oxfordshire County Council	Education & Childrens Services	08/03/2022
21017982	Oxfordshire County Council	Education & Childrens Services	07/03/2022
21018953	Oxfordshire County Council	Education & Childrens Services	29/03/2022

Reference	Category	Decided	Decision	Decision Reason	Remedy	Service improvement recommendations
20004066	Adult Care Services	24/11/2021	Upheld	mal no inj		
20005855	Highways & Transport	04/08/2021	Not Upheld	no mal		
20006220	Education & Childrens Services	21/04/2021	Upheld	mal & inj	Financial redress: Avoidable distress/time and trouble,Provide training and/or guidance,Procedure or policy change/review	The Council agreed to review its procedures to make sure that all requests for an Education, Health and Care needs assessment are dealt with in line with the statutory guidance. The Council agreed to review the information it provides parents to clarify the position with appeal timescales if they are awaiting a decision from the Council's Panel on a special school placement. The Council agreed to remind staff of the importance of providing parents with the outcome of Panel meetings on a special school placement within ten days of the meeting.
21014685	Adult Care Services	21/03/2022	Closed after initial enquiries	No worthwhile outcome achievable by investigation		
20007694	Education & Childrens Services	29/06/2021	Upheld	mal & inj	Apology,Financial redress: Avoidable distress/time and trouble,Provide training and/or guidance	• Remind staff that officers must be available for a meeting with the child's parent or the young person on request if they wish to discuss the content of the draft EHCP • Remind staff to ensure there is effective co-ordination of the assessment and development process for an EHCP, including timing meetings to minimise family disruption
20007719	Education & Childrens Services	11/05/2021	Upheld	mal & inj	Financial redress: Avoidable distress/time and trouble,Procedure or policy change/review	• Review its practice for SEN officer attendance at annual reviews prior to transition. If an SEN officer is unable to attend the review meeting it should be able to evidence how it will ensure it does not repeat the faults in this case. • Review its procedure and practice in relation to issuing EHCP's within the statutory timeframe for transition to post-16 education. It should evidence how it will ensure it meets these timeframes to avoid repeating the fault in this case.
20008770	Education & Childrens Services	08/07/2021	Upheld	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble	
20009409	Education & Childrens Services	24/08/2021	Upheld	mal & inj	Financial redress: Avoidable distress/time and trouble,Financial redress: Loss of service,Financial Redress: Quantifiable Loss,Procedure or policy change/review	The Council agreed to review its procedures on how it manages children who are out of education for reasons other than exclusion or illness. The review should include a reminder to staff that where the Council cannot reintegrate a child back into school or decides not to take legal action for non-attendance then it has a duty to provide alternative provision.
20011424	Education & Childrens Services	20/10/2021	Closed after initial enquiries	Sch 5.1 court proceedings		
20011555	Education & Childrens Services	05/07/2021	Upheld	mal & inj	Apology	
20012227	Adult Care Services	24/08/2021	Not Upheld	no mal		
20013394	Education & Childrens Services	15/12/2021	Upheld	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble	
20013514	Highways & Transport	16/09/2021	Not Upheld	No worthwhile outcome achievable by further investigation		
20014056	Corporate & Other Services	30/04/2021	Closed after initial enquiries	Sch 5.4 personnel		
20014250	Education & Childrens Services	17/11/2021	Upheld	mal & inj	Financial redress: Loss of service,Financial redress: Avoidable distress/time and trouble,Procedure or policy change/review	The Council will review its policies and procedures for post-16 Education Health and Care plan annual reviews.
20014404	Adult Care Services	21/12/2021	Upheld	mal & inj	Financial redress: Avoidable distress/time and trouble,Provide training and/or guidance	The Council will to provide us with evidence that it reminded staff of the need to begin sourcing alternative domiciliary care as a contingency if an existing care package breaks down.
21000158	Adult Care Services	12/07/2021	Closed after initial enquiries	26B(2) not made in 12 months		
21000180	Education & Childrens Services	14/04/2021	Referred back for local resolution	Premature Decision - advice given		
21000368	Adult Care Services	29/07/2021	Referred back for local resolution	Premature Decision - referred to BinJ		
21000865	Adult Care Services	17/11/2021	Not Upheld	no mal		
21001561	Education & Childrens Services	05/07/2021	Closed after initial enquiries	No worthwhile outcome achievable by investigation		
21001642	Environmental Services & Public Protection & Regulation	30/06/2021	Closed after initial enquiries	Not warranted by alleged injustice		
21002475	Corporate & Other Services	21/05/2021	Referred back for local resolution	Premature Decision - advice given		
21002530	Adult Care Services	15/11/2021	Not Upheld	No worthwhile outcome achievable by further investigation		
21003092	Education & Childrens Services	03/02/2022	Upheld	mal & inj	Apology,Financial redress: Loss of service,Financial redress: Avoidable distress/time and trouble,Procedure or policy change/review	Review its practices for conducting Annual Reviews to ensure they are conducted in line with the SEND Code of Practice. Conduct a review of Y's case and identify service improvements to be implemented for the benefit of service users in the future.
21003152	Education & Childrens Services	22/07/2021	Referred back for local resolution	Premature Decision - referred to BinJ		
21003455	Adult Care Services	08/09/2021	Closed after initial enquiries	26B(2) not made in 12 months		
21003656	Education & Childrens Services	11/06/2021	Referred back for local resolution	Premature Decision - advice given		
21004488	Adult Care Services	25/01/2022	Upheld	mal & inj	Apology,Financial redress: Avoidable distress/time and trouble,Financial redress: Loss of service	
21005314	Education & Childrens Services	13/07/2021	Referred back for local resolution	Premature Decision - advice given		
21005704	Planning & Development	08/09/2021	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21006155	Education & Childrens Services	16/09/2021	Referred back for local resolution	Premature Decision - referred to BinJ		
21006222	Education & Childrens Services	27/07/2021	Referred back for local resolution	Premature Decision - advice given		
21006656	Education & Childrens Services	04/08/2021	Referred back for local resolution	Premature Decision - advice given		
21006696	Education & Childrens Services	04/10/2021	Closed after initial enquiries	26(6)(a) tribunal SENDIST		
21006932	Other	10/08/2021	Advice given	Signpost - go to advice agency		
21007826	Highways & Transport	23/11/2021	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21007911	Adult Care Services	14/09/2021	Referred back for local resolution	Premature Decision - advice given		
21008924	Highways & Transport	16/11/2021	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21009170	Adult Care Services	23/03/2022	Not Upheld	Other reason not to continue with investigation		
21010102	Highways & Transport	11/11/2021	Closed after initial enquiries	26(6)(c) Court remedy		
21010359	Highways & Transport	30/11/2021	Referred back for local resolution	Premature Decision - referred to BinJ		
21011356	Education & Childrens Services	01/11/2021	Referred back for local resolution	Premature Decision - advice given		
21011436	Education & Childrens Services	10/12/2021	Upheld	Injustice remedied during LGO consideration	Financial redress: Loss of service,Provide services/information to others affected	
21011819	Highways & Transport	25/01/2022	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21012312	Education & Childrens Services	05/01/2022	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21012445	Adult Care Services	22/02/2022	Closed after initial enquiries	Other reason not to investigate		
21013401	Education & Childrens Services	06/12/2021	Referred back for local resolution	Premature Decision - advice given		
21013838	Education & Childrens Services	21/01/2022	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21014104	Highways & Transport	26/01/2022	Closed after initial enquiries	Not warranted by alleged injustice		
21014498	Education & Childrens Services	05/01/2022	Referred back for local resolution	Premature Decision - advice given		
21014943	Highways & Transport	10/02/2022	Closed after initial enquiries	26B(2) not made in 12 months		
21015003	Education & Childrens Services	13/01/2022	Incomplete/Invalid	Insufficient information to proceed and PA advised		
21015257	Corporate & Other Services	04/03/2022	Upheld	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble	
21015689	Highways & Transport	28/02/2022	Closed after initial enquiries	Not warranted by alleged injustice		
21016688	Education & Childrens Services	10/03/2022	Referred back for local resolution	Premature Decision - referred to BinJ		
21016817	Education & Childrens Services	14/02/2022	Referred back for local resolution	Premature Decision - advice given		
21016881	Education & Childrens Services	10/03/2022	Closed after initial enquiries	Other reason not to investigate		

Reference	Authority	Category	Decided	Remedy	Remedy Target Date	Remedy Achieved Date	Satisfaction with Compliance
20002153	Oxfordshire County Council	Education & Childrens Services	29-Jan-21	Financial redress: Avoidable distress/time and troubleProvide information/adviceProvide training and/or guidance	30-Apr-21	29-Apr-21	Remedy complete and satisfied
20006220	Oxfordshire County Council	Education & Childrens Services	21-Apr-21	Financial redress: Avoidable distress/time and troubleProvide training and/or guidanceProcedure or policy change/review	21-Jul-21	21-Jul-21	Remedy complete and satisfied
20007694	Oxfordshire County Council	Education & Childrens Services	29-Jun-21	ApologyFinancial redress: Avoidable distress/time and troubleProvide training and/or guidance	29-Jul-21	26-Jul-21	Remedy complete and satisfied
20007719	Oxfordshire County Council	Education & Childrens Services	11-May-21	Financial redress: Avoidable distress/time and troubleProcedure or policy change/review	12-Jul-21	08-Jul-21	Remedy complete and satisfied
20008770	Oxfordshire County Council	Education & Childrens Services	07-Jul-21	Financial redress: Avoidable distress/time and trouble	01-Sep-21	17-Oct-21	Remedy completed late
20009409	Oxfordshire County Council	Education & Childrens Services	23-Aug-21	Financial redress: Avoidable distress/time and troubleFinancial redress: Loss of serviceFinancial Redress: Apology	25-Oct-21	24-Oct-21	Remedy complete and satisfied
20011555	Oxfordshire County Council	Education & Childrens Services	05-Jul-21	Apology	05-Aug-21	06-Jul-21	Remedy complete and satisfied
20013394	Oxfordshire County Council	Education & Childrens Services	15-Dec-21	Financial redress: Avoidable distress/time and trouble	17-Jan-22	17-Jan-22	Remedy complete and satisfied
20014250	Oxfordshire County Council	Education & Childrens Services	17-Nov-21	Financial redress: Loss of serviceFinancial redress: Avoidable distress/time and troubleProcedure or policy change/review	17-Feb-22	07-Feb-22	Remedy complete and satisfied
20014404	Oxfordshire County Council	Adult Care Services	21-Dec-21	Financial redress: Avoidable distress/time and troubleProvide training and/or guidance	21-Jan-22	21-Jan-22	Remedy complete and satisfied
21004488	Oxfordshire County Council	Adult Care Services	25-Jan-22	ApologyFinancial redress: Avoidable distress/time and troubleFinancial redress: Loss of service	28-Feb-22	22-Mar-22	Remedy complete and satisfied
21011436	Oxfordshire County Council	Education & Childrens Services	10-Dec-21	Financial redress: Loss of serviceProvide services/information to others affected	18-Mar-22	14-Jan-22	Remedy complete and satisfied
21015257	Oxfordshire County Council	Corporate & Other Services	04-Mar-22	Financial redress: Avoidable distress/time and trouble	04-Apr-22	27-Mar-22	Remedy complete and satisfied

AUDIT AND GOVERNANCE COMMITTEE – 21 September 2022

Annual Monitoring Officer Report 2021/22

Report by Monitoring Officer

RECOMMENDATION

1. The Committee is **RECOMMENDED** to consider and endorse the report.

Executive summary

2. This report gives an overview from the Monitoring Officer of democratic and ethical governance activity, during the year 2021/22, in relation to the functions of the Committee. The report reflects on the implications of the pandemic for democratic decision making, the occurrence of code of conduct complaints and other member-related matters.

The Committee's responsibilities for ethical standards

3. The terms of reference of the Audit & Governance Committee contain the following responsibilities:
 - To promote high standards of conduct by councillors and co-opted members
 - To grant dispensations to councillors and co-opted members from requirements relating to interests set out in the code of conduct for members
 - To receive report from member-officer standards panels appointed to investigate allegations of misconduct under the members' code of conduct.
 - To advise the Council as to the adoption or revision of the members' code of conduct.
4. This regime, stemming from the Localism Act 2011, demonstrates the Council's expectation that high standards of conduct will continue to be promoted and maintained among elected councillors and co-opted members.
5. The Monitoring Officer during 2021/22 was Anita Bradley, Director of Law & Governance.

Member Code of Conduct

6. The county, district and city councils in Oxfordshire maintain harmonised **Codes of Conduct**. This has the benefit of creating transparency and accountability for the public and clarity of expectation for councillors who may also be members of more than one authority. This harmonisation is itself a key

aspect in promoting and maintaining high standards across Oxfordshire. The Code is also held out to parish and town councils as a model to follow.

7. Each authority has adopted slightly different approaches to handling complaints about councillor conduct. There has been, though, a common theme of proportionality in these arrangements, as envisaged by the Localism Act.
8. On 14 July 2020, the Council approved the appointment of Mr Nicholas Holt-Kentwell and Mr Martyn Hocking as Independent Persons to support the Monitoring Officer and members in the consideration of Code of Conduct complaints.
9. A summary of the Code of Conduct complaints received and considered during 2021/22 and their outcome, is reported at paragraph 19 below.

Consultation on Model Code of Member Conduct

10. During 2020/21, the Local Government Association, building on work with the Committee on Standards in Public Life, issued a consultation on a proposed Model Code of Conduct for members. This Committee, in fulfilment of its duty to promote high standards of conduct, decided to engage in the consultation and formed a cross-party working group to provide a response. The working group, with views from members of this Committee, broadly supported the Model Code and its emphasis on creating clarity around responsibilities, the importance of good behaviours, particularly in the use of social media, and the creation of national guidance to provide examples of key behaviours.
11. In keeping with the principle that, ideally, a similar Code should be adopted across Oxfordshire, the Monitoring Officers from across the county agreed to work up a potential revised code, based on the model, for consideration by each authority, with a view to potential implementation by May 2022. This Committee will therefore be fully involved in this, later in the year. Progress on this will be dependent on each local authority agreeing to take this forward if the principle that the same Code of Conduct is to be adopted across Oxfordshire.
12. In addition, the Council has continued to be fully compliant with the Localism Act and subsequent government guidance and regulations in terms of maintaining registers of members' interests, which are published on each councillor's web page.

Member Code of Conduct Complaints – promoting and maintaining high standards of conduct by Councillors and Co-opted Members

13. It is a core duty of this Committee and each and every member to promote and maintain high standards of conduct by councillors and co-opted members.
14. Monitoring Officer advice was also issued during the year as regards:
 - Disclosable Pecuniary Interests
 - Interests in relation to the February budget setting meeting

- Pre-election guidance to staff and councillors on responsibilities about the use of council publicity and resources during the elections in May 2021, the pre-election period commencing on 29 March 2021

Declaration of interests

15. There is a requirement to declare disclosable pecuniary interests at meetings if they are not otherwise included in the Register and to register them thereafter. Declarations need to be made unless a dispensation has been given.
16. The usual safeguards are in place including a reminder to members of the need to declare interests at all meetings, and all agendas contain a standard item headed "Declarations of Interest". The item refers to detailed guidance attached to the agenda setting out how and when to declare an interest.

Number and Outcome of Applications for Dispensations

17. There have been no applications for dispensation from the requirement to remove oneself from a meeting where a Disclosable Pecuniary Interest would otherwise require this.

The Number and Nature of Complaints of Breaches of the Code

18. There were **8** formal complaints against members during 2021/22 although 4 of these were about the same issue. Taken together, the general theme was about members' posting comments online via social media platforms – and perceptions as to what behaviours 'cross a line'. It is clear that the public expect a high standard of behaviour from elected members including on social media.
19. In each case, it is necessary to be clear whether the behaviour complained about arose where the person was acting or purporting to act as a county councillor known as "official capacity". Secondly had there been an investigation, the consideration would be whether the behaviours were found to have breached the Code of Conduct and if so what if any sanction to impose. On each occasion, the Monitoring Officer also sought the views of the Independent Person at the initial assessment stage when reaching her decision as to what action was required.

Complaint/allegation	Outcome
Complaint 1: Complaint about post made on social media.	Written apology, no formal action.
Complaint 2: Complaint about post made on social media which predated subject Cllr becoming a Cllr.	No action

Complaint/allegation	Outcome
Complaints 3-6: Complaints about posts on social media.	Written apology, no formal action.
Complaint 7: Complaint about Cllr conduct in relation to a division service issue and the level of consultation provided to the public.	No action
Complaint 8: Complaint about post, and motive behind post, on social media.	No action

20. The Monitoring Officer intends, during 2022/23, to review the arrangements for dealing with complaints against members. This is to achieve greater clarity of process and responsibilities for the benefit of members of the public and members themselves. This review was delayed to take account of the revision of the Member Code of Conduct which was adopted on 1 May 2022. The Member Code of Conduct in itself provides an important context for reviewing the arrangements for dealing with any complaints that arise under the Code. The Committee will be kept informed of this work.

Pre-election and induction preparation

21. During 2020/21, the Council made preparations for the May 2021 elections and the implementation of an induction programme for members against a background of uncertainty due to the pandemic.
22. An induction programme was developed giving prominence to the Member Code of Conduct, as well as to the overview of services, legal requirements such as planning law and practice, and skills such as the effective chairing of meetings. The programme was intended to give essential introductions to the senior leadership team, to assist in maintaining open and effective relationships. It was intended that this would provide a platform on which to create further development, owned by members, throughout their term of office.
23. During 2021/22, there is a need for the Council to revisit what member training should be mandatory to help build positive behaviours and skills and to ensure key knowledge for those members serving on regulatory committees or in key roles such as chairing formal meetings. The Monitoring Officer will review this with the Committee and Political Group Leaders.

Oxfordshire Monitoring Officers' Group

24. Monitoring Officers from Oxfordshire's county and district councils have continued to meet to discuss issues of common concern, along with a representative of the Oxfordshire Association of Local Councils. This comparison of experiences has been particularly useful in developing the new code of conduct and monitoring the operation of the harmonised codes of conduct and governance issues generally.

Democratic process

25. Clarity and accountability in the decision making of the Council is an important bedrock for good governance. The Covid-19 pandemic had major implications for the Council's decision-making arrangements, with restrictions on movement and on physical meetings. The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 powers ended in May 2021. The Council put in place appropriate arrangements to hold in person public meetings and continued to allow the public to address committee meetings remotely (virtually).
26. In practice, the Council's decision making made a smooth transition back to in person public meetings. Councillors remained able to engage in hybrid meetings although they are unable to take decisions remotely. Members of the public continue to be able to participate in person or virtually in terms of speaking and addressing meetings, as well as viewing them remotely.
27. In total, 119 formal public meetings were held and facilitated by the committee services team of the Council between 1st April 2021 until 31st March 2022.
28. The Council's Education Appeals Panels continued to meet remotely with no adverse impact to parents or the Council in the delivery of the appeals service.

Decision making governance

29. It is important, though, as in any year, to reflect to the Committee how the decision-making arrangements worked in practice as regards instances of closed sessions, urgent decisions, and instances of call-in.

Closed Sessions

30. The press and public can be excluded from the whole or part of a meeting if the meeting is to discuss confidential or exempt information (as set out in Schedule 12A of the Local Government Act 1972, as amended). The Monitoring Officer, in the role of ensuring lawful decision making, has reviewed the number of times that either the public was excluded or that an exempt report was featured on an agenda. This happened 18 times over the past year. In each case, the Monitoring Officer was satisfied that the reasons for closure were appropriate.

Urgent Decisions

31. The Cabinet and any other body or person discharging executive functions may take a decision which is contrary to or not wholly in accordance with the budget or policy framework as approved by the Council if the decision is a matter of urgency. However, the decision may only be taken if it is not practical to convene a quorate meeting of the full Council; and if consent has been given to the decision being taken as a matter of urgency by the Chair and Deputy Chair of relevant Overview and Scrutiny Committee (or by the Chair and/or Vice-Chair of the Council in the absence of one or both of them).

Under the Scheme of Delegation in the Council's Constitution (Part 7.1, paragraph 6.3 (c)(i)), the Chief Executive is authorised to undertake an executive function on behalf of the Cabinet. Cabinet receives a quarterly report on the use of this delegated power in relation to such executive decisions; that is, decisions that might otherwise have been taken by Cabinet.

32. There were 5 instances where the Chief Executive has undertaken Executive Decisions on behalf of the Cabinet in 2021/2022. These decisions are recorded by Democratic Services and were reported to the Cabinet.

Scrutiny Call-In

33. The Council's Scrutiny Procedure Rules (Rule 17a) allow for executive decisions to be **exempted from call-in** if they are deemed urgent and any delay would prejudice the council's interests.

One instance of Call In for the decision not to extend the Burford Experimental Weight Limit. The Call in has been considered by the Place Overview on 2 February 2022 on 5 January 2022. The final decision of the Cabinet was made on 15 February 2022.

Modern.Gov, transparency and access

Modern.Gov is the software package used by the Council for creating, tracking and publishing council meeting agendas, reports and minutes. This is important for transparency as the system publishes clear information on the Council's website as to the calendar of meetings and the accessibility of meeting papers. Despite best intentions from Committee Services to use Modern.Gov to roll out 'paperless agenda' in 2021/2022, it has proved to be challenging due to a high staff turnover in the service. This is now a project for the 2022/2023 period. Modern.Gov also has capacities, currently being explored, for tracking decisions and to publish the Council's Constitution. It also contains a module for publishing elections information, which was used successfully in May 2021 elections.

34. Modern.Gov also been used successfully in-year for managing the Council's

Forward Plan and for publicising meetings and agendas, committee appointments, as well as appointments to outside bodies. The system is also able to publish (on the website) parish council contact names and details.

Constitution Review

35. It was determined by this Committee during 2020/21 that a review of the Constitution should take place. The Council made clear its wish to develop a Constitution that reflects the values of the council and is transparent, accountable, efficient and accessible. The aim is to achieve a Constitution that is inclusive, concise and facilitates accountable decision-making. Achieving this will bring a greater clarity to the Council's governance arrangements in the interests of the public, members and officers.
36. It was agreed that this should occur after the May 2021 elections so that the review could be owned and led by the new council. This work was led by a cross-party working group and programmed into the work of this Committee.
37. Topics discussed by the Cross-Party Constitution Review working group at its monthly meetings held between Nov 2021 and April 2022 included the revision of the protocols in Parts 9.2 and 9.6 of the Constitution; the incorporation of the Articles into the main body of the Constitution; the views of the different political groups on what needed to change in the Constitution; the presentation of the Constitution on the Council's website and ensuring that the Constitution complied with all statutory requirements.

38. Members' Allowances

The new Scheme of Members' Allowances approved by Council on 2 November 2021 was implemented with effect from 1 April 2022.

Summary

39. This annual review highlights the progress in maintaining democratic accountability and transparency with members continuing to undertake their

role as community leaders during 2021/2022.

40. Members made an effective transition back to face to face public meetings while allowing members of the public, officers and partners to participate virtually at the meeting. Encouraging and maintaining high standards of conduct will continue to be addressed in 2022/23 with the consideration of the new Member Code of Conduct. It will be important to ensure that members are provided with adequate training on that Code. It is imperative that members and officers set the ethical tone within the Council and model the behaviours that they expect of themselves and others.

ANITA BRADLEY

Monitoring Officer

Contact officer: Simon Harper, Head of Governance, Contact details

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Divisions Affected - All

AUDIT AND GOVERNANCE COMMITTEE

21 SEPTEMBER 2022

CAPITAL GOVERNANCE – AMENDMENTS TO THE FINANCIAL REGULATIONS, SECTION 5 ‘CAPITAL’

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to**

Endorse the amendments to the Financial Procedure Rules (Financial Regulations, Section 5 ‘Capital’) as set out in Annex 1 and submit to Council for approval.

Executive Summary

2. The Council is required, under the Local Government and Housing Act 1989, to follow proper accounting practices and to secure best value. All officers and members have a duty to abide by the highest standards of probity in dealing with financial issues.
3. Financial Regulations set out the council’s financial policies and the framework for managing the council’s financial affairs. They provide more detailed guidance on how the Council’s Financial Procedure Rules should be implemented in practice. They also identify the high-level financial controls within which all members and staff must operate. Regulations are maintained on the council’s intranet.
4. The Council has undertaken a full review of its Capital Governance framework, processes and structures. As a result, changes are now proposed to the relevant section of the Council’s Financial Procedure Rules (Financial Regulations - Capital). These changes were considered at the July 2022 Audit and Governance committee – this paper and Annex 1 formalises this and seeks endorsement for Council consideration and approval. The changes also reflect the council’s most current management structure.

Proposed Changes

5. Annex 1 sets out the revised changes to section 5 ‘Capital’ of the financial regulations. The proposed changes (shown in bold italics throughout) are

mostly immaterial, however they do importantly formalise current/expected custom and practise. The changes provide more rigour and enhanced visibility enabling more effective and efficient monitoring and management of the capital programme. The changes can be summarised as:

Section 5.1.1 'New inclusions', Section 5.2 'Capital Expenditure,

(i)... £50,000 or less, the ***Head of Service (in consultation with the Finance Business Partner and Senior Corporate Accountant - Capital)***;
(this is currently Head of Service and Corporate Accountant)

(ii)...between £50,000 and £500,000, the ***service Director (following discussion with and support of the appropriate Capital Programme Board)***;
(this is currently Corporate Accountant and Senior Capital Governance Officer)

(iii)...between £500,000 and £1,000,000, the ***Section 151 Officer (following discussion with and support of the Strategic Capital Board)*** ... (this is currently the s151 and the Corporate Director, Communities)

Section 5.1.2 Capital Governance Process

6. The main changes recommended are to include more evidence to accompany business cases at each gateway stage, particularly for expenditure, costs and change requests. (Currently, there is no specific mention of evidence).

Section 5.3 External Contributions

7. The main changes recommended are to further strengthen the check and challenge of any proposed new capital grant bid, proposing the same thresholds be applied as set out for allocations and expenditure (as noted above at paragraph 5). This provides more consistency throughout the procedure and ensures the strategic fit and organisational capacity/resources are challenged and considered before bids are submitted.

Section 5.4 Contract Insurance and caps on liabilities on capital design and construction contracts

8. This section recommends a full revision of the current Insurance section. It provides greater clarity and direction in terms of the risk assessments that are required before entering into contracts.

5.5 Disposals of Land and Property

9. The main changes recommended are in relation to the thresholds, these are being proposed to align to the same thresholds for capital allocation/expenditure and external contributions (as noted above at paragraph 5).

Financial Implications

10. There are no financial implications associated with this report.
11. Comments checked by:
Kathy Wilcox (Finance)

Legal Implications

12. There are no legal implications associated with this report.

Comments checked by:
Anita Bradley (Legal)

Staff Implications

13. The financial regulations are published on the Council's intranet, accessible internally only. Ongoing staff training, support and capital project templates are being updated and will reflect the amendments proposed to the financial regulations.

Equality & Inclusion Implications

14. There are no Equality and inclusion implications associated with this report.

Sustainability Implications

15. There are no sustainability implications associated with this report.

Risk Management

16. There are no risk management implications associated with this report.

LORNA BAXTER
Director of Finance

Annex: Annex 1. Revised Financial Regulations section 5
Annex 2. Current Financial Regulations

Contact Officer: Belinda Dimmock-Smith, Capital Programme Manager,
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September 2022

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EXTRACT SECTION 5. CAPITAL, FINANCIAL REGULATIONS
PROPOSED (amendments are shown in *bold italics* throughout)

5. Capital

5.1 Capital Resource Allocation

The Council sets its Capital Programme as part of the annual ***Budget and Business Planning Process*** and determines its capital investment priorities based on an agreed set of principles as set out in the Capital & Investment Strategy.

No capital commitment shall be made unless the initial resource allocation is confirmed within the Capital Programme approved by the Council (either as a specified individual project or as part of a planned annual programme) or through the approval levels under section 5.1.1. This is the case for all capital projects and programmes regardless of the funding source identified, i.e. including those funded partly or fully by external grants, contributions, contingencies, revenue savings or reported capital surpluses.

The Section 151 Officer jointly with the ***Strategic Capital Board (The Strategic Capital Board is made up of the s151 officer with two Senior Leadership Team (SLT) members; the s151 plus at least one SLT member are required for the meeting to be quorate)*** will ensure that appropriate arrangements are in place to monitor the capital programme and resources, control expenditure against approved budgets, and address any problems of overspending or resource re-allocation.

The Section 151 Officer will issue guidance as needed on governance and procedures.

5.1.1 New Inclusions

New inclusions (including schemes which are met from new grants/funding bids) to the approved Capital Programme are subject to capital prioritisation by Cabinet. New inclusions outside of the annual Budget and Business Planning Process can be agreed as follows:

- (i) Where the total estimated resource bid or allocation is £50,000 or less, the ***Head of Service (in consultation with the Finance Business Partner and Senior Corporate Accountant - Capital)*** can agree its inclusion into the capital programme;
- (ii) Where the total estimated resource bid or allocation is between £50,000 and £500,000, the ***service Director (following discussion at and the support of the appropriate Capital Programme Board)*** can agree its inclusion into the capital programme, and this will subsequently be reported to Cabinet;
- (iii) Where the total estimated resource bid or allocation is between £500,000 and £1,000,000, the ***Section 151 Officer (following discussion at and the support of the Strategic Capital Board)*** can agree its inclusion into the capital programme, and this will subsequently be reported to Cabinet;
- (iv) Where the total estimated resource bid or allocation is above £1,000,000, the Cabinet can agree its inclusion into the Capital Programme, via the periodic Capital Monitoring Report to Cabinet, based on the recommendations by the Strategic Capital Board and the Section 151 Officer.

- (v) The Leader of the Council may, in consultation with the Section 151 Officer, approve any proposed change to the Capital Programme in advance of a report to Cabinet where Cabinet approval is required. In these cases, funding must be agreed by the Section 151 Officer and reported to Cabinet in due course.

In all circumstances, the Section 151 Officer (or nominated representative) must confirm that the revenue implications of the project or the programme are affordable based on the current business case under consideration.

5.1.2 Capital Governance Process

Capital Projects are managed across a series of defined stages, each one ending in a decision stage gateway (Business Case) and follow the governance framework as specified in 5.2.

The service managers responsible for the project or a programme delivery are required to ensure that robust strategic and gateway reviews are undertaken and consultations with the relevant cabinet members and key stakeholders are carried out in advance of business case approval.

The service managers are responsible for ensuring all Business Cases include evidence to support all expenditure forecasts (supplier quotes etc.), evidence of reconciliation with Initial Business Case for any prior year expenditure in the project profile and evidence to support funding quoted within the Business Case (previous Business Cases, approval emails from the Planning Obligations Team etc.) and be signed off by the relevant Head of Service, confirming as such that the Business Case is complete, prior to obtaining a review and sign off from a member of the Finance Business Partnering Team.

Initial business cases for programmes of works should list individual schemes including a budget, timescales, scope and description of the works for each scheme.

Smaller value or simpler projects may request to combine stages and decision points. This requires approval from the appropriate Capital Programme Board.

All project and programme allocations in the capital programme must have an appropriate contingency allowance based on the risks associated with the project (and programme) and the decision stage gateway.

Upon approval of the Outline Business Case, the Project's (and Programme) overall budget moves from provisional to final. This is confirmation that the Project (or Programme) can proceed and is the baseline against which all future performance is measured.

5.2 Capital Expenditure

Provisional total Project (and programme) budgets are allocated, and initial Project (and Programme) budgets are released (capital expenditure can be incurred) following either:

- (i) the approval of the Capital Programme by the Council where initial business cases are considered as part of the capital budget setting process; or

- (ii) the approval of initial business cases where these are submitted and considered in year (outside of the capital budget setting process) subject to the levels set out in 5.1.2.

Each remaining phase of funding is released following the approval of an updated business case at each subsequent gateway (Stage 1 Outline Business Case & Stage 2 Full Business Case), as follows:

- (iii) Where proposed projects have entered the capital programme under i) and ii) above, and remain in line with the original scope and timetable and can be delivered within the approved budget agreed by Council/Cabinet, its release can be agreed by the **Senior Corporate Accountant (Capital) in consultation with the Capital Programme Board and/or the Strategic Capital Board as appropriate.**
- (iv) Where proposed projects have entered the capital programme under i) and ii) above, but require changes to any of the agreed scope, delivery timetable and approved budget, the appropriate **Capital Programme Board and/or Strategic Capital Board (dependent on level)** is responsible for determining the level at which approval must be sought in line with section 5.2.2 below;

5.2.1 Contractual Commitments

Once a project is approved as per 5.1.2 and enters that Capital Programme, contractual capital commitments for project and programme delivery can be entered into in line with the capital approval levels set out in the Scheme of Delegation, when the following conditions are satisfied:

- (i) all sign offs required by the Contract procedure Rules (CPRs) are in place and activities are compliant with CPRs;
- (ii) the relevant decision stage gateway (business case) covering the upcoming stage that contractual spend will occur has been approved in line with the approval levels set out in 5.1. and 5.2.2.

In all circumstances, the Section 151 Officer (or nominated representative) must confirm that the revenue implications of the project or the programme are affordable based on the current business case under consideration.

Where the programmes or projects include issuing capital grants or funding to third parties, relevant officers should seek appropriate legal and financial advice, draw up a funding agreement and specify evidence required to demonstrate the capital spend and other related output measures.

Where there are changes to the tender figures or any other variations, this will fall within the provisions of section 5.2.2 below (*and see Section 9 Income and Expenditure paragraph 9.3.5 Contracts for Capital Works*).

5.2.2 Variation in time, cost and scope

Where any decision or other variation will (or may) produce an increase to the total cost of that project or programme (and/or variation to expected delivery period or scope), a change request form must be completed, and additional approvals must be sought in advance, as follows:

- (i) Where the cumulative cost variation is less than £50,000, the **Head of Service and Finance Business Partner (or Assistant Finance Business Partner) in consultation with the Senior Corporate Accountant - Capital** must approve the change;
- (ii) Where the cumulative variation is between £50,000 and £500,000 or the project forecasts a change to an end of gateway date or there is moderate (see note below) change to the scope then the **service Director and Finance Business Partner (following discussion at and the support of the appropriate Capital Programme Board)** must approve the change;
- (iii) Where the cumulative variation is between £500,000 and £1,000,000, or the project forecasts a delay that will affect final go-live / practical completion, or there is a significant change to scope then the **151 Officer (following discussion at and the support of the Strategic Capital Board)** must approve the change;
- (iv) Where the cumulative variation is over £1,000,000 Cabinet must approve the change.
- (v) The Leader of the Council may, in consultation with the Section 151 Officer, approve any proposed change to the Capital Programme in advance of a report to Cabinet where Cabinet approval is required. In these cases, funding must be agreed by the Section 151 Officer and reported to Cabinet in due course.

A cumulative cost variation is the total amount of cost change that the project has requested since the outline business case was agreed including any current request and comply with the approval levels in 5.2.2.

Where a variation occurs at the very end of a stage the change request can form part of the next business case document. Where such a change happens (or is foreseen) during a business case gateway, a change request document must be submitted for approval and comply with the approval levels in 5.2.2.

Services should explain (with evidence) the reasons for the reported variation and confirm their support to any scope changes in their 'change request form' and provide proposed funding options to address the increased cost where relevant. Guidance and arbitration on what constitute a moderate or significant change of scope should be sought by the service from the appropriate **Capital Programme Board/and or Strategic Capital Board** (depending on level, in line with decision making).

Approval can be sought at a higher level in the Scheme of Delegation (such as escalating to the **Section 151 Officer and the Strategic Capital Board**) in all cases and where the viability and value for money of the scheme are threatened.

5.3 External Contributions

All external funding applications for capital resources should be in line with the **Strategic Plan objectives and be assessed against the agreed set of prioritisation principles for capital investment** as set out in the Capital & Investment Strategy. Service Managers responsible for the application should seek approval from the respective **capital programme board and the Strategic Capital Board and/or Cabinet (in line with the approval process as set out above at 5.1.1)** about the proposed use of these resources and related implications prior to making an

In all circumstances, the Section 151 Officer (or nominated representative) must be notified and agree to all external funding applications and review the proposal on any implications to the Council's asset and infrastructure base or its Medium Term Financial Strategy. If external funding applications are successful, these will be reported to Cabinet for inclusion in the Council's Capital Programme.

Where external contributions are restricted for specific purposes, they should be used for the purposes for which they are issued in line with the relevant funding agreements or grant conditions. Where external contributions are partially or fully flexible, their use is subject to capital prioritisation by the Cabinet and approved subject to the levels set out at section 5.1.1.

Capital Programme entry for externally funded programmes and projects requires, in addition to the requirements at section 5.1.1, a formal notification by or a formal agreement with the relevant funding body or third party. Where there is a need to expend resources in advance of receiving such notification or agreement, approval must be sought from the Section 151 Officer based on a risk assessment.

Approval and variation thresholds stated in sections 5.2.1 and 5.2.2 above also apply to programmes or projects that are fully or partially externally funded.

5.4 Contract Insurance and caps on liabilities on capital design and construction contracts

The level of professional indemnity insurance required for each capital scheme is dependent upon the value of the project, the risk and potential value of any financial loss to the council and the cost for putting right. The level of public liability insurance required for each capital scheme is dependent upon the value of the project, the risk and potential value of any potential claim of compensation in respect of injury or property damage to a third party.

Indemnity clauses should be included within contracts for the design and construction of capital schemes to protect the council against any claims which may arise out of the negligence of the provider.

Limits of liability should not generally be capped within the contract. Where there are any exceptions to this, a risk assessment should be completed to determine the correct level of cover. Any cap needs to be agreed with a member of the Insurance Team, Deputy S151 Officer and Finance Business Partner, and signed off by the Service Director. Any insurance policy held by the provider of the service should be on an 'each and every' claim basis. Policies where cover is 'in the aggregate', or wording to that effect, may put the council at an increased financial risk and therefore should be avoided. Where the supplier insists on such a policy this must be agreed with a member of the Insurance Team, Deputy S151 Officer and Finance Business Partner, and signed off by the Service Director based on a completed risk assessment
["https://intranet.oxfordshire.gov.uk/cms/sites/default/files/folders/documents/aboutus/RiskAssessmentformforcontracts.docx"](https://intranet.oxfordshire.gov.uk/cms/sites/default/files/folders/documents/aboutus/RiskAssessmentformforcontracts.docx) [risk assessment \(docx format, 22Kb\)](#).

Confirmation that the supplier holds and is maintaining the relevant levels of insurance detailed within the tender document must be confirmed before the contract starts and throughout the life of the contract.

5.5 Disposals of Land and Property

In respect of disposals of land and property, the processes followed should be robust and transparent and in accordance with current legislation. Section 123 of the Local

Government Act 1972 specifies that surplus property should be sold on the open market for the best consideration that can reasonably be achieved.

5.5.1 Approval Limits

The Director for Property should seek appropriate financial and legal advice before any disposal. Then, depending on the value of the disposal, different levels of approval are needed, as follows:

- (i) Where the estimated disposal value is ***less than £500k***, the ***Director for Property may arrange for the disposal of land or property, in consultation and support with the Property Capital Programme Board subject to complying with the requirement to record decisions by officers, as set out in the Constitution.***
- (ii) Where the estimated disposal value is greater than ***£500k***, a decision by the ***Strategic Capital Board*** to proceed with the disposal is required.
- (iii) Where the estimated disposal value of individual property assets is ***£1million or more, a decision by Cabinet*** to proceed with the disposal is required.

5.5.2 Discounted Approval Limits

Disposals may be at a discounted or 'undervalue' level, below the 'best consideration that can reasonably be obtained'. The *General Disposal Consent 2003* gives local authorities the power to dispose of property at less than the full open market value without seeking the consent of the Secretary of State where such a sale contributes to the economic, social or environmental wellbeing of the areas, and where the undervalue does not exceed £2m. Full market value can also include non-monetary consideration if:

- (i) The service or accommodation contributes to one to the Council's priorities; and
- (ii) Provided that a case is made that in effect justifies the 'expenditure' of the foregone receipt in accordance with the normal processes for the allocation of capital resources.

In these cases, disposals can be controversial therefore local circumstances and the scale of the discount in price should be considered when deciding who should make the final decision to sell and additional financial and legal advice should be sought. In general:

- (i) Where the ***'undervalue' is less than £50,000***, the Director for Property may arrange for the disposal of the land or property
- (ii) Where the ***'undervalue' is between £50,000 and £500,000***, the Director for Property must prepare a report to the ***Property Capital Programme Board*** requesting approval to proceed with the disposal
- (iii) Where the ***'undervalue' is £500,000 or more*** a report to the ***Strategic Capital Board*** requesting its approval to proceed with the disposal is required.
- (iv) Where the ***'undervalue' is over £1,000,000*** ***Cabinet*** must approve the disposal.

Approval can be sought at a higher level in all cases as agreed by the **Director for Property and the Strategic Capital Board**.

All capital receipts generated through the disposal of land or property assets are treated as a corporate resource and used to support the capital programme unless it is specifically agreed otherwise by Cabinet based on recommendations by **the Strategic Capital Board**.

5.6 Transfers of Property Assets (Land and Property)

The process followed for the transfer of **property and land assets** should be robust and transparent and in accordance Section 123 of the Local Government Act 1972 and any related Council's policies ([Community Asset Transfer Policy](#)).

The Director for Property should seek appropriate financial and legal advice before any transfer. Then, depending on the estimated loss of income due to the transfer of the property assets, different levels of approval are needed. These are through the approval levels under section 5.5.2.

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5 Capital

5.1 Capital Resource Allocation

The Council sets its Capital Programme as part of the annual Service and Resource Planning Process and determines its capital investment priorities based on an agreed set of principles as set out in the Capital & Investment Strategy.

No capital commitment shall be made unless the initial resource allocation is confirmed within the Capital Programme approved by the Council (either as a specified individual project or as part of a planned annual programme) or through the approval levels under section 5.1.1. This is the case for all capital projects and programmes regardless of the funding source identified, i.e. including those funded partly or fully by external grants, contributions, contingencies, revenue savings or reported capital surpluses.

The **Section 151 Officer** jointly with the **Corporate Director Communities** will ensure that appropriate arrangements are in place to monitor the capital programme and resources, control expenditure against approved budgets, and address any problems of overspending or resource re-allocation.

The **Section 151 Officer** will issue guidance as needed on governance and procedures.

5.1.1 New Inclusions

New inclusions to the approved Capital Programme are subject to capital prioritisation by **Cabinet**. New inclusions outside of the annual Service and Resource Planning Process can be agreed as follows:

- (i) Where the total estimated resource allocation is £50,000 or less, the **Corporate Accountant** can agree its inclusion into the capital programme;
- (ii) Where the total estimated resource allocation is between £50,000 and £500,000, the **Corporate Accountant** and **Senior Capital Governance Officer** can agree its inclusion into the capital programme, and this will subsequently be reported to Cabinet;
- (iii) Where the total estimated resource allocation is between £500,000 and £1,000,000, the **Corporate Director Communities** and the **Section 151 Officer** can agree its inclusion into the capital programme, and this will subsequently be reported to **Cabinet**;
- (iv) Where the total estimated resource allocation is above £1,000,000, the **Cabinet** can agree its inclusion into the Capital Programme, via the periodic Capital Report to Cabinet, based on the recommendations by the **Corporate Director Communities** and the **Section 151 Officer**.
- (v) The **Leader of the Council** may, in conjunction with the **Section 151 Officer**, approve any proposed change to the Capital Programme in advance of a report to **Cabinet** where **Cabinet** approval is required. In these cases, funding must be agreed by the **Section 151 Officer** and reported to **Cabinet** in due course.

5.1.2 Capital Governance Process

Capital Projects are managed across a series of defined stages, each one ending in a decision stage gateway (Business Case) and follow the governance framework as specified in 5.2.

The **service managers** responsible for the project or a programme delivery are required to ensure that robust strategic and gateway reviews are undertaken and consultations with the relevant **cabinet members** and key stakeholders are carried out in advance of business case approval.

Initial business cases for programmes of works should list individual schemes including a budget, timescales, scope and description of the works for each scheme.

Smaller value or simpler projects may request to combine stages and decision points. This requires approval from the **Corporate Accountant & Senior Corporate Governance Officer**.

All project and programme allocations in the capital programme must have an appropriate contingency allowance based on the risks associated with the project (and programme) and the decision stage gateway.

Upon approval of the Outline Business Case, the Project's (and Programme) overall budget moves from provisional to final. This is the baseline against which all future performance is measured.

5.2 Capital Expenditure

Provisional total Project (and programme) budgets are allocated, and initial Project (and Programme) budgets are released (capital expenditure can be incurred) following either:

- (i) the approval of the Capital Programme by the Council where initial business cases (or equivalent) are considered as part of the capital budget setting process; or
- (ii) the approval of initial business cases where these are submitted and considered in year (outside of the capital budget setting process) subject to the levels set out in 5.1.1.

Each remaining phase of funding is released following the approval of an updated business cases at each subsequent gateway (Stage 1 Outline Business Case & Stage 2 Full Business Case), as follows:

- (i) Where proposed projects have entered the capital programme under a) and b) above, and remain in line with the original scope and timetable and can be delivered within the approved budget agreed by Council/Cabinet, its release can be agreed by the **Corporate Accountant**;
- (ii) Where proposed projects have entered the capital programme under a) and b) above, but require changes to the agreed scope, delivery timetable and approved budget, the **Section 151 Officer** is responsible

for determining the level at which approval must be sought in line with section 5.2.2 below;

5.2.1 Contractual Commitments

Once a project is approved as per 5.1.1 and enters that Capital Programme, contractual capital commitments for project and programme delivery can be entered into in line with the capital approval levels set out in the Scheme of Delegation, when the following conditions are satisfied:

- (i) all sign offs required by the Contract procedure Rules (CPRs) are in place and activities are compliant with CPRs;
- (ii) the relevant decision stage gateway (business case) covering the upcoming stage that contractual spend will occur has been approved in line with the approval levels set out in 5.1.1 and 5.2.2.

In all circumstances, the **Section 151 Officer** (or nominated representative) must confirm that the revenue implications of the project or the programme are affordable based on the current business case under consideration.

Where the programmes or projects include issuing capital grants to third parties, relevant officers should seek appropriate legal and financial advice, draw up a funding agreement and specify evidence required to demonstrate the capital spend and other related output measures.

Where there are changes to the tender figures or any other variations, this will fall within the provisions of section 5.2.2 below (*and see Section 9 Income and Expenditure paragraph 9.3.5 Contracts for Capital Works*).

5.2.2 Variation in time, cost and scope

Where any decision or other variation will (or may) produce an increase to the total cost of that project or programme (and/or variation to expected delivery period or scope), a change request form must be completed, and additional approvals must be sought as follows:

- (i) Where the cumulative cost variation is less than £50,000, the **Corporate Accountant** must approve the change;
- (ii) Where the cumulative variation is between £50,000 and £500,000 or the project forecasts a change to an end of gateway date or there is moderate change to the scope then the **Corporate Accountant** and **Senior Capital Governance Officer** must approve the change;
- (iii) Where the cumulative variation is between £500,000 and £1,000,000, or the project forecasts a delay that will affect final go-live / practical completion, or there is a significant change to scope then the **Corporate Director Communities** and **Section 151 Officer** must approve the change;
- (iv) Where the cumulative variation is over £1,000,000 **Cabinet** must approve the change.

- (v) The **Leader of the Council** may, in conjunction with the **Section 151 Officer**, approve any proposed change to the Capital Programme in advance of a report to **Cabinet** where Cabinet approval is required. In these cases, funding must be agreed by the **Section 151 Officer** and reported to Cabinet in due course.

A cumulative cost variation is the total amount of cost change that the project has requested since the outline business case was agreed including any current request and comply with the approval levels in 5.2.2.

Where a variation occurs at the very end of a stage the change request can form part on the next business case document. Where such a change happens (or is foreseen) during a business case gateway, a change request document must be submitted for approval and comply with the approval levels in 5.2.2.

Services should explain the reasons for the reported variation and confirm their agreement to any scope changes in their reports and provide funding proposals to address the increased cost where relevant. Guidance and arbitration on what constitute a moderate or significant change of scope should be sought by the service from the **Corporate Accountant** and **Senior Capital Governance Officer**.

Approval can be sought at a higher level in the Scheme of Delegation (such as escalating to the **Section 151 Officer**) in all cases and where the viability and value for money of the scheme are threatened.

5.3 External Contributions

All external funding applications for capital resources should be in line with Corporate Plan objectives and be assessed against the agreed set of prioritisation principles for capital investment as set out in the Capital & Investment Strategy. **Service Managers** responsible for the application should inform the **Section 151 Officer** and the **Corporate Director Communities** about the proposed use of these resources and related implications prior to making an application.

In all circumstances, the **Section 151 Officer** (or nominated representative) must be notified and agree to all external funding applications and review the proposal on any implications to the Council's asset and infrastructure base or its Medium-Term Financial Plan.

Where external contributions are restricted for specific purposes, they should be used for the purposes for which they are issued in line with the relevant funding agreements or grant conditions. Where external contributions are partially or fully flexible, their use is subject to capital prioritisation by the **Cabinet** and approved subject to the levels set out at section 5.1.1.

Capital Programme entry for externally funded programmes and projects requires, in addition to the requirements at section 5.1.1, a formal notification by or a formal agreement with the relevant funding body or third party. Where there is a need to expend resources in advance of receiving such notification or agreement, approval must be sought from the **Section 151 Officer** based on a risk assessment.

Approval and variation thresholds stated in sections 5.2.1 and 5.2.2 above also apply to programmes or projects that are fully or partially externally funded.

5.4 Insurance reinstatements

In the case of insurance reinstatements sections 5.1.1, 5.2.1 and 5.2.2 apply if the Council is contributing additional resources. If there is a proposal to change the use of an asset or the service provided from this asset, the **Corporate Director Communities** and the **Section 151 Officer** should review the proposals and make recommendations to **Cabinet** as required.

5.5 Disposals of Land and Property

In respect of disposals of land and property, the processes followed should be robust and transparent and in accordance with current legislation. Section 123 of the Local Government Act 1972 specifies that surplus property should be sold on the open market for the best consideration that can reasonably be achieved.

5.5.1 Approval Limits

The **Director for Property Investment and Communities Facilities Management** should seek appropriate financial and legal advice before any disposal. Then, depending on the value of the disposal, different levels of approval are needed, as follows:

- (i) Where the estimated disposal value is less than £2 million, the **Director for Property Investment and Communities Facilities Management** may arrange for the disposal of land or property.
- (ii) Where the estimated disposal value is between £2 million and £5 million, a decision by the **Corporate Director Communities** and the **Section 151 Officer** to proceed with the disposal is required.
- (iii) Where the estimated disposal value of individual property assets is £5 million or more, a decision by **Cabinet** to proceed with the disposal is required.

5.5.2 Discounted Approval Limits

Disposals may be at a discounted or 'undervalue' level, below the 'best consideration that can reasonably be obtained'. The *General Disposal Consent 2003* gives local authorities the power to dispose of property at less than the full open market value without seeking the consent of the Secretary of State where such a sale contributes to the economic, social or environmental wellbeing of the areas, and where the undervalue does not exceed £2m. Full market value can also include non-monetary consideration if:

- (i) The service or accommodation contributes to one to the **Council's** priorities; and
- (ii) Provided that a case is made that in effect justifies the 'expenditure' of the foregone receipt in accordance with the normal processes for the allocation of capital resources.

In these cases, disposals can be controversial therefore local circumstances and the scale of the discount in price should be considered when deciding who should make

the final decision to sell and additional financial and legal advice should be sought. In general:

- (i) Where the 'undervalue' is less than £25,000, the **Director for Property Investment and Communities Facilities Management** may arrange for the disposal of the land or property
- (ii) Where the 'undervalue' is between £25,000 and £500,000, the **Director for Property Investment and Communities Facilities Management** must prepare a report to the **Section 151 Officer**, requesting approval to proceed with the disposal
- (iii) Where the 'undervalue' is £500,000 or more, the **Corporate Director Communities** and the **Section 151 Officer** must prepare a report to **Cabinet** requesting their approval to proceed with the disposal.

Approval can be sought at a higher level in all cases as agreed by the **Director for Property Investment and Communities Facilities Management** and the **Section 151 Officer**.

All capital receipts generated through the disposal of property assets are treated as a corporate resource and used to support the capital programme unless it is specifically agreed otherwise by **Cabinet** based on recommendations by the **Corporate Director Communities** and the **Section 151 Officer**.

5.6 Transfers of Property Assets (Land and Property)

The process followed for the transfer of property assets should be robust and transparent and in accordance Section 123 of the Local Government Act 1972 and any related Council's policies ([Community Asset Transfer Policy](#)).

The **Director for Property Investment and Communities Facilities Management** should seek appropriate financial and legal advice before any transfer. Then, depending on the estimated loss of income due to the transfer of the property assets, different levels of approval are needed. These are through the approval levels under section 5.5.2.

5.7 Acquisition of Land and Property

In respect of the acquisition of land and property where budget provision for an acquisition exists within the approved Capital Programme, the **Director for Property Investment and Communities Facilities Management** may approve a purchase of land or property in accordance with approval levels specified in section 5.1.1. and 5.2.2 above.

Divisions Affected - All

AUDIT AND GOVERNANCE COMMITTEE

21ST SEPTEMBER 2022

REPORT ON THE AUTHORITY'S POLICY FOR COMPLIANCE WITH THE REGULATION OF INVESTIGATORY POWERS ACT 2000 AND USE OF ACTIVITIES WITHIN THE SCOPE OF THIS ACT

**Report by Anita Bradley, Director of Law & Governance and
Monitoring Officer**

RECOMMENDATION

1. The Committee is RECOMMENDED to:
 - a) Consider and note the use of activities within the scope of the Regulation of Investigatory Powers Act by the Council, and
 - b) Comment on any changes that the committee would wish the Monitoring Officer to consider when finalising the update to the Policy for Compliance with the Regulation of Investigatory Powers Act 2000 at Annex 1.

Executive Summary

2. The Regulation of Investigatory Powers Act 2000 ('the Act') creates a legal framework within which public bodies can lawfully carry out covert information gathering activities. Codes of Practice under the Act require that elected members review the Authority's use of activities within the scope of the Act periodically and review the Authority's Policy annually. This report provides a summary of the covert activities undertaken by the council between April 2021 and March 2022 for review by the committee.
3. The Council is currently revising the Policy for Compliance with Regulation of Investigatory Powers Act. This report provides the committee with the opportunity to review the draft new policy and to provide comment for consideration by the Monitoring Officer when finalising the policy.

Introduction

4. The Act regulates the use of covert investigatory activities by Local Authorities. It creates the statutory framework by which covert surveillance activities may be lawfully undertaken. Special authorisation arrangements need to be put in place whenever a Local Authority considers commencing covert surveillance or seeks

to obtain information by the use of informants or officers acting in an undercover capacity.

5. Under the Act local authorities may only carry out covert surveillance where it is necessary for the prevention or detection of crime. In addition, local authorities can only authorise surveillance activities within the framework created by the Act if it meets one of the following tests – criminal offences which attract a maximum custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco (the ‘seriousness’ threshold). Covert surveillance for other matters, such as for the investigation of minor criminal offences not meeting the ‘seriousness’ threshold, cannot be authorised under the Act.
6. Codes of Practice under the Act require that elected members review the Authority’s use of activities within the scope of the Act periodically and review the Authority’s policy annually. This paper provides a summary of the activities undertaken by Oxfordshire County Council that fall within the scope of this Act for the period from April 2021 to March 2022.
7. The Authority’s Policy for Compliance with the Regulation of Investigatory Powers Act 2000 is currently under review. A draft new policy has been prepared. This new draft policy is intended to provide more guidance to council officers and provides more clarity on lawful monitoring of social media for business purposes. It also strengthens the requirements in relation to the appropriate management of information gathered through covert surveillance to ensure any information gathered through activities within the scope of the Act is kept securely, only shared as is strictly necessary for the purposes for which it was obtained and is not retained longer than necessary.

Use of the Act by Oxfordshire County Council

8. Within the Council covert surveillance is mainly carried out by the Trading Standards Service as part of investigations into suspected contraventions of consumer protection legislation. The COVID-19 pandemic impacted on the investigatory activities undertaken by that service due to need to redirect resources to support the response to the pandemic and as a result of limitations on activities that could be carried out safely. Consequentially, between April 2020 and March 2021 the Council authorised covert surveillance on 3 occasions. Trading Standards investigatory practice returned to normal in 2021 and therefore covert surveillance was undertaken more frequently.
9. Between April 2021 and March 2022 covert surveillance was authorised on 15 occasions in relation to 8 investigations or operations. There are two forms of covert surveillance that can be authorised and frequently both forms are authorised for a specific operation. These are-
 - a) The covert observation or monitoring of an individual or place (directed surveillance) including monitoring of social media accounts.
 - b) Establishing a relationship with a person for the purpose of gathering information without the other person knowing the true purpose of the relationship (covert human intelligence sources).

10. In relation to the authorisations for surveillance granted in the last year 10 related to investigations concerning the sale of illegal tobacco. Illegal tobacco refers to cigarettes, hand-rolling tobacco or other smoking products that have been smuggled into the UK without tax being paid on them, or which are counterfeit. They can be attractive to children and young people as they are often sold at “pocket money prices” by unscrupulous sellers. The importation, distribution and supply of illegal tobacco is often linked with other forms of criminality.
11. The County Council’s Trading Standards team works with retailers and partner organisations to raise awareness of the problem of illegal tobacco and carries out enforcement action when required. Investigations of suspected supplies of illegal tobacco normally involve a covert test purchase. The purpose of the test purchase is to obtain a sample of the product being sold in order to ascertain whether it is legal to sell in this country and to identify the persons involved in the sale. Covert test purchases also assist in identifying where stocks of the product are being stored since illegal tobacco is frequently hidden in or around the premises from which it is sold. Covert test purchases are undertaken only where there are grounds to suspect the person or business concerned is involved in the supply of illegal tobacco products.
12. Covert test purchases are an essential operational tactic in the efforts to tackle the sale of illegal tobacco. They normally require authorisation for both directed surveillance and the use of a covert human intelligence source. The covert human intelligence source in this instance is often an officer of the service acting as a normal customer, but this requires authorisation as a covert human intelligence source. If another officer covertly observes the test purchase, to corroborate evidence obtained, a separate directed surveillance authorisation is required. These test purchases must be authorised under the Act and require the careful consideration of whether the intrusion is necessary for the purpose of prevention and detection of crime and proportionate to the outcome being sought.
13. As an example of this work, in November 2021 Trading Standards officers executed a warrant on a residential address in Banbury following a test purchase authorised under the Act as part of an investigation of cigarettes offered for sale on a Romanian language Facebook group in the area. This resulted in over 680,000 illegal cigarettes being seized, one of the biggest single seizures made by a Trading Standards Service. Most of the products seized have been found to be counterfeit.
14. Of the other authorisations granted under the Act over this period, 3 related to test purchases of roofing services offered by businesses that had been subject to complaints from members of the public. When investigating these complaints it is often difficult to establish whether false statements were made by the businesses to induce customers to agree to unnecessary work. Therefore, the Trading Standards invited those businesses to assess the condition of a roof on a property. Authorisations under the Act were required due to the businesses

not being made aware that the individuals who contacted them were officers of the Trading Standards Service.

15. A further authorisation concerned test purchase of age restricted products. Trading Standards advises businesses on procedures to limit the sale of age restricted products such as knives, alcohol and tobacco to persons under the legal minimum age of purchase. Trading Standards also carries out test purchases in order to ascertain whether a person under 18 years of age could obtain these products from shops in Oxfordshire. Prior to any test purchase the business concerned will receive advice from trading standards. The test purchase involves covert observations in business premises and therefore requires authorisation under the Act.
16. The final authorisation related to an Internal Audit investigation of a suspect blue parking badge fraud.

RIPA Policy

17. The Council is currently revising the RIPA Policy. The draft new policy is included in Annex 1 of this report. The revision of the policy is intended to provide additional guidance for council officers, strengthen the emphasis on the safeguarding of juveniles, provide updated guidance on how the Act applies in relation to monitoring social media and provide clearer requirements in relation to the storage, handling and disposal of information gathered through covert surveillance. The revisions reflect feedback on the policy from the last inspection by the Investigatory Powers Commissioner's Office (see below).
18. The Committee is asked to comment to the Monitoring Officer on any matters that they would like the Monitoring Officer to consider in finalising this policy revision.

Magistrate's Oversight

19. From October 2012 the Protection of Freedoms Act 2012 required Judicial oversight of authorisations of covert surveillance activities. All authorisations for covert surveillance activities falling within the scope of the Act granted by local authorities now need Magistrate's approval before they take effect. All applications made to Magistrates between April 2021 and March 2022 were approved.

Investigatory Powers Commissioner's Office Inspection

20. Local Authority arrangements under the Act are subject to inspection by the Investigatory Powers Commission's Office (IPCO). The last IPCO inspection was in September 2020 and the outcome of that inspection was reported in the annual report last year.

Training

21. Training on the requirements of the Act and associated guidance was provided to council officers in January 2022. Training is arranged periodically to ensure officers remain aware of the requirements and any changes to guidance or new judicial decisions which need to be considered before undertaking surveillance.

Conclusion

22. Use of activities that fall within the scope of the Act remains infrequent by this Council. However, some operational activity requires the use of surveillance occasionally. The outcomes of the surveillance and subsequent investigations into illegal activities show that the continued use of covert surveillance is necessary for the effective discharge of the council's statutory responsibilities and the delivery of operational plans to achieve priorities.

Financial Implications

Comments checked by: Lorna Baxter, Director of Finance
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Legal Implications

Comments checked by: Anita Bradley, Director of Law and Governance and Monitoring Officer
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Staff Implications

There are no direct staffing implications arising from this report.

Equality & Inclusion Implications

There are no equality and inclusion implications arising from this report.

Sustainability Implications

There are no sustainability implications arising from this report.

Risk Management.

There are no risk management implications arising from this report other than outlined in the sections above.

Anita Bradley
Director of Law and Governance and Monitoring Officer.

Annex: Annex 1- Draft RIPA Policy

Background papers: None

Contact Officer: Richard Webb. Tel: 01865 815791

September 2022

Annex 1

OXFORDSHIRE COUNTY COUNCIL POLICY ON COMPLIANCE WITH THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

1. Introduction

1.1 WHERE RIPA APPLIES

The Regulation of Investigatory Powers Act 2000 (RIPA) regulates the use of covert surveillance activities by Local Authorities. The need for special authorisation arrangements must be considered whenever the Local Authority considers commencing a covert surveillance operation or obtaining information by the use of informants or officers acting in an undercover capacity. Informants are termed covert human intelligence source or CHIS.

1.2 SOCIAL MEDIA, CONFIDENTIAL INFORMATION AND JUVENILES

The authorisation requirements under RIPA may also apply to the monitoring of use of social media. Detailed discussion on this appears in paragraph 6 below. Special procedures also apply where juveniles are involved or where confidential information is sought. Guidance appears in sections 8 and 9 respectively.

1.3 SURVEILLANCE THAT FALLS OUTSIDE RIPA

Local Authorities operate covert activities in a number of key areas. Activities can include covert surveillance in relation to Internal Audit and Human Resources where fraud, deception or gross misconduct by staff might be suspected.

RIPA only applies where the local authority is investigating crime and exercising one of its core activities or one its specific public functions. It does not apply in the exercise of general and civil matters such as in respect of human resources policies. Article 8 of the Human Rights Act which protects a person's right to privacy is relevant. A guide to covert activities that fall outside RIPA but under Article 8 appears at section 7 below.

1.4 RELEVANT GUIDANCE

The following material is relevant and should guide your actions:-

The Regulation of Investigatory Powers Act 2000 (as amended).

Statutory instrument 2010 no. 521 (The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010)
This sets out the rank of officer who can give a RIPA authority.

The Codes of Practice. If in doubt have a look at these. They offer detailed and practical advice. They give a lot of case studies which might match the scenario you are looking at. You can find them on-line if you simply type the title into google. They are as follows:-

Covert Surveillance and Property Interference - August 2018.

Covert Human Intelligent Sources - August 2018, new draft produced January 2021

Communications Data – November 2018 (Under Investigatory Powers Act 2016).

To find all the codes follow this link

<https://www.gov.uk/government/collections/ripa-codes>

1.5 AUTHORISATION OF COVERT SURVEILLANCE OR A CHIS

You will need authorisation from a senior officer where RIPA applies. There are only a small number of authorising Officers who can give this permission as set out in appendix 1. Before authorisation it will normally be necessary to consult with the relevant Deputy Director/Head of Service.

1.6 Before seeking authorisation you should discuss the matter with your Line Manager

1.7 APPLICATION OF POLICY

This Policy applies to all services in Oxfordshire County Council. The Trading Standards Service has their own specific internal Service procedures for dealing with authorisations. Copies of all authorisations including those for Trading Standards will be forwarded to the Assistant Director Regulatory Services and Community Safety for retention in a central register.

1.8 SAFEGUARDING

It is imperative that the safety and welfare of young people is prioritised in any covert surveillance involving or relating to juveniles. This is outlined further in section 8.

2. Definitions

Surveillance – includes monitoring, observing or listening to persons, their movements, conversations or other activities and communications. It may be conducted with or without the assistance of a surveillance device and includes the recording of any information obtained.

Covert Surveillance – This is carried out to ensure the person who is the subject of the surveillance is unaware that it is or may be taking place.

Local authorities are able to use the following forms of surveillance which require a RIPA authority:-

a) **Directed Surveillance** – is covert but not intrusive, is undertaken for the purposes of a specific investigation which is likely to result in the obtaining of private information about a person (targeted or otherwise)

b) **Covert Human Intelligence Source (CHIS)** – This is an undercover operation whereby an informant or undercover officer establishes or maintains some sort of relationship with the person in order to obtain private information

c) **Permitted purpose of surveillance under RIPA** - In either case surveillance under RIPA is only permitted for the purpose of prevention or detection of crime or preventing disorder.

Exclusion of criminal conduct by a CHIS Special rules exist where the CHIS activities include criminal conduct under the CHIS (Criminal Conduct) Act 2021. Local authorities do not have the power to grant criminal conduct authorisations.

Be very careful over possible criminal conduct and refer to monitoring officer if in doubt.

Intrusive surveillance not permitted Local authorities are not permitted to carry out Intrusive Surveillance - Local authorities may not use hidden officers or concealed surveillance devices within a person's home or vehicle in order to directly observe that person.

Who can grant RIPA authority

Director/Head of Service/Service Manager or equivalent – as set out in appendix 1.

3. RIPA Requirements

3.1 Directed surveillance

Directed surveillance can only be authorised under RIPA if it involves a criminal offence punishable by a custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco. Less serious criminal offences cannot be subject to directed surveillance under RIPA.

3.2 Necessary and proportionate

The directed surveillance must also be necessary and proportionate. These terms are discussed in paragraphs 4 and 5 below. It should also be subject to review. These rules also apply to a CHIS authority.

3.3 Prior authorisation

All directed surveillance and activity by a CHIS requires prior authorisation by the appropriate Local Authority Officer (as set out in appendix 1 of this policy) before any surveillance activity takes place. The only exception to this is where covert surveillance is undertaken by way of an immediate response to events that means it was not foreseeable and not practical to obtain prior authorisation. The authorising officer should be a Director, Head of Service, Service Manager or equivalent

3.4 Judicial approval for directed surveillance and use of a CHIS is also required before any internal authorisations given under RIPA are put into effect. Once internal authorisation has been granted a specific application to the Magistrates Court will be required.

3.5 A flow chart showing the authorisation procedures for covert surveillance and the relevant considerations at each stage is included in appendix 2 of this policy.

3.6 Details of procedure to follow in application

Further details of the procedure to follow including the forms to use are set out in paragraph 12 below.

3.7 Duration of authorisations

The duration of authorisations is always three months for directed surveillance and 12 months for a CHIS. However, authorisations should be reviewed periodically and cancelled once the surveillance has achieved its purpose or is no longer required.

3.8 Failure to obtain a RIPA authority and judicial approval

If you carry out directed or CHIS surveillance in the absence of a RIPA authority you could be accused of breaching a person's right to privacy under Article 8 of the European Convention on Human Rights. If you wish to use the evidence from an investigation in court the court may exclude the evidence. The Investigatory Powers Tribunal is able to investigate complaints from anyone who feels aggrieved by a public authority's exercise of its powers under RIPA. They are also able to give directions and make awards of damages. You could also face a claim under the Human Rights Act.

4. Grounds of Necessity and collateral intrusion

- 4.1 The authorisation by itself does not ensure lawfulness, as it is necessary also to demonstrate that the interference was justified as both necessary and proportionate. The statutory grounds of necessity must apply for the purposes of preventing or detecting crime or of preventing disorder.

5. Proportionality

5.1 Do the ends justify the means?

Once a ground for necessity is demonstrated, the person granting the authorisation must also believe that the directed surveillance or use of CHIS is proportionate to what is aimed to be achieved by the conduct and use of that source or surveillance. This involves balancing the intrusive nature of the investigation or operation and the impact on the target or others who might be affected by it against the need for the information to be used in operational terms. Do the ends justify the means? Other less intrusive options should be considered and evaluated. All RIPA investigations or operations are intrusive and should be carefully managed to meet the objective in question and must not be used in an arbitrary or unfair way.

- 5.2 The following guidance in the Covert Surveillance and Property Interference Code of Practice 2018 should be noted.

'4.6 The authorisation or warrant will not be proportionate if it is excessive in the overall circumstances of the case. Each action authorised should bring an expected benefit to the investigation or operation and should not be disproportionate or arbitrary. The fact that a suspected offence may be serious will not alone render the proposed actions proportionate. Similarly, an offence may be so minor that any deployment of covert techniques would be disproportionate. No activity should be considered proportionate if the information which is sought could reasonably be obtained by other less intrusive means.'

4.7 The following elements of proportionality should therefore be considered:

- balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or harm;*
- explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;*
- considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the information sought;*

• *evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented, or have been implemented unsuccessfully.*"

5.3 Collateral intrusion

Before authorising applications for directed surveillance, the authorising officer should also take into account the risk of obtaining private information about persons who are not subjects of the surveillance (collateral intrusion). Where such collateral intrusion is unavoidable, the activities may still be authorised, provided this intrusion is considered proportionate to what is sought to be achieved. Measures should be taken wherever practicable to avoid unnecessary intrusion into the lives of those not directly connected with the operation. All applications should therefore include an assessment of the risk of collateral intrusion and details of any measures taken to limit this to enable the authorising officer fully to consider the proportionality of the proposed actions.

6. Social Media

6.1 Social media is becoming an increasingly important source of information. Reference should be made to the covert surveillance and property interference Code of Practice 2018 at page 18, 3.10 following.

6.2 Although most social media sites allow public access the Code of Practice suggests that prolonged and systematic surveillance of a particular individual on a site would amount to directed surveillance and a RIPA authority should be obtained. The code sets out this checklist of questions and where the answer to some or all of them is 'yes' then it's likely that a RIPA authority for directed surveillance is required.

- *Whether the investigation or research is directed towards an individual or organisation;*
- *Whether it is likely to result in obtaining private information about a person or group of people (taking account of the guidance at paragraph 3.6 above);*
- *Whether it is likely to involve visiting internet sites to build up an intelligence picture or profile;*
- *Whether the information obtained will be recorded and retained;*
- *Whether the information is likely to provide an observer with a pattern of lifestyle;*
- *Whether the information is being combined with other sources of information or intelligence, which amounts to information relating to a person's private life;*
- *Whether the investigation or research is part of an ongoing piece of work involving repeated viewing of the subject(s);*
- *Whether it is likely to involve identifying and recording information about third parties, such as friends and family members of the subject of interest, or information posted by third parties, that may include private information and therefore constitute collateral intrusion into the privacy of these third parties.'*

6.4 Officers must not create a false identity in order to 'befriend' individuals on social networks other than in accordance with the RIPA Codes and with appropriate authorisation.

6.5 Officers should be aware that it may not be possible to verify the accuracy of information on social networks and, if such information is to be used as evidence, take reasonable steps to ensure its validity.

7 Applications for civil directed surveillance that fall outside RIPA

7.1 RIPA authorities are only available where the local authority is involved in preventing or detecting crime or preventing disorder. They are not therefore available where you wish to use covert directed surveillance in the pursuit of civil matters such as employment issues or civil claims. You can however still pursue covert surveillance because the Investigatory Powers Tribunal case of *C v the Police* (2006) states that RIPA authorities are only required where a local authority is pursuing their core activities rather than general activities that might affect all bodies. A local authority as a public body is however subject to Article 8 of the Human Rights Act, the right to privacy which states:-

'Article 8 – Right to respect for private and family life

'Everyone has the right to respect for his private and family life, his home and his correspondence.

There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.'

7.2 Where it is wished to pursue covert directed surveillance that falls outside RIPA the authorisation process set out at 3.1 above should be followed. You should also consider whether the surveillance is necessary and proportionate as set out in paragraphs 4 and 5 above. You should also consider the application of Article 8 and record whether the interference is a justified one as set out in Article 8. The authorising officer should record their decision in writing and it should be retained in accordance with the provisions for document retention in this policy. The Assistant Director; Regulatory Services and Community Safety should also be informed so that a record can be made in the authority's central register of surveillance authorisations. It should be subject to the same periodic reviews. It is not, however, necessary to obtain judicial approval for authorisations that fall outside RIPA.

8. Juveniles

8.1 Authorisation of a juvenile as a CHIS

Special care should be taken over the authorisation of a juvenile as a CHIS. You should first speak to the Assistant Director of Regulatory Services and Community Safety. You should read 4.2 and 4.3 of the CHIS Code of Practice 2018 before doing this. They state inter alia:

- (a)** *On no occasion should the use or conduct of a CHIS under 16 years of age be authorised to give information against their parents or any person who has parental responsibility for them.*
- (b)** *In other cases, authorisations should not be granted unless the special provisions, contained within the Regulation of Investigatory Powers (Juveniles) Order 2000 (as amended), are satisfied.*

- (c) *Enhanced authorisation is required. Authorisations for juvenile sources should be granted by The Head of Paid Service, or (in their absence) the person acting as the Head of Paid Service.*
- (d) *The duration of such an authorisation is four months from the time of grant or renewal (instead of twelve months), and the authorisation should be subject to at least monthly review. For the purpose of these rules, the age test is applied at the time of the grant or renewal of the authorisation.*
- (e) *Public authorities must ensure that an appropriate adult is present at any meetings with a CHIS under 16 years of age. The appropriate adult should normally be the parent or guardian of the CHIS, unless they are unavailable or there are specific reasons for excluding them, such as their involvement in the matters being reported upon, or where the CHIS provides a clear reason for their unsuitability. In these circumstances another suitably qualified person should act as appropriate adult, e.g. someone who has personal links to the CHIS or who has professional qualifications that enable them to carry out the role (such as a social worker). Any deployment of a juvenile CHIS should be subject to the enhanced risk assessment process set out in the statutory instrument, and the rationale recorded in writing.*

8.2 Juveniles and directed surveillance

You are referred to the sections on necessity and proportionality that appear in paragraphs 4 and 5 above. If a juvenile is the subject of directed surveillance or there is a risk of collateral intrusion affecting a juvenile, then special care should be taken. The tests of necessity and proportionality that you apply should be more exacting. It is more difficult to justify intrusion into the privacy of juveniles. More is required to show that the directed surveillance is necessary and that the ends justify the means. You should record in any application or authorisation that you have taken into account the fact that juveniles are involved. You should record that you have applied an enhanced test.

9. Confidential and Privileged Information including information subject to legal professional privilege.

9.1 Special care should be taken where the subject of the investigation or operation might reasonably assume a high degree of confidentiality. This includes where the material contains information that is legally privileged, confidential journalistic material or where material identifies a journalist's source.

9.2 Reference should be made to the guidance which appears at Chapter 9 of the Covert Surveillance and Property Interference Code of Practice August 2018. Detailed considerations apply and you require enhanced levels of authorisation which differ from the usual level of authorisation. Where an investigation may reveal sensitive and confidential material this requires special authorisation by the Chief Executive or his/her delegated Authorising Officer. The provisions are involved and sensitive and you are advised to take advice before proceeding.

10. Information Security and Retention of RIPA authorisations

- 10.1 It is essential that all information gathered through covert surveillance activities is stored securely, with access strictly restricted to those who require access, and disposed of securely when no longer required for the purpose for which the surveillance was taken. The arrangements for

storing and disposing of the material gathered through the surveillance should be set out in the application.

10.2 The Assistant Director/Head of Service for the service area undertaking surveillance retains responsibility for secure storage and disposal of material gathered through surveillance activities. Care should be taken to limit the number of copies of the material, including when providing access to the material to other parties who require it (e.g. legal advisors) and to ensure all copies are disposed of in accordance with retention policies.

10.3 Central records retained by RIPA Coordinator

The originals of all authorisations, reviews, renewals, cancellations and Court approvals and details of the dissemination of the product of surveillance must be promptly submitted by the officer on the case to the Assistant Director of Regulatory Services and Community Safety who shall be the 'RIPA Coordinator'. They will maintain a central register of all cases of Directed Surveillance and CHIS authorisations. The central register shall be stored securely.

10.4 The retention period for the forms which constitute the central register shall be for 5 years. This retention period is considered adequate but not excessive for facilitating independent external inspection.

10.5 In all cases, the RIPA coordinator must maintain the following documentation: -

- The application and the authorisation, together with any supplementary documentation and notification of the approval given by the Authorising Officer.
- The court approval
- A record of the period over which the surveillance has taken place.
- The frequency of reviews prescribed by the Authorising Officer.
- A copy of any renewal of an authorisation, together with the supporting documentation submitted when the renewal was requested.
- The date and time when any instruction was given by the Authorising Officer.
- Details of persons in possession of the product of surveillance, i.e. the dissemination record

11. Dissemination, copying and retention of material obtained through authorised surveillance

11.1 Dissemination, copying and retention of material obtained through the authorised surveillance must be limited to the minimum necessary for authorised purposes. Something is necessary for the authorised purposes if the material:

- is, or is likely to become, necessary for any of the statutory purposes set out in legislation in relation to covert surveillance including RIPA
- is necessary for facilitating the carrying out of the functions of public authorities under those Acts;
- is necessary for facilitating the carrying out of any functions of the Commissioner or the Investigatory Powers Tribunal;
- is necessary for the purposes of legal proceedings; or
- is necessary for the performance of the functions of any person by or under any enactment

11.2 All data obtained under RIPA should be clearly labelled and stored with a known retention policy.

11.3 Material obtained from surveillance should only be retained so long as he is necessary for the authorised purpose it should be subject to periodic review. All persons to whom the information is disseminated should be made aware of this principle and review should be carried out by the RIPA coordinator to make sure that they have not retained the information longer than is necessary. All emails or other forms of communication disseminated material should contain a statement recording that the information should not be retained longer than is necessary.

11.4 Particular care should be taken in the storage and destruction of confidential or privileged material such as journalistic material, material subject to legal professional privilege or confidential personal information.

11.5 There is nothing in the 2000 Act which prevents material obtained from properly authorised surveillance from being used in other investigations. The Council must ensure that the material is clearly identified and kept securely.

11.6 Where the product of surveillance could be relevant to pending or future criminal or civil proceedings, it should be retained in accordance with established disclosure requirements for a suitable further period, commensurate to any subsequent review.

11.7 Particular attention is drawn to the requirements of the Code of Practice issued under the Criminal Procedure and Investigations Act 1996. This requires that material which is obtained in the course of a criminal investigation and which may be relevant to the investigation must be recorded and retained.

12. Implementation of All Procedures

12.1 All directed surveillance and CHIS authorisations should be made by the authorising officers listed in appendix 1.

12.2 All applications for authorisation and authorisations must be made in accordance with the procedure and on the appropriate forms: (download forms from the following link:

<http://intranet.oxfordshire.gov.uk/cms/content/ripa-policy-surveillance>)

RIPA Form 1 – Authorisation Directed Surveillance

RIPA Form 2 – Review of a Directed Surveillance Authorisation

RIPA Form 3 – Renewal of a Directed Surveillance Authorisation

RIPA Form 4 – Cancellation of a Directed Surveillance Authorisation

RIPA Form 5 – Application for Authorisation of the conduct or use of a Covert Human Intelligence Source (CHIS)

RIPA Form 6 – Review of a Covert Human Intelligence Source (CHIS) Authorisation

RIPA Form 7 – Application for renewal of a Covert Human Intelligence Source (CHIS) Authorisation

RIPA Form 8 – Cancellation of an Authorisation for the use or conduct of a Covert Human Intelligence Source (CHIS)

RIPA Form 9 – Application for a Judicial Order

- 12.3 The Head of Legal will monitor the central register periodically and produce an annual report to SLT and the Audit & Governance Committee. Renewal of authorisations will be for 3 months. Cancellation² of authorisations should be requested as soon as possible i.e. as soon as the surveillance is no longer considered necessary.
- 12.4 After internal authorisation of an application, Judicial approval is required before the operation can commence. The applicant should liaise with the councils' Legal Service for advice and assistance in making this application for Judicial approval (other than Trading Standards applications which are managed within the service). Judicial approval is required for the renewal of an authorisation but it is not required for any internal review or cancellation.
- 12.5 The Authorising Officers may authorize a person to act in their absence, the substitute will be a Senior Manager and who will have overall management responsibility for the operation/investigation. A list of all current named Authorising Officers and named substitutes will be included in the central register and appended to this Policy (Appendix 1). The Director of Law and Governance will approve all proposed Authorising Officers for inclusion in a central register. The annual report to SLT and the Audit & Governance Committee will also include a review of the appropriate designated Authorising Officers.
- 12.6 All Managers have responsibility for ensuring that they have sufficient understanding to recognize when an investigation or operation falls within the requirements of RIPA. Authorising Officers will keep up to date with developments in the law and best practice relating to RIPA.
- 12.7 Authorising Officers must ensure full compliance with the RIPA Authorisation Procedure set out in the appropriate forms in 12.2 above.
- 12.8 Authorising Officers and Assistant/Deputy Directors/Heads of Service will co-operate fully with any inspection arranged by the Investigatory Powers Commissioner's Office.
- 12.9 RIPA Coordinator (Assistant Director; Regulatory Services and Community Safety):**
The role of the RIPA Coordinator is to have day-to-day oversight of all RIPA authorisations and maintain a central register of all authorisations, review dates, cancellations and renewals.
All forms should be passed through the RIPA Coordinator to ensure that there is a complete record of all authorisations. Contents of the forms will be monitored to ensure they are correctly filled in and the coordinator will supply quarterly statistics to the Senior Responsible Officer (Director of Law and Governance and Monitoring Officer).
The Coordinator will also monitor training requirements and organize training for new staff as appropriate and ensure continued awareness of RIPA throughout the council via staff information on the Council's Intranet.

13. Communications Data

Local authorities can obtain a very limited amount of communications data. This falls under the Investigatory Powers Act 2016 and not RIPA. Separate procedures and law apply. It is unlikely that you would ever seek communications

data. If you do need to seek access to communications you should contact the Assistant Director, Regulatory Services and Community Safety for guidance.

14. Briefings

The Director of Law and Governance will provide updates on the RIPA legislation and best practice but Assistant/Deputy Directors/Heads of Service and other managers must be able to recognize potential RIPA situations.

15. Conclusion

The benefit of having a clear and regulated system of authorising all covert activities is self-evident. Surveillance by its very nature is intrusive and therefore should be subject to appropriate scrutiny at the highest level and the authorisation procedure requires that the reasons for the decision are specifically and clearly set out and the basis for the decision is readily accessible and understood.

Completion of appropriate authorisations also means that in reaching a decision alternative options will also have been fully explored. Proper compliance with the procedure and properly recorded authorisations are the best defense should any of our investigations be challenged.

16. Review of Authorisations and Policy

16.1 The Council's "Audit and Governance Committee" will review:

- a summary of all authorised RIPA applications on a regular basis; and
- an annual report from the Director of Law and Governance on the operation of the Policy; and
- the policy annually to ensure it remains compliant with current legislation, relevant codes of practice and continue to meet the responsibilities of the council.

Senior Responsible Officer: Director of Law and Governance and Monitoring Officer

RIPA Coordinator: Assistant Director, Regulatory Services and Community Safety

Date: May 2022

Next Review Date: May 2023

Appendix 1 – Authorising Officers and Named Substitutes

Authorising Officer – Anita Bradley, Director of Law and Governance and
Monitoring Officer
(Named substitute - Kate Charlton, Interim Head of Legal)

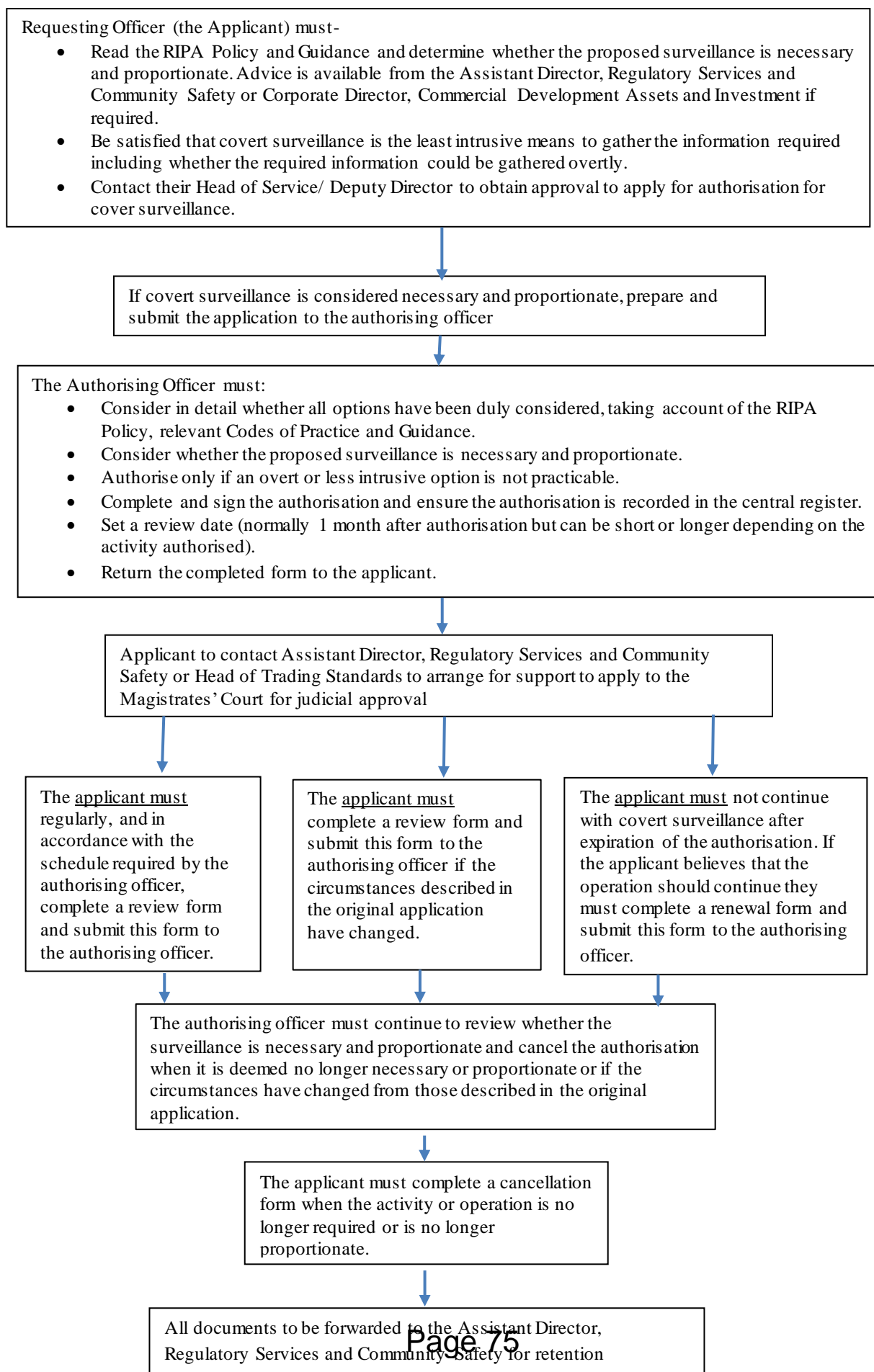
Authorising Officer – Richard Webb, Assistant Director, Regulatory Services and
Community Safety
(Named substitute - Jody Kerman, Head of Trading Standards)

Authorising Officer and Named Substitute – Lorna Baxter Director of Finance and
S151 Officer

Confidential Material Special Authorisation – Stephen Chandler, Chief Executive**

**Named Substitute – Lorna Baxter, Director of Finance and S151 Officer

Appendix 2- Flow Chart of Authorisation Procedures and Considerations for Covert Surveillance



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Oxfordshire Pension
Fund
Audit results report
Year ended 31 March 2021

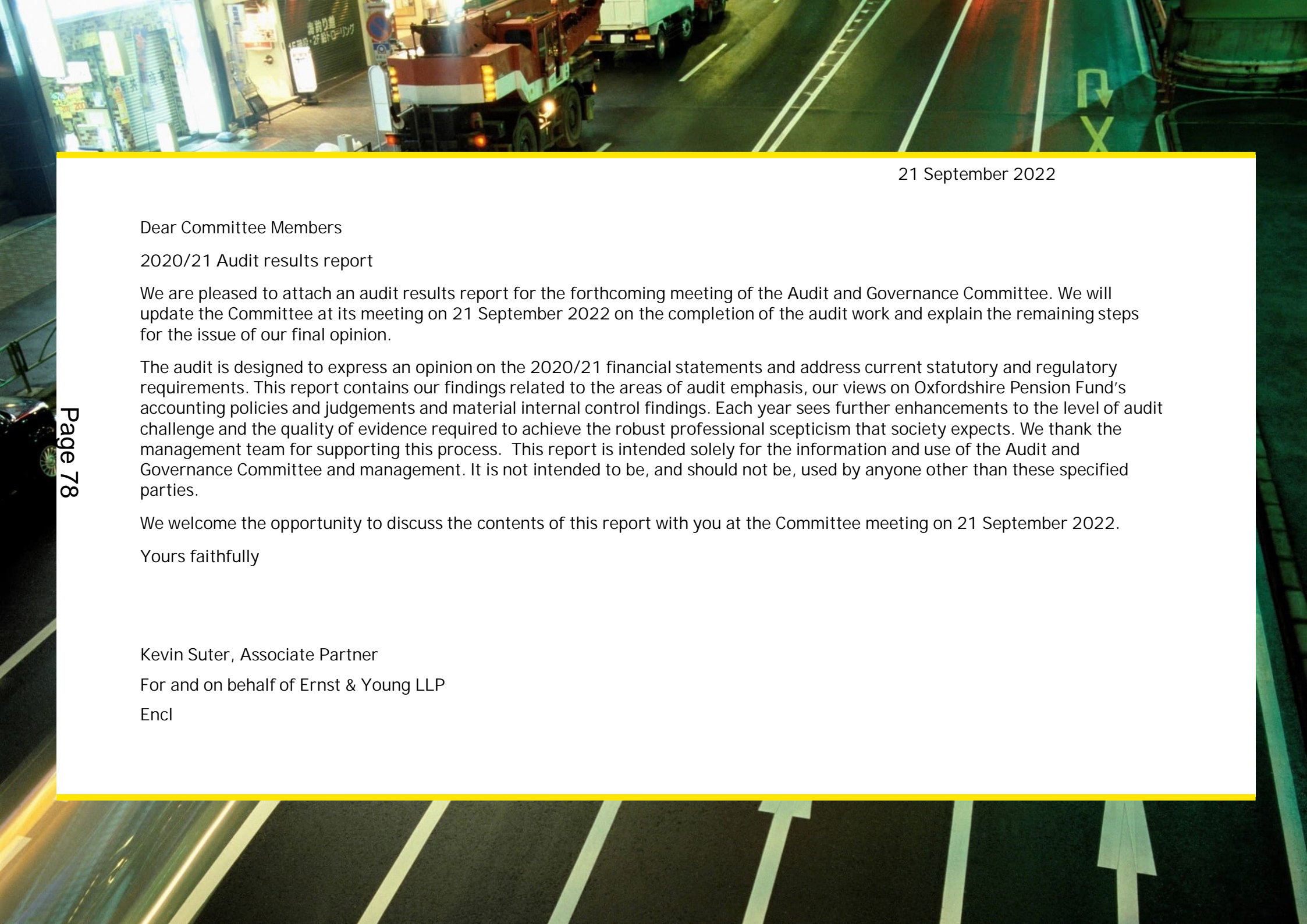
September 2022

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Building a better
working world

Agenda Item 11



21 September 2022

Dear Committee Members

2020/21 Audit results report

We are pleased to attach an audit results report for the forthcoming meeting of the Audit and Governance Committee. We will update the Committee at its meeting on 21 September 2022 on the completion of the audit work and explain the remaining steps for the issue of our final opinion.

The audit is designed to express an opinion on the 2020/21 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Oxfordshire Pension Fund's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. This report is intended solely for the information and use of the Audit and Governance Committee and management. It is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Committee meeting on 21 September 2022.

Yours faithfully

Kevin Suter, Associate Partner

For and on behalf of Ernst & Young LLP

Encl

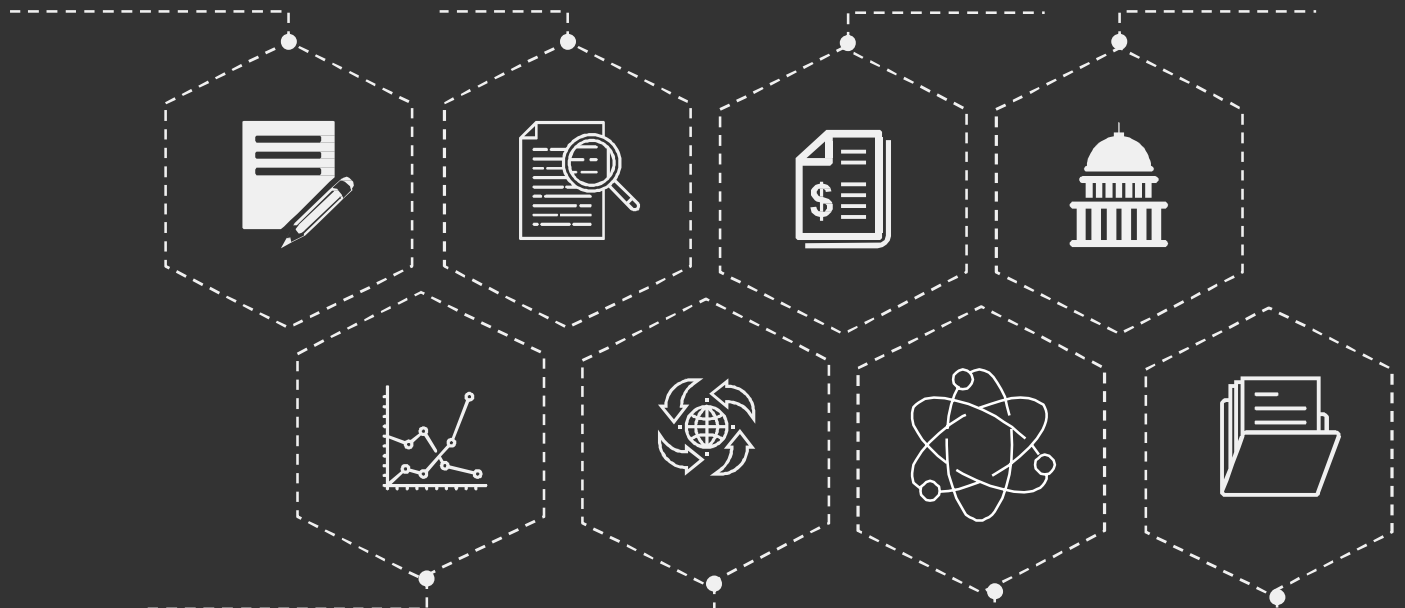
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01 Executive Summary

02 Areas of Audit Focus

03 Draft Audit Report

04 Audit Differences



05 Other reporting issues

06 Assessment of Control Environment

07 Independence

08 Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Governance Committee and management of Oxfordshire Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Governance Committee, and management of Oxfordshire Pension Fund those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Governance Committee and management of Oxfordshire Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary

Executive Summary

Scope update

In our audit planning report presented to the 26 May 2020/21 Audit and Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan with the following updates.

Changes in materiality

We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment.

	Planning Materiality	Performance Materiality	Audit Differences
	Our planning materiality represents 1% of the Fund's net assets, consistent year on year.	Performance materiality represents 75% of planning materiality and is set at the top of our range, which is consistent year on year.	We will report all uncorrected misstatements relating to the primary statements (net asset statement and fund account) greater than 5% of planning materiality.
Planned	£23.63 million	£17.72 million	£1.181 million
Final	£29.7 million	£22.27 million	£1.485 million

Auditing accounting estimates

A revised auditing standard has been issued for the audit of accounting estimates. The revised standard requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors now consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether or not there is a significant risk. At the same time, we may see the number of significant risks we report for accounting estimates to increase as a result of the revised guidance in this area. The changes to the standard have affected the nature and extent of information requested and the level of audit work required. This applies to the audit work on the valuation of level 2 and level 3 investments, and the actuarial estimate of the promised value of pension benefits disclosure.

Executive Summary

Status of the audit

Our audit work in respect of the Fund opinion is complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- Update of our subsequent events procedures to the date of our opinion
- Receipt of a signed letter of management representation
- We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2020/21 with the audited financial statements. The audit of the full annual statement of accounts of Oxfordshire County Council for the year ended 31 March 2021 is not yet complete.

The audit process for the Pension Fund is essentially complete. However, because the statements are part of the County Council's statements we are unable to sign off separately. There is a technical issue on the audit of infrastructure assets which has delayed the sign-off of the Council's own financial statements. This is a national issue on which CIPFA have been taking the lead.

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Audit differences

We noted the following differences as part of our testing.

- Understatements in the valuation of the pooled investments amounting to £7.3 million and £2.1 million relating to Adams Street and Capital Dynamics investments. The errors mainly relate to the difference between the updated valuation received from the fund manager and the amount reflected in the accounts of the Pension Fund. The related investment notes is affected by the mentioned adjustments.
- Understatement in the valuation of pooled property investments amounting to £3.0 million relating to Bridges investments. The error mainly relates to the difference between the net asset value from the audited accounts of the investment fund and the amount reflected in the accounts of the Pension Fund. The related investment notes is affected by the mentioned adjustments.
- Inconsistencies between the main accounts and the related notes in the statement of accounts of the Pension Fund.

The Fund has agreed to adjust the findings above. We include further details in Section 4.

Executive Summary

Areas of audit focus

Our audit plan identified significant risks and areas of focus for our audit of the Authority's financial statements. We summarise below our latest findings. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised in the "Areas of Audit Focus" section of this report.

Fraud risks	Findings & conclusions
Misstatements due to fraud or error	We carried out standard procedures to address fraud risks as set out in our audit plan, including identifying risks, considering controls and their effectiveness, testing journal entries and looking at estimates for evidence of management bias. Using data analytics is central to our approach.
Risk of manipulation of Investment income and valuation.	We considered this risk to be centred on inappropriate journals. Our testing of journals involving investment income and valuation did not raise any issues.

Significant risk	Findings & conclusions
Valuation of complex investments (unquoted and pooled investments)	<p>We carried out additional procedures, as described more fully in Section 2 of this report, to gain material assurance over the year-end valuation of the Fund's complex investments disclosed as level 3 in the fair value hierarchy, and therefore inherently more difficult to value.</p> <p>We concluded the testing of the accounts associated with significant risks as identified in the Audit Plan and we summarised our findings in the audit difference section.</p>

Areas of audit focus	Findings & conclusions
Valuation of investments under level 2 fair value hierarchy	<p>We carried out procedures as set out in our audit plan to ensure that these investment valuations are supported.</p> <p>We concluded the testing of the accounts associated with areas of audit focus as identified in the Plan. We have raised no issues from the procedures performed.</p>



Executive Summary

Control observations

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

Independence

Please refer to Section 7 for our update on Independence.



02 Areas of Audit Focus



Areas of Audit Focus

Fraud risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What did we do and what judgements did we focus on?

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- asked management about risks of fraud and the controls to address those risks;
- ensured we understood the oversight given by those charged with governance of management's processes over fraud; and
- considered the effectiveness of management's controls designed to address the risk of fraud.

We also performed mandatory procedures regardless of specifically identified fraud risks, including:

- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- assessing accounting estimates for evidence of management bias; and
- evaluating the business rationale for significant unusual transactions.

We used our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale.

What are our conclusions?

Based on the work completed, we have not identified any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied or management bias. We have not identified any transactions during our audit which appeared unusual or outside the Pension Fund's normal course of business.



Areas of Audit Focus

Fraud risk

Risk of inappropriate posting of investment valuation

What is the risk?

Investment valuations are manually input on to the general ledger, so there is opportunity to manipulate the valuation of investments and the resulting investment income.

Manipulating investments would increase the net value of pension fund assets, and increase the investment returns recognised in year.

Total Investments for 2020/21 were £2,909m (2019/20: £2,302m), and net investment income, profits and losses and disposal of investments and change in market value of Fund assets were +£588m (2019/20: -£156m)

As our planning performance materiality was £17.72m (increased to £22.27m as per the draft accounts), any manipulation over 1% would result in a material error to the value of investments.

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What are we doing and what judgements did we focus on?

- reconciled the investment value to both the fund manager and custodian reports.
- reviewed the investment accounts in the general ledger and investigated any unusual items
- performed journal entry testing – we used our testing of journals to identify high risk transactions, such as items posted to investment or related accounts outside the normal process.

We also used our data analytics capabilities to assist our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluate for business rationale.

What are our conclusions?

Our work in this area did not raise any issues.



Areas of Audit Focus

Significant risk

Valuation of complex investments (Level 3 Fair Value hierarchy)

What is the risk?

Investments at Level 3 are those where at least one input that could have a significant effect on the asset's valuation is not based on observable market data. In 2020/21, £203m (2019/20: £291m) investments were reported as Level 3 investments in the financial statements).

Significant judgements are made by the Investment managers or administrators to value these investments whose prices are not publicly available. The material nature of Investments means that any error in judgement could result in a material valuation error.

Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could have a material impact on the financial statements. The COVID-19 pandemic is such an event.

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What are we doing and what management judgements did we focus on?

We:

- reviewed the latest available audited accounts for the relevant funds and ensured that there are no matters arising that highlight weaknesses in the fund's valuation;
- where the latest audited accounts were not as at 31 March 2021, we have performed analytical and other procedures to assess the valuation for reasonableness against our own expectations; and
- tested that accounting entries were correctly processed in the financial statements.

We note that in the 2019/20 financial statements, pooled property assets were redefined as Level 3 assets (from Level 2 in previous years). In 2020/21 some of these investments were considered stable enough to be returned to the Level 2 category. We considered the reasonableness of the transfers to and from Level 3 to other levels of the fair value hierarchy.

What are our conclusions?

Based on the work completed, we have identified differences in the valuation of pooled investments and pooled property investments. We have summarised these in the audit difference section of this report.



Areas of Audit Focus

Area of audit focus



Valuation of level 3 investments - further details on procedures/work performed

We:

- Triangulated the valuation reports from the fund managers and custodians to the entries in the financial statements.
- Corroborated the investment valuation from the fund manager from available market prices
- Obtained audited financial statements supporting the investments for investments that does not have available market prices
- Obtained controls assurance reports and bridging letters for the controls reports to year end and assessed whether exceptions were noted by the auditors.
- Considered the work performed by the fund managers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- Challenged the key assumptions used by the fund managers in valuations and considered further whether specialist support is needed to support our work in this area. We concluded no such further support was necessary.
- Tested accounting entries had been correctly processed in the financial statements.

We obtained audited financial statements supporting valuations as at 31 March 2021 or the latest audited financial statements. We evaluated those financial statements to gain assurance that:

- The audit report was not qualified or otherwise modified.
- The audit report did not contained material uncertainties in respect of going concern and that there were no other matters emphasised that would impact valuation.
- The audit report was issued by a reputable auditor.

We also evaluated controls assurance reports to gain assurance they were not qualified and there were no specific control failures that could impact the valuation of investments. We assessed the quality of the controls underpinning the valuations.

For the related investments in which the audited financial statement dated other than 31 March 2021, we performed the following procedures:

- Agreed the net asset value investments to underpinning audited financial statements as at 31 December. We then adjusted the 31 December 2020 valuation for known calls and puts in the final quarter of the year assuming they occurred at the start of the quarter.
- Used available quarter 3 to 4 indices relevant to the type of investment to create a high/low range of movements for quarter 4 and applied that to the valuation derived for each investment. We confirmed that the range established was not greater than our performance materiality.
- We compared the valuation in the financial statements to the range established to gain assurance investments values in the financial statements were within the expected range.



03 Audit Report



Audit Report

Draft audit report

Our draft opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORDSHIRE COUNTY COUNCIL

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2021 and the amount and disposition of the fund's assets and liabilities as at 31 March 2021; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2020/21 other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information contained within the Statement of Accounts 2020/21.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.



Audit Report

Our draft opinion on the financial statements

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibility of the Director of Finance

As explained more fully in the Statement of the Director of Finance's Responsibilities set out on page x the Director of Finance is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Pension Fund either intends to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.

We understood how Oxfordshire Pension Fund is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit, and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and



Audit Report

Our draft opinion on the financial statements

regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Pension Fund Committee and Local Pension Board minutes, through enquiry of employees to confirm Pension policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and opportunities for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures we identified the manipulation of journal entries of the investment asset valuations to be our fraud risk.

To address our fraud risk we tested the consistency of the investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of Oxfordshire County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.



04 Audit Differences



Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted and uncorrected differences

We highlight any misstatements greater than £22.2 million corrected by management during the course of our audit. There are no corrected misstatement to bring to your attention.

We report to you any corrected and uncorrected misstatements greater than our reporting level of £1.5 million. We have noted three misstatements above this amount.

Understatement in the valuation of the pooled investments amounting to £7.3 million and £2.1 million mainly relating to all Adams Street investments and Capital Dynamics investments, respectively. Our testing, which compared investment value from December 2020 with March 2021 identified movement not in line with the market. We investigated the cause of this inconsistency from our expectation, and found that this relates to the difference in the updated capital account statement from the fund manager compared with the amounts reported in the statement of accounts of the Pension Fund.

- Understatement in the valuation of pooled property investments amounting to £3.0 million relating to Bridges investments. Our testing, which compared investment values from December 2020 with March 2021, identified movement not in line with the market. We investigated the cause of this inconsistency of the movement from our expectation, and found that it related to the difference in the net asset value obtained from the audited accounts for the investment and the amounts reported in the statement of accounts of the Pension Fund.

As a result of the above misstatement, all the investment-related disclosures needed updating in the final draft accounts of the Pension Fund. We also noted minor inconsistencies in the main accounts and its related notes of the Pension Fund.

The misstatements listed above were all agreed with the Pension Fund for correction in the final version of the accounts. There were no uncorrected misstatements which need to be communicated to the Audit and Governance Committee.



05 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2020/21 with the audited financial statements. We are satisfied that the pension fund financial statements are consistent with the Other Information included in the full annual statement of accounts of Oxfordshire County Council for the year ended 31 March 2021. However, this is based on the draft accounts, and is subject to the finalisation of the audit and accounts of the County Council in case any amendments are made to the Other Information.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We have had no reason to exercise these duties.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Fund's financial reporting process. We have no matters to report.



06

Assessment of Control Environment



Assessment of Control Environment

Financial controls

Our responsibilities

It is the responsibility of the Fund to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Fund has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

Findings

We have not identified any significant deficiencies in internal control.



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07

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Fund, and its members and senior management and its affiliates, including all services provided by us and our network to the Fund, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2020 to the date of this report which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The table below sets out a summary of the fees that you have paid to us in the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

	Planned fee 20/21	Final Fee 2019/20
	£	£
Scale Fee – Code work	18,563	18,563
Fee variation	TBC (1)	15,819 (2)
Additional fee for IAS19 assurance work on behalf of admitted bodies	5,500	5,500
Total Pension Fund fee	TBC	39,822

Fees are presented exclusive of VAT.

- (1) PSAA have written to all local government bodies indicating scale fees are likely to be varied due to the adoption of the revised auditing standard on estimates, ISA540. Additionally the audit has encountered delays and identified errors. We will quantify our proposed fee variation at the completion of the audit, discuss with management and submit to the PSAA.
- (2) PSAA have determined the variation for the prior year audit (2019/20) as shown.

Other communications

EY Transparency Report 2021

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report was issued in November 2021:

[EY UK 2021 Transparency Report | EY UK](#)



08 Appendices

Audit approach update

We summarise below our approach to the audit of the net asset statement and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- Existence: An asset, liability and equity interest exists at a given date
- Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework





There were no significant changes to our audit approach, but as a result of the introduction of IA540 (revised) we did undertake more detailed procedures to gain assurance over the valuation of both level 3 investments and the IAS 26 disclosure of the actuarial present value of promised retirement benefits disclosed as a note to the accounts.

Required communications with the Audit, Regulation and Accounts Committee





There are certain communications that we must provide to the audit committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

Our Reporting to you		
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Regulation, Audit and Accounts Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Plan – dated May 2021
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Plan – dated May 2021
Significant findings from the audit	<ul style="list-style-type: none"> Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures Significant difficulties, if any, encountered during the audit Significant matters, if any, arising from the audit that were discussed with management Written representations that we are seeking Expected modifications to the audit report Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report – dated September 2021 Updated ARR – dated November 2021 Final ARR – dated September 2022

Appendix B

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	<p>No conditions or events have so far been identified, either individually or together to raise any doubt about Oxfordshire Pension Fund's ability to continue for the 12 months from the date of our report.</p>
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	<p>Audit Results Report – dated September 2021 Updated ARR – dated November 2021 Final ARR – dated September 2022</p>
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the Regulation, Audit and Accounts committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	<p>Audit Results Report – dated September 2021 and up to the date of our audit report. Updated ARR – dated November 2021 Final ARR – dated September 2022</p>
Fraud	<ul style="list-style-type: none"> • Enquiries of the Regulation, Audit and Accounts Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Pension Fund • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the Fund, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Regulation, Audit and Accounts Committee responsibility. 	<p>Audit Results Report – dated September 2021 Updated ARR – dated November 2021 Final ARR – dated September 2022</p>





Appendix B

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<p>Significant matters arising during the audit in connection with the Fund's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the Pension Fund 	<p>Audit Results Report – September 2021 Updated ARR – dated November 2021 Final ARR – dated September 2022</p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> • Relationships between EY, the company and senior management, its affiliates and its connected parties • Services provided by EY that may reasonably bear on the auditors' objectivity and independence • Related safeguards • Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees • A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit 	<p>Audit Plan – dated May 2021 and Audit Results Report – September 2021 Updated ARR – dated November 2021 Final ARR – dated September 2022</p>

Appendix B

		Our Reporting to you
Required communications	What is reported?	When and where
	<ul style="list-style-type: none"> Details of any inconsistencies between the Ethical Standard and the Fund's policy for the provision of non-audit services, and any apparent breach of that policy Details of any contingent fee arrangements for non-audit services Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
Internal confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Audit Results Report – September 2021 Updated ARR – dated November 2021 Final ARR – dated September 2022

Appendix B

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Audit Results Report – September 2021 Updated ARR – dated November 2021 Final ARR – dated September 2022
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report – September 2021 Updated ARR – dated November 2021 Final ARR – dated September 2022
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report – September 2021 Updated ARR – dated November 2021 Final ARR – dated September 2022
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit planning report is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit Plan – dated May 2021 and Audit Results Report – September 2021 Updated ARR – dated November 2021 Final ARR – dated September 2022

Management representation letter

Oxfordshire Pension Fund – anticipated draft, based on the current position of the audit. Further representations may be required.

Management Representation Letter

xx September 2022

Kevin Suter
Associate Partner
Ernst & Young LLP
Grosvenor House, Grosvenor Square
Southampton
SO15 2BE

This letter of representations is provided in connection with your audit of the financial statements of Oxfordshire Pension Fund ("the Fund") for the year ended 31 March 2021. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2020 to 31 March 2021 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2021, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

We understand that the purpose of your audit of the Fund's financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
2. We confirm that the Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.
3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and are free of material misstatements, including omissions. We have approved the financial statements.

Management representation letter

4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund, we believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021 that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
6. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with laws and regulations including fraud

1. We acknowledge that we are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have not made any reports to The Pensions Regulator, nor are we aware of any such reports having been made by any of our advisors.
5. There have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of noncompliance with any legal duty.
6. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
 - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund, its ability to continue, or to avoid material penalties
 - Involving management, or employees who have significant roles in internal control, or others
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. You have been informed of all changes to the Fund rules.

Management representation letter

3. All material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.

4. We have made available to you all minutes of the meetings of members of the management of the Fund and committees of members of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through 2020/21 to the most recent meeting of the Audit and Governance Committee on 15 September 2021.

5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

6. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.

8. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021.

9. From 26 November 2020 (the date of our last management representation letter) through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities relating to litigation and claims, both actual and contingent, and have disclosed in Note 25 to the financial statements all guarantees that we have given to third parties.

E. Going Concern

Note [X] to the financial statements discloses all the matters of which we are aware that are relevant to the Company's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

Management representation letter

F. Subsequent Events

1. Other than described in the financial statements, there have been no events, (including events related to the COVID-19 pandemic and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus), subsequent to the period end with a material impact that requires adjustment of, or disclosure in, the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information other than the pension fund financial statements, contained within the Oxfordshire County Council Statement of Accounts 2020/21.
2. We confirm that the content contained within the other information is consistent with the financial statements.
3. We will provide to you the final version of documents when available [*or X date*] and prior to issuance by us, such that you can perform your procedures.

H. Independence

1. We confirm that, under section 27 of the Pensions Act 1995, no members of the management of the Fund of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

I. Derivative Financial Instruments

1. We confirm that the Fund has made no direct investment in derivative financial instruments.

J. Pooling investments, including the use of collective investment vehicles and shared services

1. We confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS Management and Investment of Funds Regulations 2016 in respect of these investments has been followed.

K. Actuarial valuation

1. The latest report of the actuary Hymans Robertson as at 31 March 2019 and dated 31 March 2020 has been provided to you. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on his report.

L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we have engaged to value the investments held by the Fund and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Management representation letter

M. Estimates

Valuation of investments

- 1 We confirm that the significant judgments made in making the investment valuations have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the investment valuations.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021.
4. We confirm that appropriate specialized skills or expertise has been applied in making the investment valuations.
5. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements, including due to the COVID-19 pandemic

Yours faithfully,

Lorna Baxter
Director of Finance

Cllr Roz Smith
Chair of the Audit and Governance Committee

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ED None

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ITEM

AUDIT and GOVERNANCE COMMITTEE 21 SEPTEMBER 2022

INTERNAL AUDIT 2022/23 PROGRESS REPORT

Report by the Director of Finance

RECOMMENDATION

1. The Committee is RECOMMENDED to

Note the progress with the 2022/23 Internal Audit Plan and the outcome of the completed audits.

Executive Summary

2. This report provides an update on the Internal Audit Service, including resources, completed and planned audits.
3. The report includes the Executive Summaries from the individual Internal Audit reports finalised since the last report to the May 2022 Committee. Since the last update, there have been no further red reports issued.

Progress Report:

Resources:

4. A full update on resources was made to the Audit and Governance Committee in May 2022 as part of the Internal Audit Strategy and Plan for 2022/23. Since then, one of our Senior Auditors has resigned and will be leaving us in October. Work has commenced on recruitment to fill this post. We are currently in the process of holding interviews for both a Counter Fraud apprentice and an Internal Audit apprentice.
5. We are continuing to support team members to compete professional training. One of our Senior Auditors has one exam left to complete of the Certified Internal Audit Qualification. The Counter Fraud Intelligence Officer is continuing with his apprenticeship. Once in post the two new apprentices (Internal Audit and Counter Fraud) will commence their apprenticeships.

2022/23 Internal Audit Plan:

6. The 2022/23 Internal Audit Plan, which was agreed at the May 2022 Audit & Governance Committee, is attached as Appendix 1 to this report. This shows current progress with each audit and any amendments made to the plan. The plan and plan progress is reviewed quarterly with senior management.
7. There have been ten audits concluded since the last update, summaries of findings and current status of management actions are detailed in Appendix 2. This includes four audits from 2021/22, that at the time of reporting to the May 2022 committee were still at draft report stage. The completed audits are as follows:

Final Reports 2021/22:

Directorate	2021/22 Audits	Opinion
Childrens	Education Safeguarding	Amber
Environment & Place	Highways Contract Management	Green
Adults	Payments to Providers	Amber
Childrens	Controcc Payments	Amber

Final Reports 2022/23:

Directorate	2022/23 Audits	Opinion
Childrens	Children's Education System Implementation Review – Stage 3 System Testing	Amber
Customers, OD & Resources – I.T	Cyber Security (Ransomware)	Amber
Childrens	Children's Education System Implementation Review – Stage 4 Training	Green
Customers, OD & Resources	Follow up audit – Music Service	Amber
Children's / IT	Education, Health and Care Plan IT Application Review	Green
Childrens	Children's Education System Implementation Review – Processes and Controls	Amber

The following **grant certification** work has been completed since the last report to A&G:

- Travel Demand Management 2020/21
- Green Homes Grant (LAD1B) 2021
- BDUK 2021/22 Q1-3
- BDUK 2021/22 Q4
- Test and Trace 2020/21
- Contain Outbreak Management Fund 2020/21
- Universal Drug Treatment Grant 2021/22

PERFORMANCE

6. The following performance indicators are monitored on a monthly basis.

Performance Measure	Target	% Performance Achieved for 22/23 audits (as at 30/08/22)	Comments
Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	100%	Previously reported year-end figures: 2021/22 59% 2020/21 50% 2019/20 61%
Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 days	100%	Previously reported year-end figures: 2021/22 86% 2020/21 88% 2019/20 74%
Elapsed Time between receipt of management responses to draft report and issue of final report.	10 days	100%	Previously reported year-end figures: 2021/22 66% 2020/21 80% 2019/20 74%

The other performance indicators are:

- % of 2022/23 planned audit activity completed by 30 April 2023 - reported at year end.
- % of management actions implemented (as at 30/08/22) – 72%. Of the remaining there are 3% of actions that are overdue, 11% partially implemented and 14% of actions not yet due.
(At May 2022 A&G Committee the figures reported were 78% implemented, 3% overdue, 4% partially implemented and 15% not yet due)
- % of repeat findings/actions (relative to the number of actions raised within the year) – reported at year end.
- Extended Management Team satisfaction with internal audit work - reported at year end.

Appendix 3

The table in Appendix 3 lists all audits with outstanding open actions, it does not include audits where full implementation has been reported. It shows the split between P1 and P2 actions implemented.

As at 30/08/22, there were 78 actions that are not yet due for implementation (this includes actions where target dates have been moved by the officers responsible), 14 actions not implemented and overdue and 61 actions where partial implementation is reported.

Counter-Fraud

7. The next counter fraud update to Audit & Governance Committee is scheduled for November 2022.

Financial Implications

8. There are no direct financial implications arising from this report

Comments checked by:

Lorna Baxter, Director of Finance, lorna.baxter@oxfordshire.gov.uk

Legal Implications

9. There are no direct legal implications arising from this report.

Comments checked by:

Anita Bradley, Director of Law & Governance and Monitoring Officer,
anita.bradley@oxfordshire.gov.uk

Staff Implications

10. There are no direct staff implications arising from this report.

Equality & Inclusion Implications

11. There are no direct equality and inclusion implications arising from this report.

Sustainability Implications

12. There are no direct sustainability implications arising from this report.

Risk Management

13. There are no direct risk management implications arising from this report.

Lorna Baxter, Director of Finance

Annex: Appendix 1: 2022/23 Internal Audit Plan progress report
Appendix 2: Executive Summaries of finalised audits since last report.
Appendix 3: Summary of open management actions.

Background papers: Nil

Contact Officers: Sarah Cox, Chief Internal Auditor
sarah.cox@oxfordshire.gov.uk

September 2022

APPENDIX 1 - 2022/23 INTERNAL AUDIT PLAN - PROGRESS REPORT

Directorate / Service Area	Audit	Planned qtr start	Status as at 9/9/22	Conclusion
Childrens Services	SEND	Qtr 2 / 3	Scoping	
Childrens Services / IT	Childrens Education System – Implementation of New Council IT System	Qtr 1 / 2	System Testing - Complete	Amber
			Training – Complete	Green
			Operational Processes – Complete	Amber
Childrens Services	Supported Families	Qtr 2	3 claims throughout 22/23 to verify	
Childrens Services	Children we care for / Care Leavers – support with management of finances.	Qtr 2 / 3	Scoping	
Childrens Services	Placements – quality assurance	Qtr 3	Not started	
Childrens Services	YPSA (Young People's Supported Accommodation)	Qtr 3	Not started	
Childrens Services / IT	IT application audit - EHCP System	Qtr 2	Final Report	Green
Adults	Direct Payments – Follow Up	Qtr 1 / 2	Fieldwork	
Adults	Providers – quality assurance	Qtr 4	Not started	
Adults	Shared Lives	Qtr 3	Not started	

Adults	Build back better – Introduction of cap on care costs.	Qtr 4	Not started	
Adults / IT	IT application audit – LAS	Qtr 3 / 4	Not started	
Customers, OD & Resources	Corporate and Statutory Complaints	Q3	Not started	
Customers, OD & Resources	Music Service	Q1	Final Report	Amber
Customers, OD & Resources – IT	Cyber Security – Ransomware	Q1	Final Report	Amber
Customers, OD & Resources – IT	Cloud Services	Qtr 2	Draft Report	
Customers, OD & Resources – IT	Virtualised Infrastructure	Qtr 3 / 4	Not started	
Customers, OD & Resources – IT	IT Agile Working	Qtr 2	Fieldwork	
Customers, OD & Resources – HR	HR – contract management	Qtr 2	Not started	
Customers, OD & Resources – HR	HR – Employee Relations	Qtr 3	Not started	
Customers, OD & Resources – HR / Finance	Payroll	Qtr 3	Not started	
Finance	Pensions Administration	Qtr 3	Not started	
CODR HR/ CDAI Procurement	Off contract spend	Qtr 1 / 2	Fieldwork	
CDAI	Leases	Qtr 3	Not started	

CDAI	Property / FM – Contract Procurement and Contract Management arrangements	Qtr 4	Not started	
CDAI	Legal Case Management	Qtr 4	Not started	
Environment and Place / Finance	Capital Programme - Major Infrastructure	Qtr 2 / 3	Not started	
Environment and Place / Finance	Capital Programme - Highways Asset Management	Qtr 2 / 3	Not started	
Environment and Place	Supported Transport	Qtr 3	Not started	
Environment and Place	S106 – New IT system	Qtr 4	Not started	
Environment and Place	Climate	Qtr 2	Scoping	
Environment and Place	Street Lighting Contract	Qtr 2	Fieldwork	
Environment and Place / IT	IT application audit – GIS	Qtr 3 / 4	Not started	
Corporate / Cross Cutting	Combined Audit & Counter Fraud Reviews (also see Counter Fraud Plans)	ongoing	-	-
Various	Grant Certification: Disabled Facilities Grant Travel Demand Management 2020/21 Green Homes Grant (LAD1B) 2021 BDUK 2021/22 Q1-3 BDUK 2021/22 Q4	Qtr 1-4	Planned for September Complete Complete Complete Complete	

	Test and Trace 2020/21 Contain Outbreak Management Fund 2020/21 Universal Drug Treatment Grant 2021/22		Complete Complete Complete	
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APPENDIX 2 - EXECUTIVE SUMMARIES OF COMPLETED AUDITS

Summary of Completed Audits since last reported to Audit & Governance Committee May 2022.

2021/22 – completed audits

Education Safeguarding 2021/22

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Policies & Procedures	A	0	3
Operational Processes	A	0	5
Management Information	A	0	3
		0	11

Opinion: Amber	
Total: 11	Priority 1 = 0 Priority 2 = 11
Current Status:	
Implemented	3
Due not yet actioned	0
Partially complete	0
Not yet Due	8

The team have been through a number of management changes over the last 12 months. The current Service Manager for LADO (Local Authority Designated Officer) / ESAT (Education Safeguarding Advisory Team) started in the role towards the end of 2021 and there have also been two changes in Head of Service which the LADO role reports into. Since the current LADO came into post, good progress has been noted in reviewing and updating key processes with changes made including updates to the assessment of allegations and referrals in meeting threshold, and updating and improvement of supervision arrangements, providing greater oversight at LADO / Service Manager level over the work of the team. In relation to the oversight and advisory role undertaken by the ESAT part of the team, some improvements have been made to the self-assessment format and reporting following on from this.

The audit noted that there is a lack of clear guidance in place for staff on key processes both in terms of the LADO role and the ESAT role which has led to key areas where there are inconsistencies in approach.

Whilst the self-assessment process completed by schools and the safeguarding advisory review process provide some assurance over the safeguarding arrangements in place, improvements are required in relation to ESAT oversight, challenge, follow up and monitoring of outcomes from these key processes to ensure that weaknesses that are identified are rectified.

As noted above, some improvements have been made to processes in place to assess and document safeguarding referrals, however testing identified inconsistencies in completeness and timeliness of recording of allegations on LCS which meet threshold as well as other inconsistencies in recording outside of the LCS system. These inconsistencies impact on the effectiveness of management oversight.

There were also inconsistencies in recording of advice given in relation to allegations that are not assessed as meeting threshold, again reducing the level of oversight management is able to have over the cases being overseen within the team.

A lack of clarity was noted in relation to some roles and responsibilities where the work of the team overlaps with teams in Education. Outcomes from LADO and ESAT activity can be relevant to the work of the School Improvement and Learner Engagement service and the work undertaken by these teams can require input from the LADO / ESAT team. However, there is no clear agreement over how the work undertaken on either side can or should direct the work of the other and what routine information sharing should be in place. Some joint working and information sharing has happened since the current LADO came into post, but this is not currently routine.

Management information is being produced on a monthly basis by the Performance Information Team covering the information now being recorded on LCS, however this is currently only being used for 6 monthly reporting to DLT, and greater consistency in recording is required to improve the completeness and usefulness of this information going forward. Further improvements are required to define key priorities and areas for performance monitoring within the team which will enable robust management oversight and provide assurance over the effectiveness of the processes in place.

Income monitoring processes also require improvement to provide the Service Manager with timely information on income generation and enable prompt corrective action where required.

Highways Contract Management 2021/22

Overall conclusion on the system of internal control being maintained

G

RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Governance	A	0	3
Value for Money	G	0	0
Accuracy of Payments	G	0	0
		0	3

Opinion: Green	
Total: 3	Priority 1 = 0 Priority 2 = 3
Current Status:	
Implemented	2
Due not yet actioned	0
Partially complete	0
Not yet Due	1

In April 2021, Milestone replaced Skanska as the business delivering the Council's highways maintenance contract. The costing system, SkanWorks, was also replaced in June 2021, with a new system, Causeway. This audit has therefore focused on the governance arrangements in place under the new contract, the mechanisms in place to provide assurance that the contract is delivering value for money, and the management controls in place to ensure the adequacy and accuracy of information submitted for monitoring and payment of costs.

Overall the audit found a strong system of contract governance in place. Appropriate groups exist to monitor quality, capital finance, revenue finance, and overall contract management, with the two Boards for escalation of issues and higher level performance monitoring. Attendance at these meetings was found to be satisfactory, with representation from both OCC and Milestone. It was noted that the Terms of Reference for the Contract Management Group (dated July 2019), Strategic Partnership Board (July 2021) and the Highways Operations Board (September 2020) require updating to reflect some changes in process and that the contract is now with Milestone.

Performance reporting against both the contract performance measures (Operational Performance Indicators – OPIs) and the wider Community

Operations performance indicators were found to be accurate and timely, with sample testing tracing reported figures back to source data satisfactorily. At the contract management level, an OPI performance and exceptions report is in place and regularly reported on, with Contract Management Group (CMG) minutes documenting the review of these indicators, discussion around poor performance, and escalation of issues where necessary. Where issues had been agreed for escalation to a Board meeting, this could then be seen in the minutes of the relevant Board.

The audit found that while the Community Operations risk register is updated regularly and risks are discussed at the relevant governance meetings, the Highways Partnership risk register, relevant to the contract, has not been updated since September 2020 and is therefore not reflective of the novation to Milestone or recent changes in the service area or wider environment. This was acknowledged by the Head of Service who reported a meeting has been scheduled with Milestone to review risk and risk management.

A review of the Council's public webpage for highways maintenance found that while the Highways Asset Management Plan and Strategy had been recently reviewed and updated (an action from the Highways Contract Management Audit carried out in 2020/21), the supporting policies remain dated between December 2018 and December 2019, and the Highways Infrastructure Management Policy is also due a review. It was reported by the Head of Service this is currently underway and the webpage will be updated accordingly when the new documents have been signed off by Cabinet.

The audit noted the use of several mechanisms to measure and monitor the efficiency and value for money of the contract. This includes the National Highways & Transport Network's "normalised costs" methodology, which provides an annual analysis of the Council's carriageway maintenance costs, adjusted to allow direct comparison to other authorities, and most recently showing Oxfordshire as above average. Evidence of mini benchmarking exercises undertaken by Milestone and OCC was also provided, undertaken to provide assurance that costs paid under the contract represent value for money.

In terms of accuracy of payments, sample testing found applications for payment against Task Orders are being reviewed and signed off appropriately, with variances to expected costs challenged as necessary. Both Milestone's applications for payment and resulting payments from OCC were found to be made on a timely basis and in line with target timescales.

Comprehensive budget monitoring processes were found to be in place, including monthly exception reports to the Head of Service; Revenue and Capital Finance Groups (attended by both OCC and Milestone officers); and monthly finance and budget dashboards presented to the Highways Operations Board, providing oversight of capital and revenue finance, including issued task orders, forecast variance, spend profiles, and delivery. High level figures are also included on performance and quality.

The 2020/21 Internal Audit of Highways Contract Management contained 11 management actions. All of these, along with 5 further actions from previous Highways Audits, have now been reported as implemented. A review of the

effectiveness of implementation carried out as part of this audit confirmed 13 have been fully implemented with controls (or adequate controls if the process had changed) in place and operating effectively. The remaining 3 actions relate to Highways Asset Management Documents, governance meeting Terms of References, and the maintenance of the Highways Partnership Risk Register, which have been highlighted above.

Payments to Providers 2021/22

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Risk Area A: Policies and Procedures	G	0	0
Risk Area B: Payment Accuracy and Timeliness	A	0	5
Risk Area C: Overpayments	.*	0	1
Risk Area D: Management Information	G	0	0
		0	6

Opinion: Amber	
Total: 6	Priority 1 = 0 Priority 2 = 6
Current Status:	
Implemented	1
Due not yet actioned	0
Partially complete	0
Not yet Due	5

Overall, the audit identified a satisfactory level of control surrounding payments to providers within Adult Social Care, with clear policies and procedures in place.

The sample testing identified some areas of non-compliance to procedures, where controls or monitoring could be strengthened in order to improve efficiencies and ensure correct authorisation, including:

- The additional approval required for care packages that exceed the indicative budget by at least 10% had not been sought correctly and in advance of care starting in all 10 cases reviewed.
- Instances of non-recording of documents or notes on LAS were noted, including the cost calculator and respite referral forms not uploaded in 2

out of 5 cases sampled; case notes not added in 5/5 deleted records explaining the reason for the CPLI deletion; and in half of the care packages sampled, a case note had not been added to confirm the Support Plan had been authorised, as per the procedures, meaning the worker was not notified that the Service Request Form can be completed and authorised.

* A caveat to the audit opinion (in particular in relation to Overpayments) is the recent changes to the process for checking and monitoring payments to home care providers under the new Live Well at Home contractual arrangements. Previously payments were made based upon actual time recording via the Council's Electronic Time Management System used by carers when arriving and leaving a property. Regular checks and monitoring were undertaken to verify the accuracy of visits and time recording. However, under the new system providers are paid based on planned care visits. The Council is currently considering the risks and benefits of this system in terms of payment accuracy and a new monitoring system will be developed, at which point internal audit will review in order to provide assurance.

The audit noted recent improvements in the management information and performance data that is produced for this area for the Performance Hub.

The audit followed up on the management actions agreed under the previous Payments to Providers audit – as follows:

Of the 12 actions from previous audit of Payments to Providers 11 have been closed down as fully implemented. The fieldwork of the 2021/22 Payments to Providers audit found that 10 of the closed down actions had been appropriately implemented or were no longer relevant. The remaining closed action hadn't been fully implemented and has been detailed as a finding below to be actioned (see finding 6). The 1 remaining open action is yet to implemented, which is in progress.

Childrens Payments via Controcc 2021/22

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	
Total: 9	Priority 1 = 0 Priority 2 = 9
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	9

Introduction

Following the implementation of LCS and ContrOCC in June 2019 an internal audit of Children's Payments was carried out in Quarter 4 of 2019/20. The audit was graded Red, with sample testing across various types of placements identifying inaccurate and delayed payments, as well as overpayments, a lack of routine management information, and heavy reliance on manual adjustments and suspensions to make payments efficiently.

Management actions were agreed to address the weaknesses identified, alongside the planned recommencement of the Finance Functions Project, which had been paused due to Covid-19 but aimed to centralise activity related to payments and care packages into one service, allowing standardisation of financial, contractual, and system controls.

This audit was therefore agreed as part of the annual audit plan to provide assurance on the controls in place over the accuracy, validity, timeliness, and authorisation of payments made from ContrOCC, and include follow up of the previous audit undertaken in 2019/20.

Overall Conclusion

The overall conclusion of this audit is Amber. The audit recognises the improvements that have been made since the 2019/20 audit, with the new Payments and System Data Team service implemented in November 2020, and the focus within the service on priority areas when addressing both known and identified weaknesses.

Significant improvements were noted, in particular, in the provision of management information. Dashboards focused on key areas of risk are now embedded, with quarterly performance reports going to the Corporate Parenting Financial Monitoring Group. This provides officers in Children's Social Care and Corporate Finance with high level information on the accuracy and integrity of payments, including performance against key metrics. Similar information is also reported to the Social Care Finance Functions Performance and Project Board. It was recognised within the service that now this reporting is embedded; it can be developed further.

In terms of the accuracy and integrity of payments, from the sample tested, weaknesses were noted with the accuracy and timeliness of setting up and closing down placements, resulting in delayed payments and overpayments. These were found to most commonly be due to delays in the completion of relevant forms on LCS. It is acknowledged, however, that due to the complex nature of the issues identified, the improvements made in the past two years require time to bed in. This is known within the service, with ongoing work such as the Social Care Finance Functions Project and the LEAN review to continue to address weaknesses.

Policies and procedures for key areas and responsibilities are in place for the Systems Team and the Payments Team but were found to be limited on the social care side, however this is already recognised by the service as an area for improvement and is included as a tranche in the Social Care Finance Functions Project, with LCS guidance and training requirements under review.

Follow Up

The 2019/20 Audit of Children's Payments contained 22 management actions. Of these, 20 were reported as fully implemented and 2 in the progress of being implemented (recording of cash payments on ContrOCC and recording and payments for short breaks).

A review of the effectiveness of implementation carried out as part of the audit for these 20 found 14 to have been implemented effectively and 4 to have been superceded. The remaining 2, while reported as implemented, were found to not be working effectively as the weaknesses have been identified again during this audit, related to the accurate and timely recording of placements, and of Internal Fostering relief care. As noted above, it is appreciated these are known areas for improvement by the service, with continuous improvement work taking place.

Management Response

The 2019/20 ContrOCC audit found significant failings with the overall conclusion being Red. We therefore welcomed this repeat audit to assess the effectiveness of actions arising from the 2019/20 audit and to identify any further improvements needed.

This audit recognises the progress made through the sustained efforts by colleagues across finance, children's social care and commissioning since 2020 and that, given the complexity of the issues and tasks, improvements have and will continue to take time to embed and have a sustained positive impact.

Whilst the audit has found that there remain errors in the system, it is also positive that monitoring and reporting systems developed since the 2019/20 audit now flag these errors so that they are known and can be addressed in a timely way. It is through the monitoring reports that managers receive assurance that the significance of errors and adjustments remain at levels that are proportionate to risks, so that resources across the system can be prioritised accordingly, as we continue to take actions to improve the systems and performance. The audit has identified some findings that require a more immediate response and new actions have been taken to address them. These are reflected in an updated action plan. We are confident that the progress made since the 2019/20 audit means that we can now build upon what has already been achieved.

The learning and actions arising from the lean review and the continued work of the Finance Functions Performance and Project Board will be integral to addressing the current weaknesses identified and it is imperative that we are able to continue to focus our resources to achieve positive and sustainable outcomes in a timely and proportionate way and continue to do so beyond the completion of these audit actions with a view to continuous service improvement.

2022/23 – completed audits

Children's Education System Implementation Review – Stage 3 System Testing

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	
Total: 4	Priority 1 = 0 Priority 2 = 4
Current Status:	
Implemented	1
Due not yet actioned	1
Partially complete	2
Not yet Due	0

The audit is being undertaken over a number of stages, the first two of which were completed in 2021/22. Internal Audit will cover both assurance over the design of operational processes and controls for the new system and also key IT system processes and controls. Management letters will be produced to report on our findings from each stage of our review. This reports on the third stage review, which looked at System Testing. *(Note this was the reported position, when the internal audit management letter was finalised 27/5/22).*

Overall Conclusion

Our overall conclusion is Amber. This is based on the scope of the work undertaken relating to the consideration of the implementation of key system controls in relation to system testing.

System testing is currently being performed on the new EYES solution and there has been a number of data migration and user acceptance testing (UAT) cycles. The supplier is releasing UAT4 on the 9th May 2022 for the next phase of testing and all testing will need to be completed and signed-off by the 24th June in order to meet the 10th August go-live date.

A Testing Strategy was produced at the start of the project but there is no evidence of it being formally approved by the CES Project Board and we also found that it has not been maintained up-to-date. Some of the key requirements of the strategy, such as the development of test plans and agreement of acceptance criteria, have not been followed in practice. There have been a number of challenges to testing which have, in some cases, required a different and more iterative approach to be followed, which we are informed is a result of the way the system has been delivered by the supplier.

Workstream leads are carrying out testing in conjunction with service areas and no issues have been highlighted in terms of the availability of service area staff for this purpose. The actual approach to testing varies for different workstreams. Where test scripts have been developed there is no evidence of them being reviewed and signed-off to ensure they cover all relevant areas.

Workstream leads confirmed that their testing includes different scenarios but again there is no evidence to support this.

There is a system in place to log all issues and errors identified through testing and a master log of these is maintained by the Testing Lead. A review of the log identified that there are currently over 100 'Blocker' issues, which are those that would prevent go-live. The Project Manager has written to the supplier to ask when they will be resolved. The Project Board have also been made aware of the issue via the Board Report, although it was not included in the last (April 2022) report and previous ones did not reference it in any level of detail and hence the Board may be unaware of the critical nature of the issue and the potential impact on go-live.

Cyber Security (Ransomware) 2022/23

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Education and Awareness	A	0	4
Malware Scanning	G	0	0
Privileged Access	G	0	0
Vulnerable Services	G	0	0
Vulnerability Scanning	G	0	0
Security Patching	A	0	2
Backups	G	0	0
Incident Response	R	1	0
		1	6

Opinion: Amber	
Total: 7	Priority 1 = 1 Priority 2 = 6
Current Status:	
Implemented	4
Due not yet actioned	0
Partially complete	0
Not yet Due	3

Cyber security remains a key area of business risk and there are no signs of this changing given the seemingly endless reports on data breaches, ransomware, phishing and other types of cyber-attack. All organisations that have digital systems are vulnerable to cyber-attacks and must operate strong security controls to minimise the risk of any attack being successful.

Education and Awareness:

Senior management and Members at the council are given updates on cyber security and have also been made aware of specific threats, such as phishing. Cyber is included on the IT risk register and also the corporate risk register, although we noted that the risk is not scored consistently between the two and hence senior management may not have an accurate assessment of the overall risk to the council. The risk registers were also found not to include all the relevant controls that are relied upon to manage the risk to ensure any changes in the control framework are reflected in the risk assessment.

Users are sent periodic general reminders on cyber security and made aware of specific threats when they arise. We have identified a risk relating to the formal training of users on cyber security.

Malware Scanning:

A number of different tools are used to scan for malicious software, including ransomware, and they operate at the network boundary and on each client machine. No risks were identified with how these tools are configured, managed and monitored.

Privileged Access:

A review of privileged accounts found they are well managed and controlled. There is a formal policy governing their use, which all account holders have to sign, and there is a six-monthly review of all such accounts to ensure their access is still valid.

Vulnerable Services:

No risks identified.

Vulnerability Scanning:

A new vulnerability scanning tool is being implemented that will scan all clients in real-time and provide a greater level of management reporting than what is currently in place with the existing tool...

Security Patching:

All client machines are updated with Windows security patches and there are checks in place to ensure the updates have installed successfully.

Backups:

IT Services are addressing the risk of ransomware infecting backups by implementing a new "air-gapped" backup solution that will provide immutable storage. The new solution includes a security utility which scans backups for any potential signs of encryption.

Incident Response Plan:

There is a draft Cyber Incident Response Plan, which details how IT Services will respond to a major cyber-attack. The plan needs to be further developed and formally tested to ensure it is effective.

Children's Education System Implementation Review – Stage 4 Training

Overall conclusion on the system of internal control being maintained	G
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Opinion: Green	
Total: 1	Priority 1 = 0 Priority 2 = 1
Current Status:	
Implemented	1
Due not yet actioned	0
Partially complete	0
Not yet Due	0

The audit is being undertaken over a number of stages, the first two of which were completed in 2021/22. Internal Audit will cover both assurance over the design of operational processes and controls for the new system and also key IT system processes and controls. Management letters will be produced to report on our findings from each stage of our review. This reports on the fourth stage review, which looked at Training. *(Note this was the reported position, when the internal audit management letter was finalised 19/7/22).*

Overall Conclusion

Our overall conclusion is Green. This is based on the scope of the work undertaken relating to the consideration of the implementation of key system controls in relation to user training.

There is a documented and approved Training Strategy, which sets out the high-level approach to the training of users on the new system. A training needs analysis has also been performed to identify the different training requirements for service areas and teams.

A training plan has been developed which has details of scheduled training dates and the different forms of delivery, such as webinar, written guidance, classroom session etc. User training will start w/c 21st June for a limited number of services and wider training will commence the following week. There are plans for some services to receive refresher training after the summer break in September and all training will be based on the latest version of the EYES system, which is currently v11.03.

Records of user attendance at training sessions will be maintained by the Training Co-ordinator and used to identify people who do not attend the agreed training. These will be followed up. We have highlighted the need to

get user feedback on training sessions to ensure that any issues are identified early on and, where possible, addressed in the remaining training schedule.

Following go-live, all users will be required to log any support calls with the ICT service desk, from where they will be passed to the ICT Application Support team for resolution. The ICT Application Support team will be supplemented by members of the project team until December 2022 to help deal with these support calls. We have raised with the Project Manager the potential for there to be a higher-than-normal number of support calls to the service desk, compared to other recent IT system implementations, as a result of users working remotely. There are no concerns at this stage with the capacity of the service desk to deal with these calls, in part as the system is being implemented during the quieter summer period. The Project Manager has made the ICT Service Desk Manager aware of these plans.

Music Service follow Up Audit 2022/23

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	
Total: 17	Priority 1 = 0 Priority 2 = 17
Current Status:	
Implemented	3
Due not yet actioned	0
Partially complete	0
Not yet Due	14

An audit of the Music Service in 2020/21 noted a number of areas where improvements in the control environment had been made since the previous audit in February 2020. However, some areas of weakness were still apparent particularly around financial management. 40 management actions were agreed, and an Amber rated report issued.

Ongoing review of the implementation of the agreed management actions was carried out by Internal Audit and a follow up audit was agreed as part of the 2021/22 Internal Audit plan, which due to various pressures was moved to Q1 2022/23.

The audit reviewed the implementation of management actions agreed with management in 2020/21. The majority of these actions were not re-reviewed in this follow up audit as satisfactory evidence had been provided in order to close them down during the course of the year.

The follow up audit reviewed the following areas with sample testing also undertaken:

- Strategy & structure
- Performance
- Finance (in particular purchasing, debtors, refunds)
- Systems (Speed Admin)

A new Head of Service joined in October 2021, providing management capacity and leadership to the Music Service. Of 40 actions agreed following the audit in 2020/21 33 have been closed and implemented, 2 are re-stated, 3 are superseded and 5 are closed but require further work so new actions have been agreed. The new report contains 17 actions.

The audit noted that the financial position of the Music Service at the end of 2021/22 was much improved, with no use of reserves as happened in previous years. Funding has been secured from the Arts Council however the issue of future funding continues to be a risk for the Service.

The Quality Assurance Framework (QAF) was found to be in the process of being completed and work had been carried out on developing the new business plan recently agreed by OMEP (Oxfordshire Music Education partnership).

The Service have made good progress to reduce the level of debt as there has been a reduction in the level of debt on hand, however there are still some further improvements noted in particular with managing debt over 3 years old. It was identified that staff are not always following the OCC guidance and Standing Operating Procedures (SOP) put in place as a result of the previous audit for purchasing goods and services, in particular not always raising Purchase Orders prior to purchase. Issues were noted in the audit with regards asset management as several items of value from the audit sample could not be located.

Education, Health and Care Plan IT Application Review 2022/23

Overall conclusion on the system of internal control being maintained	G
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Logical Security	G	0	0
Access Rights	G	0	0
System Administration	A	0	2
Audit Trails	G	0	0
System Support	G	0	0
		0	2

Opinion: Green	
Total: 2	Priority 1 = 0 Priority 2 = 2
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	2

The EHCP (Education, Health & Care Plan) IT Application supports the organisation's statutory duty to assess children with special educational needs. EHCP is a module within the Early Help Module (EHM) system. EHM went live in 2019 and EHCP was implemented in August 2021. EHCP shares a database with the Liquidlogic Children's System (LCS).

Logical Security:

The EHCP application has a web interface and our testing confirmed that access is via a secure and encrypted network connection. All users have a unique account to the application. Users currently login to the application by entering their network username and password, although this will change in August 2022 when single sign-on is introduced as part of the Liquidlogic EYES implementation.

Access Rights:

Access profiles are used to grant rights within the application and each user is allocated a single profile. All SEN team members have the same access requirement to the system and are therefore granted the same profile, which was built when the system was implemented.

System Administration:

System administration for the EHCP application is performed by ICT Services and there are procedures in place for managing users in terms of starters and leavers. All system administrators have their own individual accounts and hence there is clear accountability for all such activity. A review of the form used to request access to the application found that it encourages access rights to be copied from an existing user, which is bad practice and can lead to users being granted incorrect levels of access. A review of the users with system administration access identified a small number of accounts which no longer require this privileged access and hence it should be removed to prevent unauthorised changes being made.

Audit Trails:

The application comes with an audit trail facility, which is not locally configurable. There is an audit trail on each client record which shows a history of all user activity, along with a timestamp and details of what has been changed. There is also a system wide audit report that can be used to review the activity of a specific user over a defined period of time.

System Support:

The application is supported and maintained. We were initially informed that whilst it is supported, there was no formal support and maintenance contract in place with the supplier, only a verbal commitment. Further investigation by ICT revealed that support arrangements for EHCP are included in the new EYES Education system support contract. Users are required to log all support calls with the ICT service desk and only five such calls were open at the time of the audit. A knowledge base for the ICT support team is being developed.

Children's Education System Implementation Review – Processes and Controls

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	
Total: 5	Priority 1 = 0 Priority 2 = 5
Current Status:	
Implemented	1
Due not yet actioned	0
Partially complete	0
Not yet Due	4

The audit is being undertaken over a number of stages. Internal Audit have covered both assurance over the design of operational processes and controls for the new system and also key IT system processes and controls. Management letters are produced to report on our findings from each stage of our review. This reports on the review of design of operational processes and controls relating to the implementation of modules of the new Liquidlogic education systems relating to Early Years finance.

The Early Years and Education System (EYES) and Liquidlogic Integrated Finance Technology (LIFT) applications include modules for Early Years that holds child/setting and finance information respectively. The Establishment Portal is used for tasks including submission of applications and returns relating to early years funding.

Internal Audit will be completing more detailed process reviews later in 2022/23 in relation to both SEND (separate audit to be completed in Q2-3) and Supported Transport / Home to School Transport as part of separate audits included within this year's audit plan.

The EHCP module for SEND went live in August 2021. LIFT finance functionality for EHCP SEND was successfully implemented on 6th June 2022. The rest of the education systems implementation (EYES, LIFT and the

Parent and Establishment Portals) was delivered successfully into live service on 10th August 2022. Issues arising post implementation are being raised with the project team who have reported that they are resolving these as quickly as possible, referring issues on to Liquidlogic where required.

Overall Conclusion

Our overall conclusion is Amber. This is based on the scope of the work undertaken relating to the consideration of the design of operational processes and controls for early years finance.

Children's services have now implemented a new children's education IT system which replaces the legacy Capita system covering all areas of education case management, including: Admissions, Home to School Transport, Early Years and the rest of the core EYES product containing SEN Support Services, Early Years SEN, Educational Psychology, Establishment Safeguarding, Children in Employment/Entertainment, Children Missing Education, Elective Home Education, Attendance and Exclusions. The core EYES system will hold child and setting information, LIFT will cover financial processes including Supported Transport, Early Years and SEND finance. As a result of the new system implementation, information across the different services within Education will be from one source which should increase accuracy and accessibility for those who require access.

From the discussions held with key staff, it is apparent that services have been actively involved in the development and implementation of the new system, including the two main applications and portals that have recently gone live. It is noted that all those involved in the project have worked hard to ensure that the system could go live as planned, responding to challenges posed by shorter than expected timeframes for testing and feeding back on new system releases right up to the point of go live. There are also plans in place for provision of comprehensive support for the different service areas from the project team following implementation covering the key tasks and they take place for the first time in the live system following implementation.

In relation to Early Years, there are some areas noted (all identified prior to the audit being completed) where additional work is required to confirm process and establish the relevant controls. This includes the development and implementation of two-way communication functionality within the Establishment portal, review, refinement and confirmation of system reporting, confirmation of the process and controls around ensuring the accuracy of payments to providers receiving adverse Ofsted ratings and confirmation of some aspects of the process for reviewing and confirming continued eligibility for funding.

APPENDIX 3 – As at 30/08/2022 - all audits with outstanding open actions
(excludes audits where full implementation reported):

Report Title	ACTIONS						Not Due for Implementation	Not Implemented	Partially Implemented
	P1 & P2 ACTIONS			IMPLEMENTED					
	1	2	Total	1	2	Total			
OCC Capital Procurement Audit 2019/20	1	7	8	-	7	7	1	-	-
OCC Carterton Comm College 20/21	4	16	20	4	15	19	-	-	1
OCC Childrens Educ IT System Implem Stage 3 22/23	2	2	4	-	1	1	-	1	2
OCC Childrens Educ IT system implem Stage 2 21/22	0	4	4	-	2	2	-	-	2
OCC Childrens Educ Sys Implem 20/21	1	14	15	1	13	14	-	-	1
OCC Childrens Placement Vacancies 20/21	0	9	9	-	4	4	-	-	5
OCC Client Charging 21/22	0	5	5	-	4	4	1	-	-
OCC Client Charging and Prov Payments 2019/20	0	21	21	-	19	19	-	-	2
OCC Controccc Payments 19/20	4	18	22	4	16	20	2	-	-
OCC Covid Payments Audit 2020/21 – 85% Transport Payments	0	5	5	-	1	1	4	-	-
OCC Cyber Security (Ransomware) 22/23	1	6	7	-	4	4	3	-	-
OCC Cyber Security 21/22	2	11	13	2	10	12	1	-	-
OCC ECHP IT APP 22/23	0	2	2	-	-	-	2	-	-
OCC Education Safeguarding 21/22	0	11	11	-	3	3	8	-	-
OCC Family Solutions Plus 2020/21	0	2	2	-	1	1	1	-	-
OCC Five Acres School 21/22	2	9	11	1	8	9	-	-	2
OCC Fleet Mgmt Compliance 21/22	0	5	5	-	4	4	1	-	-
OCC Gartan Payroll 21/22	1	34	35	-	8	8	6	3	18
OCC GDPR 21/22	1	11	12	-	4	4	2	3	3
OCC Growth Board AB Role 21/22	0	1	1	-	-	-	1	-	-
OCC Health & Safety Follow Up 201920	2	14	16	1	14	15	-	-	1
OCC Highways 2021/22	0	3	3	-	2	2	1	-	-
OCC IT Asset Management 20/21	1	9	10	1	6	7	-	-	3
OCC IT BAU Change Management 21/22	0	5	5	-	4	4	-	1	-
OCC Money Mgmt 21/22	0	6	6	-	5	5	1	-	-
OCC Music Service Follow Up 22/23	0	17	17	-	3	3	14	-	-
OCC OSJ Contract Mgmt 2020/21	3	18	21	1	13	14	2	1	4
OCC Payments to Providers 21/22	0	6	6	-	1	1	5	-	-
OCC PCI 2021/22	0	5	5	-	2	2	-	1	2
OCC Pensions Admin 21/22	0	5	5	-	1	1	1	-	3
OCC Provision Cycle 2021/22	0	19	19	-	14	14	5	-	-
OCC Risk Management 20/21	0	14	14	-	8	8	-	-	6

OCC S106 21/22	0	6	6	-	1	1	5	-	-
OCC SEND 2020/21	14	27	41	11	21	32	3	-	6
OCC Software Asset Mgmt 2122	0	2	2	-	1	1	-	1	-
OCC Treasury Mgmt 21/22	0	2	2	-	1	1	1	-	-
OCC Web Portals 20/21	0	9	9	-	7	7	2	-	-
OCC Wellbeing and Sickness Mgmt 21/22	0	6	6	-	-	-	3	3	-
Purchasing (inc Acc Payable) 2017/18	0	2	2	-	1	1	1	-	-
Samuelson House 2018/19	0	5	5	-	4	4	1	-	-
TOTAL	39	373	412	26	233	259	78	14	61

Division(s): N/A

ITEM

AUDIT & GOVERNANCE COMMITTEE – 20 SEPTEMBER 2022

TREASURY MANAGEMENT QUARTER 1 PERFORMANCE REPORT 2022/23

Report by Director of Finance

RECOMMENDATION

1. **Audit & Governance Committee is RECOMMENDED to note the report, and to RECOMMEND Council to note the council's treasury management activity the first quarter of 2022/23.**

Executive Summary

2. This report covers the treasury management activity for the first quarter of 2022/23 in compliance with the CIPFA Code of Practice on Treasury Management 2021. It provides an update on the anticipated position and prudential indicators set out in the Treasury Management Strategy Statement & Annual Investment Strategy for 2022/23 agreed as part of the council's budget and Medium Term Financial Strategy in February 2022
3. The global economy has changed significantly since the Strategy was agreed. Supply and workforce issues have caused global inflation, leading to world central banks increasing base interest rates much faster than forecast. Further interest rate rises are likely during the financial year, making investment returns more sensitive week to week. There is also volatility in global bond, equity and property markets which will lead to fluctuations in the value of investments in these instruments.
4. During the first quarter of the year there were no maturities of external debt. The external debt balance remained at £313.38m on 30 June 2022.
5. The average daily balance of temporary surplus cash invested in-house in the three months to 30 June was £465.10m, compared to the £342.00m budget. The Council achieved an average in-house return for that period of 0.73%. That was above the budgeted rate of 0.58% set in the strategy. This has produced gross interest receivable of £0.85m for the quarter to 30 June 2022 compared to budget of £0.38m.
6. During the first quarter of the year the Council maintained its holding in external funds. Gross distributions from the council's investments in pooled funds totalled £0.68m in the first quarter of the year, exceeding the budgeted figure of £0.60m. Forecast returns for the year are £3.81m, in line with the budget of £3.81m.

Introduction

7. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice on Treasury Management 2021 recommends that members are informed of Treasury

Management activities at least four times per year. This report ensures this authority is embracing Best Practice in accordance with CIPFA's recommendations.

8. The following annexes are attached

Annex 1	Debt Financing 2022/23
Annex 2	Public Works Loans Board (PWLB) Debt Maturing
Annex 3	Prudential Indicator Monitoring
Annex 4	Specified & Non-Specified Investments 2022/23

Treasury Management Strategy 2022/23

9. The Treasury Management Strategy & Annual Investment Strategy for 2022/23 outlines the Council's strategic objectives in terms of its debt and investment management for the financial year 2022/23.
10. The Strategy sets out that the forecast average cash balance for 2022/23 is £442m. The average base rate forecast was 0.35%
11. The council intends to maintain its investment in strategic pooled funds with a purchase value of £101m (23%), with the remaining £341m (77%) being managed internally with a mixture of short, medium and long-term deposits.
12. The Strategy included the continued use of pooled fund vehicles with variable net asset value.
13. The Strategy for borrowing provided an option to fund new or replacement borrowing. The limit for internal borrowing was combined with the long term lending limit, and will not exceed £300m.

External Context – Provided by Link Treasury Services

14. **Economic backdrop:** Following the 0.1% month on month fall in GDP in March and the 0.3% month on month contraction in April, the economy is now moving towards a recession. However, after adjusting for the impact of winding down of the COVID-19 Test and Trace activity and the vaccination programme on the wider economic position the underlying momentum may not be as weak as the headline figures suggest.
15. The Composite Purchasing Managers Index (PMI) remained unchanged in June, at May's level of 53.1, suggesting that real GDP softened rather than collapsed.
16. CPI inflation rose from 9.0% in April 2022 to a new 40-year high of 9.1% in May and it is not yet close to its peak. The increase in CPI inflation in May was mainly due to a further leap in food price inflation from 6.7% to a 13-year high of 8.5%. With the influence of increases in agricultural commodity prices yet to fully feed into prices on the supermarket shelves, it is likely that food price inflation will rise above 10% in September. Previous forecasts were for CPI inflation to peak at 10.5% in October, however, following the announcement of the energy price freeze in September, this is likely to be softened.

17. The Bank Rate has recently been increased to 1.25%, taking it to its highest level since the Global Financial Crisis. The Monetary Policy Committee's (MPC) new guidance is that if there are signs of "more persistent inflationary pressures" it will, "if necessary act forcefully in response". We expect the MPC to continue to raise rates in steps of 0.25% rather than 0.50%. We think the MPC will raise rates from 1.25% now to a peak of 2.75% next year. That's higher than the peak of 2.00% forecast by economists, but lower than the peak priced into the financial markets
18. Gilt yields have been affected by the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. And in response to signs that central banks (particularly the US Fed) are going to raise interest rates faster to get on top of inflation, we now think that 10-year gilt yields will reach a peak of 2.70% (up from 2.39% currently) this year and into 2023.
19. **Interest Rate Forecasts** Link Group, provided the following forecasts on 9th August 2022:

Link Group Interest Rate View 09.08.22													
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	2.25	2.50	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25	2.25	2.00
3 month ave earnings	2.50	2.80	3.00	2.90	2.80	2.50	2.40	2.30	2.30	2.30	2.20	2.20	2.20
6 month ave earnings	2.90	3.10	3.10	3.00	2.90	2.80	2.70	2.60	2.50	2.50	2.40	2.30	2.30
12 month ave earnings	3.20	3.30	3.20	3.10	3.00	2.90	2.80	2.70	2.40	2.40	2.40	2.40	2.40
5 yr PWLB	2.80	3.00	3.10	3.10	3.00	3.00	2.90	2.90	2.80	2.80	2.80	2.70	2.70
10 yr PWLB	3.00	3.20	3.30	3.30	3.20	3.10	3.10	3.00	3.00	3.00	2.90	2.90	2.80
25 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.40	3.30	3.30	3.20	3.20	3.20	3.10
50 yr PWLB	3.10	3.20	3.20	3.20	3.20	3.10	3.10	3.00	3.00	2.90	2.90	2.90	2.80

Treasury Management Activity

Debt Financing

20. The Strategy for 2022/23 assumed the level of external borrowing would increase by £46m during the financial year. As a result of slippage in the capital programme noted in the Capital Monitoring Report to Cabinet in July 2022 and the forecast for cash balances over the medium term this external borrowing will not be arranged in 2022/23. .
21. The Council's cumulative total external remained at from £313.38m from 1 April 2022 to 30 June 2022. No new debt financing has been arranged during the year. The total forecast external debt as at 31 March 2023 is £306.38m. The forecast debt financing position for 31 March 2023 is shown in Annex 1.

22. At 30 June 2022, the authority had 50 PWLB¹ loans totalling £263.38m, nine LOBO² loans totalling £45m and one long-term fixed Money Market loan totalling £5m³. The combined weighted average interest rate for external debt as at 30 June 2022 was 4.44%.

Maturing Debt

23. No debt matured during the quarter of the year. The Council is forecast to repay £7m of PWLB debt by 31st March 2023. The details are set out in Annex 2.

Debt Restructuring

24. The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Authority's portfolio and therefore unattractive for debt restructuring activity. No PWLB debt restructuring activity was undertaken during the first half of the year. However, given the forecast for bond rates, debt restructuring opportunities are being actively sought with our advisors, Link Treasury Services.

LOBOs

25. At the beginning of the financial year the Council held £45m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £15m of these LOBOs had options during 2022/23, to the 30 June 2022 none had been exercised by the lender. The Council is exploring early repayment opportunities of LOBOs with Link Treasury Services.

Investment Strategy

26. The Council holds deposits and invested funds representing income received in advance of expenditure plus balances and reserves. The guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles. The Council continued to adopt a cautious approach to lending to financial institutions and continuously monitored credit quality information relating to counterparties.
27. During the first quarter of the financial year term fixed deposits have been placed with other Local Authorities as per the approved lending list, whilst Money Market Funds have been utilised for short-term liquidity. Inter Local Authority lending remains an attractive market to deposit funds with from a security view point, whilst the Government's Debt Management Deposit Facility (DMADF) has also provided a competitive and secure counterparty. With rapidly increasing interest rates, the Council has taken a position of laddering investments, taking advantage of increased market rates and ensuring a continuous cycle of maturities to be invested at higher rates.

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.

³ In June 2016, the Council's LOBO with Barclays PLC was converted to a fixed rate loan at its current interest rate of 3.95% to mature on the 29th May 2065 with Barclays waiving their right to change the interest rate on the loan in the future.

28. The Treasury Management Strategy Statement and Annual Investment Strategy for 2022/23 included the use of external fund managers and pooled funds to diversify the investment portfolio through the use of different investment instruments, investment in different markets, and exposure to a range of counterparties. It is expected that these funds should outperform the Council's in-house investment performance over a rolling three-year period. The strategy permitted up to 50% of the total portfolio to be invested with external fund managers and pooled funds (excluding Money Market Funds). The performance of the pooled funds will continue to be monitored by the Treasury Management Strategy Team (TMST) throughout the year against respective benchmarks and the in-house portfolio.
29. At the start of the year the UK Bank Rate was 0.75%. This was above the forecast of 0.25% owing to consecutive interest rate rises in February and March 2022 as a result of the invasion of Ukraine. Further increases in May and June saw the official rate increase to 1.25% by 30th June. With ongoing inflationary pressures impacting on the UK economy, the forecast is for interest rates to increase to a high of 2.75% by March 2023, then reduce to 2.00% by 2025.
30. The long term lending limit for 2022/23 is £205m. During the first six months of the year the average available cash headroom within that limit was £10m.

The Council's Lending List

31. The Council's in-house cash balances were deposited with institutions that meet the Council's approved credit rating criteria. The approved Lending List is updated to reflect changes in counterparty credit quality with changes reported to Cabinet on a bi-monthly basis. There were no changes to the lending list in the first quarter of 2022.
32. In the quarter to 30 June 2022 there were no instances of breaches in policy in relation to the Council's Lending List. Any breaches in policy will be reported to Cabinet as part of the monthly Business Management & Monitoring report.

Investment Performance

33. 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 Statement and Annual Investment Strategy for 2022/23 and by maintaining a limited exposure to "bail in" banks and favouring deposits with other Local Authorities and the DMADF. As at 30 June 2022, the Council had £419.0m deposited with 41 other Local Authorities with an average deposit total of £8.76m per authority. As at 30 June 2022, the maximum deposit with any single local authority was £25m. This was below the limit of £30m. The Council also had £80m deposited with the DMADF as at 30 June 2022.
34. The average daily balance of temporary surplus cash invested in-house in the quarter to 30 June 2022 was £465.10m, compared to a budgeted figure of £342.00m. The Council achieved an average in-house return for that period of 0.73%, above the budgeted rate of 0.35% set in the strategy. This has produced gross interest receivable of £0.85m for the quarter to 30 June compared to budget of £0.38m.

35. Temporary surplus cash includes; developer contributions; council reserves and balances; trust fund balances; and various other funds to which the Council pays interest at each financial year end, based on a margin below the Sterling Overnight Interest Average.

External Fund Managers and Pooled Funds

36. During the first quarter of 2022/23 the Council maintained its holding in external funds. The value of the funds was £101.08m as at 30 June 2022 compared to £105.53m at 31 March 2022. The original purchase cost of the portfolio in March 2019 was £101.0m. Weighted by original purchase value, pooled fund investments produced an annualised income return of 3.87% for the period. These investments are held with a long-term view and performance is assessed accordingly.
37. Gross distributions from pooled funds have totalled £0.66m in the first quarter of the year, exceeding the budgeted figure of £0.60m.

Prudential Indicators for Treasury Management

38. The Authority confirms compliance with its Prudential Indicators for 2022/23, which were set as part of the Authority's Treasury Management Strategy Statement. The position as at 30 June 2022 for the Prudential Indicators is shown in Annex 3.

Training

39. Individuals within the Treasury Management Team continue to keep up to date with the latest developments and attend external workshops and conferences where relevant

Financial Implications

40. Interest payable and receivable in relation to Treasury Management activities are included within the overall Strategic Measures budget. In house interest receivable for 2022/23 is currently forecast to be £3.78m, which is £2.24m above £1.54m budget. An estimated £1.52m of this will be applied to Developer Contribution balances. As at 30 June 2022, £0.85m of the £3.78m interest receivable has been realised.
41. Dividends payable from external funds in 2022/23 are forecast as £3.81m, which is in line with budget.
42. Interest payable is currently forecast to be £13.81m, which is £0.58m below the budgeted figure of £14.39m, due to £46m of new external borrowing not required during the year.
43. The Business Management & Monitoring Report to Cabinet in October 2022 notes that the net impact of the additional interest, after taking account of increases to interest payable on developer contributions is forecast to be £1.3m in 2022/23.

Comments checked by:

Lorna Baxter, Section 151 Officer, lorna.baxter@oxfordshire.gov.uk

Legal Implications

44. There are no direct legal implications arising from this report save for the need for ongoing collaborative working between the S.151 Officer and the Monitoring Office. CIPFA guidance promotes the need for consultative working and collaboration between these respective roles to promote good organisational governance.

Comments checked by:

Jennifer Crouch, Deputy Monitoring Officer, jennifer.crouch@oxfordshire.gov.uk

Sustainability Implications

45. This report is not expected to have any negative impact with regards to the Council's zero carbon emissions commitment by 2030.

Contact officer: Tim Chapple – Treasury Manager

Contact number: 07917 262935

September 2022

OXFORDSHIRE COUNTY COUNCIL DEBT FINANCING 2021/22

<u>Debt Profile</u>		£m
1. PWLB	85%	263.38
2. Other Long Term Loans	15%	50.00
3. Sub-total External Debt		313.38
4. Internal Balances		0.00
5. Actual Debt at 31 March 2022	100%	313.38
6. Prudential Borrowing		42.62
7. Borrowing in Advance		0.00
8. Minimum Revenue Provision		-10.17
9. Forecast Debt at 31 March 2023		345.84

<u>Maturing Debt</u>		
10. PWLB loans maturing during the year		-7.00
11. PWLB loans repaid prematurely in the course of debt restructuring		0.00
12. Total Maturing Debt		-7.00

<u>New External Borrowing</u>		
13. PWLB Normal		0.00
14. PWLB loans raised in the course of debt restructuring		0.00
15. Money Market LOBO loans		0.00
16. Total New External Borrowing		0.00

<u>Debt Profile Year End</u>		
17. PWLB	74%	256.38
18. Money Market loans (incl £45m LOBOs)	14%	50.00
19. Forecast Sub-total External Debt		306.38
20. Forecast Internal Balances	12%	39.46
21. Forecast Debt at 31 March 2023	100%	345.84

Line

- 1 – 5 This is a breakdown of the Council's debt at the beginning of the financial year (1 April 2020). 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 'Prudential Borrowing' reflects Prudential Borrowing taken by the authority whereby the associated borrowing costs are met by savings in the revenue budget.
- 7 'Borrowing in Advance' is the amount the Council borrowed in advance to fund future capital finance costs.
- 8 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.
- 9 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.
- 10 The Council's normal maturing PWLB debt.
- 11 PWLB debt repaid early during the year.
- 12 Total debt repayable during the year.
- 13 The normal PWLB borrowing undertaken by the Council during 2022/23.
- 14 New PWLB loans to replace debt repaid early.
- 15 The Money Market borrowing undertaken by the Council during 2022/23
- 16 The total external borrowing undertaken.
- 18-22 The Council's forecast debt profile at the end of the year.

Long-Term Debt Maturing 2022/23**Public Works Loan Board: Loans maturing during 2022/23**

Date	Amount £m	Rate %
31/10/2022	4.000	5.050%
31/12/2022	1.000	6.250%
26/03/2023	0.316	6.625%
26/03/2023	1.684	6.625%
Total	7.000	

Prudential Indicators Monitoring at 30 June 2022

The Local Government Act 2003 requires the Authority to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. To demonstrate that the Authority has fulfilled the requirements of the Prudential Code the following indicators must be set and monitored each year.

Authorised and Operational Limit for External Debt

Actual debt levels are monitored against the Operational Boundary and Authorised Limit for External Debt below. The Operational Boundary is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. The council confirms that the Operational Boundary has not been breached during 2022/23.

The Authorised Limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements. The Authority confirms that the Authorised limit was not breached in the first half of 2022/23.

Authorised limit for External Debt	£495,000,000
Operational Limit for External Debt	£610,000,000
Capital Financing Requirement for year	£437,546,949

	Actual 30/06/2022	Forecast 31/03/2023
Borrowing	£313,382,618	£306,382,618
Other Long-Term Liabilities	£ 17,000,000	£ 17,000,000
Total	£330,382,619	£323,382,618

Interest Rate Exposures

These indicators are set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest exposures. Fixed rate investments are borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Fixed Interest Rate Exposure

Fixed Interest Net Borrowing limit	£350,000,000
Actual at 30 June 2022	-£143,917,382

Variable Interest Rate Exposure

Variable Interest Net Borrowing limit	£0
Actual at 30 June 2022	-£-24,644,080

Principal Sums Invested over 365 days

Total sums invested for more than 364 days limit	£215,000,000
Actual sums invested for more than 364 days	£ 99,800,000

Maturity Structure of Borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing and the actual structure at 30 June 2022, are shown below. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

	Limit %	Actual %
Under 12 months	0 - 20	10.21
12 – 24 months	0 - 25	5.42
24 months – 5 years	0 - 35	16.59
5 years to 10 years	5 - 40	24.37
10 years +	40 - 95	43.40

Specified and Non Specified Investments 2022/23

Specified Investments

Investment Instrument	Minimum Credit Criteria	Use
Debt Management Agency Deposit Facility	N/A	In-house and Fund Managers
Term Deposits – UK Government	N/A	In-house
Term Deposits – other Local Authorities	N/A	In-house
Term Deposits – Banks and Building Societies	Short-term F1, Long-term BBB+, Minimum Sovereign Rating AA+	In-house and Fund Managers
Certificates of Deposit issued by Banks and Building Societies	A1 or P1	In-house on a buy and hold basis and Fund Managers
Money Market Funds	AAA	In-house and Fund Managers
Other Money Market Funds and Collective Investment Schemes ⁴	Minimum equivalent credit rating of A+. These funds do not have short-term or support ratings.	In-house and Fund Managers
UK Government Gilts	N/A	In-house on a buy and hold basis and Fund Managers
Treasury Bills	N/A	In-house and Fund Managers
Reverse Repurchase Agreements - maturity under 1 year from arrangement and counterparty is of high credit quality (not collateral)	Long Term Counterparty Rating A-	In-house and Fund Managers
Covered Bonds – maturity under 1 year from arrangement	Minimum issue rating of A-	In-house and Fund Managers

⁴ I.e., credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

Non-Specified Investments

Investment Instrument	Minimum Credit Criteria	Use	Max % of total Investments	Max Maturity Period
Term Deposits – other Local Authorities (maturities in excess of 1 year)	N/A	In-house	50%	3 years
Term Deposits – Banks and Building Societies (maturities in excess of 1 year)	Short-term F1+, Long-term AA-	In-house and Fund Managers	50% in-house; 100% External Funds	3 years
Structured Products (e.g. Callable deposits, range accruals, snowballs, escalators etc.)	Short-term F1+, Long-term AA-	In-house and Fund Managers	50% in-house; 100% External Funds	3 years
UK Government Gilts with maturities in excess of 1 year	N/A	In-house and Fund Managers	50% in-house; 100% External Funds	5 years in-house, 10 years fund managers
Bonds issued by Multilateral Development Banks	AAA	In-house and Fund Managers	50% in-house; 100% External Fund	25 years
Bonds issued by a financial institution which is guaranteed by the UK Government	AA	In-house and Fund Managers	50% in-house; 100% External Fund	5 years in-house
Collective Investment Schemes ⁵ but which are not credit rated	N/A	In-house and Fund Managers	50% In-house; 100% External Funds	Pooled Funds do not have a defined maturity date

⁵ Pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

Sovereign Bond Issues	AAA	In-house on a buy and hold basis. Fund Managers	50% in-house; 100% External Funds	5 year in-house, 30 years fund managers
Reverse Repurchase Agreements - maturity in excess of 1 year, or/and counterparty not of high credit quality.	Minimum long term rating of A-	In-house and Fund Managers	50% in-house; 100% External Funds	3 years
Covered Bonds	AAA	In-house and Fund Managers	50% in-house; 100% External Funds	20 years
Registered Providers	As agreed by TMST in consultation with the Leader and the Cabinet Member for Finance	In-house	50% In-house	5 years

The maximum limits for in-house investments apply at the time of arrangement.

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AUDIT AND GOVERNANCE COMMITTEE 21ST SEPTEMBER 2022

HEALTH AND SAFETY REPORT 2021/22

Report by **CLAIRE TAYLOR, CORPORATE DIRECTOR CODR**

RECOMMENDATION

1. **The Committee is RECOMMENDED to** Note the [Health & Safety Annual Report 2021/22](#) as approved by the Senior Leadership Team.

Executive Summary

2. This annual report contains information about the work of the Corporate Health and Safety Team, the Council's health and safety performance over the year 2021/22 and its plans for 2022/23.

H&S Issues during 2021/22

3. This report is submitted on behalf of the Health and Safety Assurance Board (HSAB) as part of the Council's Corporate Governance Assurance Framework.
4. Throughout 2021/2022 there has been considerable focus by the H&S Team on the Council's response to the COVID-19 pandemic and safe continuity of services. We have worked closely with managers to ensure risk assessments are carried out and safe systems of work remain robust to manage the risk of COVID-19 transmission to our workforce and service users. Whilst there were operational challenges due to localised outbreaks amongst staff groups overall controls remained effective in reducing the impact of infections with continuity of essential services being maintained.
5. The health risks to the population from COVID-19 are now significantly reduced, which is primarily due to the success of the vaccination programme. In line with the governments Living with Covid Plan, the future approach to managing the risk of COVID-19 will broadly be the same as for other respiratory diseases. Staff will be expected to follow public health advice and sickness absence policies, whilst maintaining standard infection prevention control measures at work. There is no longer a requirement to undertake specific risk assessments for COVID-19 and workplace asymptomatic testing has ended, other than for a few specified circumstances in health and adult social care.
6. Whilst the pandemic has taken the significant resource and focus of the H&S Team, we have sought to continue with improvements in all areas of risk management. One of these has been personal safety and lone working with

many of our staff who work in frontline roles and are sometimes exposed to physical and verbal abuse including violent, threatening, or aggressive behaviours. With staff now operating in a more agile way we recognised traditional office-based working and duty phones were unreliable and so we have purchased a lone work worker mobile solution which enable staff to have access to 24/7 emergency support and provide assurance to managers that staff are safe.

7. Looking forward the organisation has seen a significant shift in work styles to a more agile and hybrid style. This approach has clear benefits for both the organisation and staff and work is underway to develop a long-term strategy for new ways of working. In the meantime, it is important that staff can work in a safe manner whether at home or in the office. The H&S Team continues to support managers alongside ICT, HR, FM and Procurement to ensure staff have access to the right equipment and where appropriate making reasonable adjustments for those with special requirements.
8. The pandemic and government restrictions resulted in a significant impact on services operationally and how staff conduct their work. Unsurprisingly this has had a positive effect on our accident and incident rates which have shown a consistent reduction over this period. We are predicting for 2022/23 an uptick in rates attributable to restrictions being lifted and frontline activity returning to normal.

H&S Priorities for 2022/23

9. As we move through 2022/23 there will be renewed focus on business as usual and core service risk whilst ensuring the organisation continues to build on the successful COVID-19 response and lessons learned to ensure continuous improvement.
10. The Health and Safety Assurance Board continue to review our strategic H&S Objectives and despite the unprecedented challenges faced responding to the Covid-19 pandemic over the last 2 years, we have remained focused on delivering those priorities which are:
 - (a) Improve corporate assurance of H&S in fleet management (One Fleet)
 - (b) Monitor compliance
 - (c) Improve system for reporting safety events
 - (d) Engage with Trade Unions on H&S matters
 - (e) Provide safe and compliant buildings (including Schools)
 - (f) Competent workforce
 - (g) Implement the Lone Worker Monitoring App/Device for staff who are working in higher risk situations (Adult Services priority for 2022/23).

Corporate Policies and Priorities

11. By ensuring the Council is compliant with relevant legislation and services are delivered safely we are protecting our workforce and **Prioritising the health and wellbeing of residents.**

Financial Implications

12. There are no financial implications associated with this report. There may be future financial implications in respect of the priorities for 2022/23 (i.e., lone worker solution and reporting system improvements) although these will be identified and approved through the project management process.

Legal Implications

13. This report demonstrates the Council's is meeting its duties under Health and Safety Legislation, specifically Section 2 of the Health and Safety at Work Act (HASAWA) 1974, **imposes duties on the employer towards his employees.** Section 2 (1), states that ' it shall be the duty of every employer to ensure so far as is reasonably practicable the health, safety and welfare at work of all its employees"

Staff Implications

14. There are no staffing implications as direct result of this report.

Equality & Inclusion Implications

15. Health, safety, well-being, and equality, when proactively addressed, are all matters which improve the working environment for our employees and ensure that the council remains an attractive, safe and equitable place to work. In turn, this will support the efficient delivery of services to the people of Oxfordshire.

Sustainability Implications

16. There are no sustainability implications as direct result of this report.

Risk Management

17. The Council must ensure it has robust systems of internal control, covering health and safety. By reporting on H&S performance the Committee can be provided with assurance that the following risks are being managed:

Reduce Injuries: Accidents and incidents can lead to persons suffering harm. This can lead to increased sickness absence, resourcing pressure, loss of motivation.

Legal Compliance: Failure to comply with the legal obligations of health and safety can result in liability for prosecution by regulators, such as the HSE. In the most serious cases this has potential to include unlimited fines and prison sentences.

Reduce Claims: Accidents and incidents can lead to more claims which in turn can affect premiums and excess payments.

Reputational: Any adverse health and safety incident or prosecution can result in negative reputational impact.

Claire Taylor
Corporate Director CODR

Annex: ANNEX Annual H&S Report 2021/22

Background papers: Nil

Contact Officer: Paul Lundy
County Health and Safety Manager

September 2022

Health and Safety

Annual Report 2021 - 2022

Contents

1. Executive summary
2. Introduction
3. H&S Objectives
4. Governance
5. Risk management
6. Legislation changes
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8. Policy and procedure updates
9. Communications
10. COVID-19
11. The lone worker 'Companion' mobile app
12. Hybrid working and looking to the future
13. Health and safety training
- 14a. Safety event statistics – Directorates
- 14b. Safety event statistics – Schools
- 15a H&S monitoring – Directorates
- 15b H&S monitoring – Schools traded service

Title:	Health and Safety: Annual Report 2021-2022
Issue / Revision:	19072022 3.0 Amended
Contact:	Paul Lundy, County Health and Safety Manager
Distribution list:	Internal H&S Assurance Board, published on Insite
Approval:	HSAB, CHSM, Corporate H&S Lead

1. Executive summary

Throughout the last year there has been considerable focus by the H&S Team on the Council's response to the COVID-19 pandemic and safe continuity of services. We have worked closely with managers to ensure risk assessments are carried out and safe systems of work remain robust to manage the risk of COVID-19 transmission to our workforce and service users. Whilst there have been operational challenges due to localised outbreaks amongst staff groups overall controls have remained effective in reducing the impact of infections with continuity of essential services being maintained.

The start of 2022 and during Q4 has seen an improving picture with falling infection rates and reduced health risks due to the success of the vaccination programme. The health risks to the population from COVID-19 are now significantly reduced, which is primarily due to the success of the vaccination programme. In line with the governments Living with Covid Plan, the future approach to managing the risk of COVID-19 will broadly be the same as for other respiratory diseases. Staff will be expected to follow public health advice and sickness absence policies, whilst maintaining standard infection prevention control measures at work. There is no longer a requirement to undertake specific risk assessments for COVID-19 and workplace asymptomatic testing has ended, other than for a few specified circumstances in health and adult social care.

Whilst the pandemic has taken significant resource and focus of the H&S Team, we have sought to continue with improvements in all areas of risk management. One of these has been personal safety and lone working with many of our staff who work in frontline roles and are sometimes exposed to physical and verbal abuse including violent, threatening, or aggressive behaviours. With staff now operating in a more agile way we recognised traditional office-based working and duty phones were unreliable and so we have purchased a lone work worker mobile solution which enable staff to have access to 24/7 emergency support and provide assurance to managers that staff are safe.

Looking forward the organisation has seen a significant shift in work styles to a more agile and hybrid style. This approach has clear benefits for both the organisation and staff and work is underway to develop a long-term strategy for new ways of working. In the meantime, it is important that staff can work in a safe manner whether at home or in the office. The H&S Team continues to support managers alongside ICT, HR, FM and Procurement to ensure staff have access to the right equipment and where appropriate making reasonable adjustments for those with special requirements.

The pandemic and government restrictions resulted in a significant impact on services operationally and how staff conduct their work. Virtual working and general increase of staff H&S awareness has unsurprisingly resulted in a positive effect on our accident and incident rates which have shown a consistent reduction over this period. We are predicting in 22/23 a uptick in incident rates attributable to restrictions being lifted and frontline activity returning to normal.

As we move into the next year there will be renewed focus on business as usual and core service risk whilst ensuring the organisation continues to build on the successful COVID-19 response and lessons learned to ensure continuous improvement.

The Health and Safety Assurance Board continue to review our strategic H&S Objectives and despite the unprecedented challenges faced responding to the Covid-19 pandemic over the last 2 years, we have remained focused on delivering those priorities.

2. Introduction

Oxfordshire County Council values its employees, service users, pupils and others affected by its operations and is committed to protecting their health, safety and wellbeing. It therefore continues to develop and improve its arrangements for managing health and safety.

This annual report contains information about the work of the Corporate Health and Safety Team, the Council's health and safety performance over the year and its plans for the coming year.

3. Our H&S Objectives

2022/23 will continue to see recovery from the pandemic with an emphasis returning to 'business as usual risk management'. We will focus on continuing to promote a strong and positive health and safety culture which includes competency training, promotion of risk assessment and risk controls, incident reporting and ongoing learning following adverse event investigations. We will continue to embed a strong culture of positive engagement and wellbeing at all levels, working closely with recognised trade union representatives to challenge practice, strive for continual improvement and co-produce solutions wherever possible.

Our H&S objectives are



What we are doing

Respond and recover from the Coronavirus Pandemic ensuring effective controls are in place to minimise transmission.

We have successfully mitigated the risk of COVID through workplace controls to reduce impact from infections and maintain business continuity. Some specific workplace controls maintained in Adult Social Care whilst working restrictions in other areas largely removed. There were no RIDDOR reportable infections in 21/22.

The risk from COVID is now much lower with reduced impact and no longer considered an objective in 22/23.

Improve corporate assurance of H&S in fleet management *

We will support the Corporate Director to address relevant audit recommendations including H&S regarding management and compliance of council fleet and grey fleet.

Monitor compliance

During 2021 after pausing activity due to the pandemic we resumed the corporate monitoring programme using iAuditor as the new system for recording inspections and tracking actions. This system now provides greater consistency and quality of inspections whilst allowing the H&S Team to monitor action completion. In 2022/23 we will continue to undertake H&S monitoring inspections as per programme and reporting on progress to the Health and Safety Assurance Board and management.

Improve system for reporting safety events

We have instigated a new ICT project to replace the existing H&S reporting system. The new system will provide an improved user experience with improved data and management information for trend analysis and reporting.

In 2022/23 following approval by ICT project board and options appraisal, we will look to agree funding and proceed with preferred solution.

Engage with Trade Unions

During the past year we have regularly met with unions and staff representatives which has proven essential at maintaining employer relations during difficult times throughout the pandemic.

In 2022/23 we will maintain engagement and consultation in particular development of the agile working strategy.

Provide safe and compliant buildings *

Following the Property Investment and Facilities Management service re-design in 2021 operational improvements will be made to ensure the Council fulfils its responsibilities as corporate landlord through:

- Health Safety and Compliance Review
- Introducing single view of the asset system that will assist in managing building compliance and providing greater oversight and assurance.
- Implementing a systematic approach to support Responsible Premises Managers (customers), including developing competency and providing a joined up and holistic approach to managing buildings.
- Develop and implement robust H&S arrangements within cleaning service including information, training and competence of cleaning workforce. (BICS Audit)

Competent workforce

In 2022/23 we will review existing corporate H&S training with proposed expansion of corporate eLearning offering via Learning Pool.

Implement the Lone Worker Monitoring App/ Device for lone workers identified by Services who are delivering services in higher risk situations. *

During 2021/22 we reviewed and updated our lone working policy and implemented the new Companion app. Rolling out to approximately 800 staff primarily in Children's Services

In 2022/23 we will expand use of the lone working app to include Adult Services. We are also working with Learning and Development to identify new personal safety/lone working training aimed frontline workers.

**Included in Corporate Lead Statement for H&S*

4. Governance

The Council must comply with the *Health and Safety at Work etc. Act 1974*, subordinate [legislation](#) and other statutory requirements, this includes arrangements to control health and safety risks.

As a minimum, the Council has put in place processes and procedures required to meet the legal requirements, including:

- a written [health and safety policy](#).
- managers assess the risks to employees, contractors, customers, partners, and any other people who could be affected by our activities. Risk assessments must be 'suitable and sufficient' and record significant risks.
- arrangements for the effective planning, organisation, control, monitoring and review of the preventive and protective measures that come from risk assessment. The [corporate arrangements](#) expands on the health and safety arrangements outlined in the council's health and safety policies and provides the framework for the council's health and safety management system
- Health and safety policy and governance is developed and monitored by the Health and Safety Assurance Board (HSAB). The HSAB is represented on the Senior Leadership Team (SLT) through Steve Jorden, Corporate Director CDAI who is the nominated corporate lead for H&S and signs the Corporate Lead Statement of Assurance for H&S.

5. Risk management

The main thrust of risk management during the year continued to focus on Covid 19 whilst continuing to maintain business as usual. The H&S Team continued to provide and maintain advice in line with government guidance including the provision of corporate risk assessments, safe working procedures and supporting managers with day-to-day issues and queries.

All services activities and premises were required to review and implement activity specific risk assessments with controls appropriate to the tasks being undertaken. Managers were required to develop personal Covid 19 risk assessments for vulnerable employees and manage risks appropriately.

All staff working at home were asked to complete a DSE/homeworking risk assessment and staff were provided with appropriate equipment to allow them to work safely.

The Council continued to deliver corporate H&S training for staff albeit with a focus on delivering virtually where appropriate to reduce the risks from Covid 19.

The H&S Team has a process for ensuring that all our corporate H&S policies and procedures are reviewed and remain up to date. We monitor legislation to ensure that the policies reflect the latest legal requirements and when appropriate we comment on published drafts and consultations of proposed legislation.

6. Legislation changes

Health and Safety Legislation	Affected services
Coronavirus Legislation : Coronavirus Act 2020 and various Health Protection Regulations (Revocation) – <i>Removal of restrictions and implantation of Living with Covid-19 plan.</i>	All services

7. HSE Intervention

Type of Intervention and Enforcing Authority	Type of Action
None in 2021/22.	N/A

8. Policy and Procedure updates

The H&S Team maintains a range of [health and safety policies and procedures](#) which can be found on the intranet. In 2019/2020 the following policies and procedures were created or reviewed:

Policy or Procedure Updated
June Minibus Guidelines - review
August Tree Safety - review
January OCC Contractor Standards – review Eye care – change to reflect new expenses claim process
February Personal Safety Lone Working
Coronavirus (COVID-19) - Working safely Oxfordshire County Council Intranet – throughout the year guidance was maintained and updated to reflect government guidelines and working practices at the time.

In 2021/22 the following safety action bulletins were issued:



Safety Action Bulletin Issued and Affected services

None in 2021/22	N/A
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9. H&S Communications

During 2021/22 monthly H&S Communications meeting were held over MS teams. In addition to the Covid-19 headlines, the following H&S Communications were released.

Communications published
Throughout 21/22 Various updates on H&S Guidance for COVID-19 Coronavirus (COVID-19) - Working safely Oxfordshire County Council Intranet
April 2021 Driving Checks, MOT, Insurance , 14.04.21 Do you drive as part of your job role? Oxfordshire County Council Intranet
May 2021 Stay safe in the sun , 28.05.21 Working safely in sun and heat exposure Oxfordshire County Council Intranet
June 2021 Allergy awareness week , 22.06.21 World allergy week Oxfordshire County Council Intranet Staying healthy and safe while home working, 22.06.21 Staying healthy and safe when agile working Oxfordshire County Council Intranet
August 2021 Eyecare voucher scheme changing , 18.08.21 Keep an eye on your sight Oxfordshire County Council Intranet
September 2021 Mandatory H&S training reminder , 09.09.21 Help reduce risks and accidents Oxfordshire County Council Intranet Staying healthy and safe while home working , 14.09.21 Staying healthy and safe when agile working Oxfordshire County Council Intranet
February 2022 Keep an eye on your sight , 22/02/22 Staying healthy and safe Oxfordshire County Council Intranet
March 2022 Mandatory Health & Safety Training , 17.03.22 Mandatory health and safety training Oxfordshire County Council Intranet

10. COVID-19

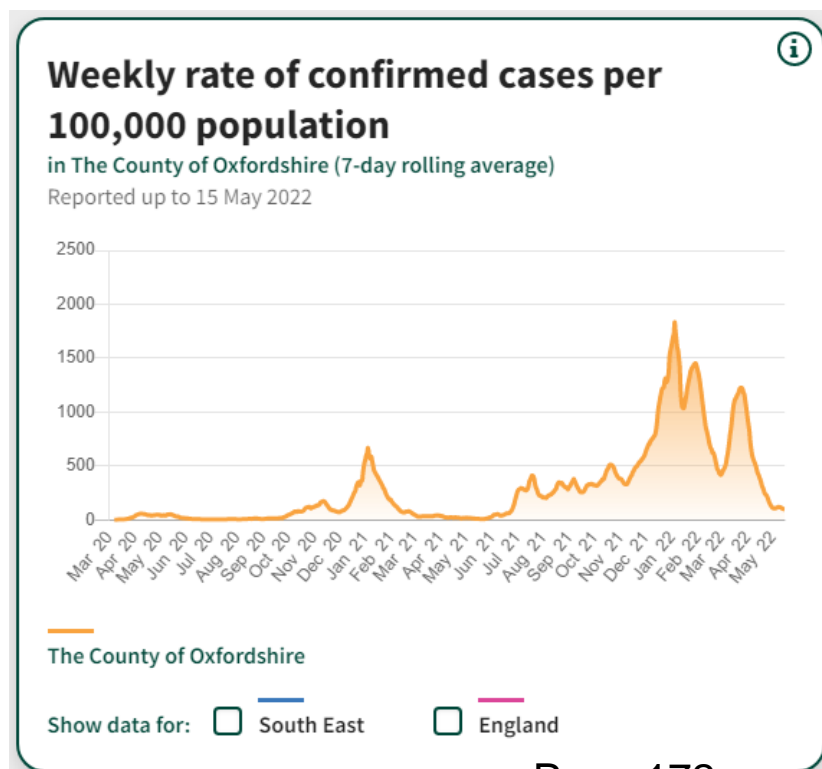
Throughout the pandemic, we have faced additional challenges from new variants and public health advice. The H&S Team working with leaders and managers across the Council have been able to respond quickly to the ever-changing government guidelines and we have been able to provide competent advice and support to the organisation.

This year we have carried out key health and safety activities and provided support in response to the pandemic. These include:

- Member of MOAC, Silver and other operational cells (FM, PPE, Schools) as part of COVID-19 corporate decision making and oversight.
- Meet regularly with trade unions and stakeholders.
- Creating a dedicated source of health and safety information and working safely guidance.
- Providing and maintaining corporate risk assessments and procedures to ensure safe systems of work are in place.
- Working with HR and Occupational Health to ensure risks to vulnerable staff are considered and managed.
- Carryout physical on-site inspections to review COVID-19 control measures and compliance.
- Provide day to day advice to managers and staff in relation to COVID-19.

From a peak of cases late December into early January, Q4 did see cases fall overall although there was a smaller peak during March (1 Jan 2022 UK 7day average 214,662.1 to 31 March 2022 UK 7day average 61,249.6, Oxfordshire data is available [here](#)). The health risks to the population from COVID-19 are now significantly reduced, which is primarily due to the success of the vaccination programme. In line with the governments Living with Covid Plan, the future approach to managing the risk of COVID-19 will broadly be the same as for other respiratory diseases. Staff will be expected to follow public health advice and sickness absence policies, whilst maintaining standard infection prevention control measures at work. There is no longer a requirement to undertake specific risk assessments for COVID-19 and workplace asymptomatic testing has ended, other than for a few specified circumstances in health and adult social care.

The 'Working Safely' guidance for employers in England has been replaced with [a set of public health principles](#) for reducing the spread of respiratory infections, including COVID-19, in the workplace.



11. The lone worker 'Companion' mobile app

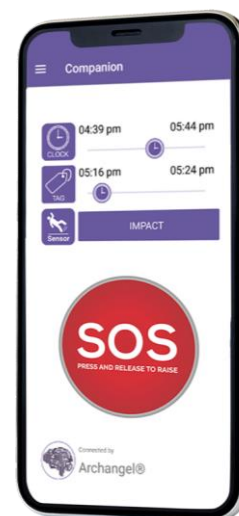
Background to the project

Lone working is common practice for many Council staff in a range of scenarios.

During 2021/22 we launched the new Lone Worker Technology project to implement a service to locate and escalate alerts from lone workers.

This solution is aimed at those conducting 'higher-risk' lone working and will complement existing lone worker procedures and systems.

For more information: [Lone working | Oxfordshire County Council Intranet](#)
[Companion app YouTube video](#)



How does the new lone worker service work?

Companion is our new integrated lone worker app that transforms your OCC mobile into a lone worker safety device.

The Companion App features advanced safety features including a screen-lock override to raise an SOS, regular welfare checks to monitor your safety, a fall and mobility alarm providing automatic alerts upon falls, impact and inactivity, accurate location monitoring.

Who is the service aimed at?

The Companion App is aimed at those undertaking 'higher-risk' lone working and enhances existing arrangements that should be in place for all lone workers. Higher-risk lone working can include:



In 2021/22 we have onboarded approx. 800 lone workers including, Children's Social Care, Highways and FM Engineers, and are planning to onboard Adult Services during 2022.

Focus over the next year will be to promote and increase 'usage' by workers. Despite the solution being enabled some staff remain reluctant to use the app and therefore more engagement and support is being targeted to ensure the app is being used effectively. Senior managers are also being asked to reinforce the requirement to use the app as part of standard lone working procedures.

How do Teams get onto the Service?

The Council has limited licences available, and teams will need to demonstrate through a business case to be included in scope. Any questions about the service and lone worker policies contact paul.lundy@oxfordshire.gov.uk - County Health Safety Manager.

12. Hybrid working and looking to the future

Many of us have had to change the way we work because of the COVID-19 pandemic. This has created advantages for some and challenges for others.

Hybrid working is an opportunity to create a better way of working, so we won't return to the way we worked before the pandemic.

Hybrid working is being able to work from different locations at different times using spaces more effectively and more efficiently. This could be a mix of working in an office and at home.

It places a greater focus on the work you do rather than where or when you do it.

We're developing hybrid working for the council that:

- supports colleagues, customers and members
- improves staff wellbeing, accessibility, and inclusion
- makes us an employer of choice
- reduces our carbon footprint



The information on the [agile working pages](#) can support staff to make new working arrangements.

What we're doing

We're speaking to staff to help us decide how we adopt a hybrid working model that is right for us.

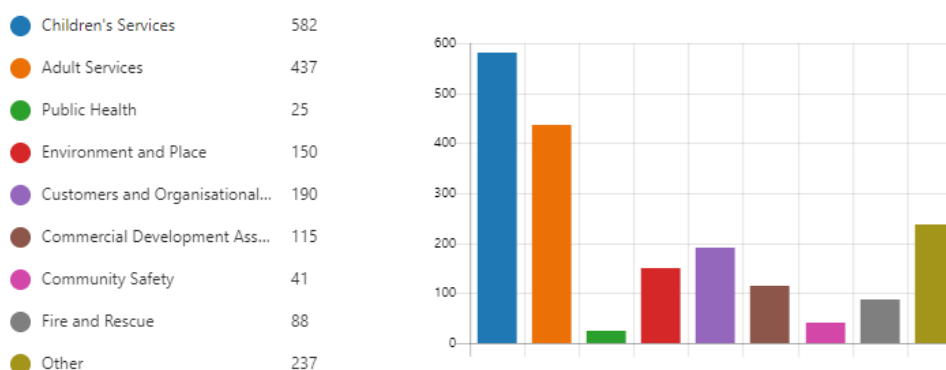
With our offices now open, we're working with services to try new ways of using our spaces. We're making sure the offices are being used in a safe and effective way.

Based on what we learn from speaking to staff, we'll develop our long-term strategy during 2022. Until then, we'll support managers and staff to take on hybrid working arrangements. We'll help everyone work in the best way possible.

Staff working arrangements must allow us to support our colleagues, customers and members. Services need to be clear about their service parameters and team agreements for hybrid working.

Ensuring staff have access to healthy work environments

1,866 staff have completed a [Display Screen Equipment \(DSE\) self-assessment](#).

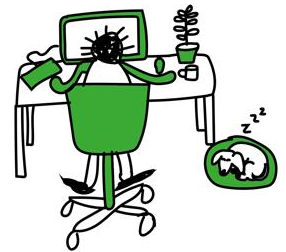
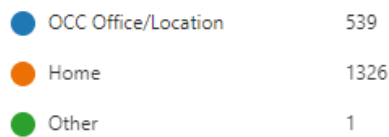


71% of staff work mainly from home

Where is your main work base?

[More Details](#)

[Insights](#)



20% of staff indicated they are experiencing pain or discomfort

Do you have any aches, pains or discomfort or a diagnosed health condition which affects you using the display screen equipment

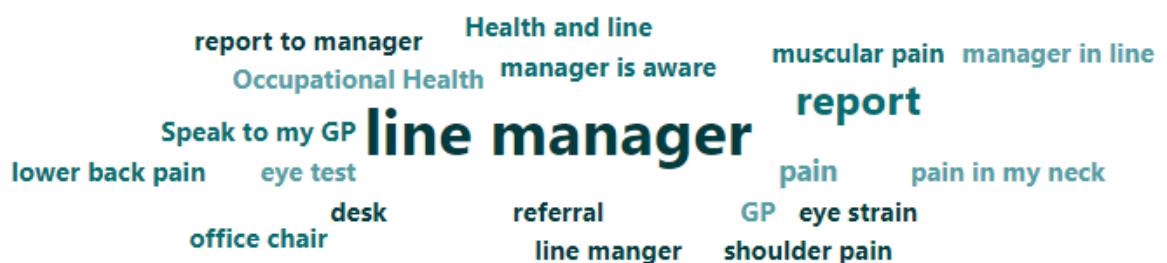
[More Details](#)

[Insights](#)



Majority of staff with issues indicated they would take forward with their line manager or seek further health advice e.g. occupational health.

115 respondents (35%) answered **line manager** for this question.



Help on offer

Working with HR, Occupational Health and Facilities Management we support staff by:

- Providing advice and guidance on how to set-up workstations correctly and correct posture.
- Referring to Occupational Health for specialist MSK assessment where there are medical or health issues.
- Funding and implementing any support as identified by Access to Work.
- Having processes in place for managers and employees to purchase equipment for home working including:
 - ICT equipment including laptops, keyboards, screens, software (e.g. Dragon) etc.
 - Furniture including office chairs and desk risers etc.
- DSE users have access to a free eye test and where required a contribution towards spectacles.

For further information:

[The equipment you will need | Oxfordshire County Council Intranet](#)

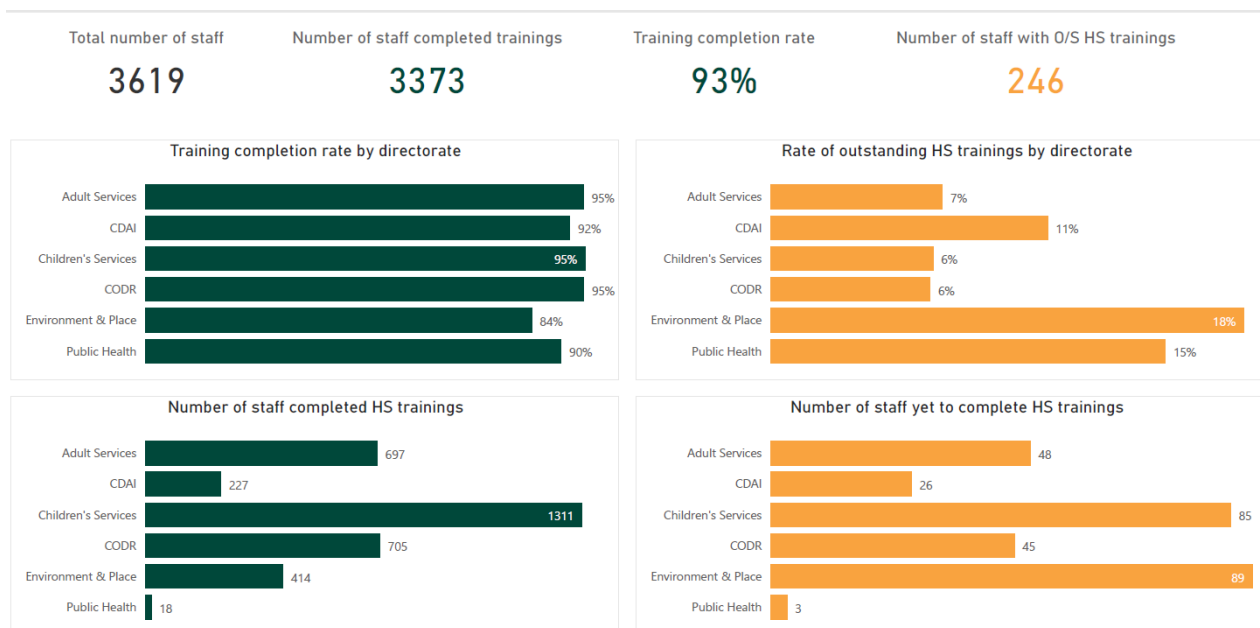
[Eye care | Oxfordshire County Council Intranet](#)

13. Health and safety training

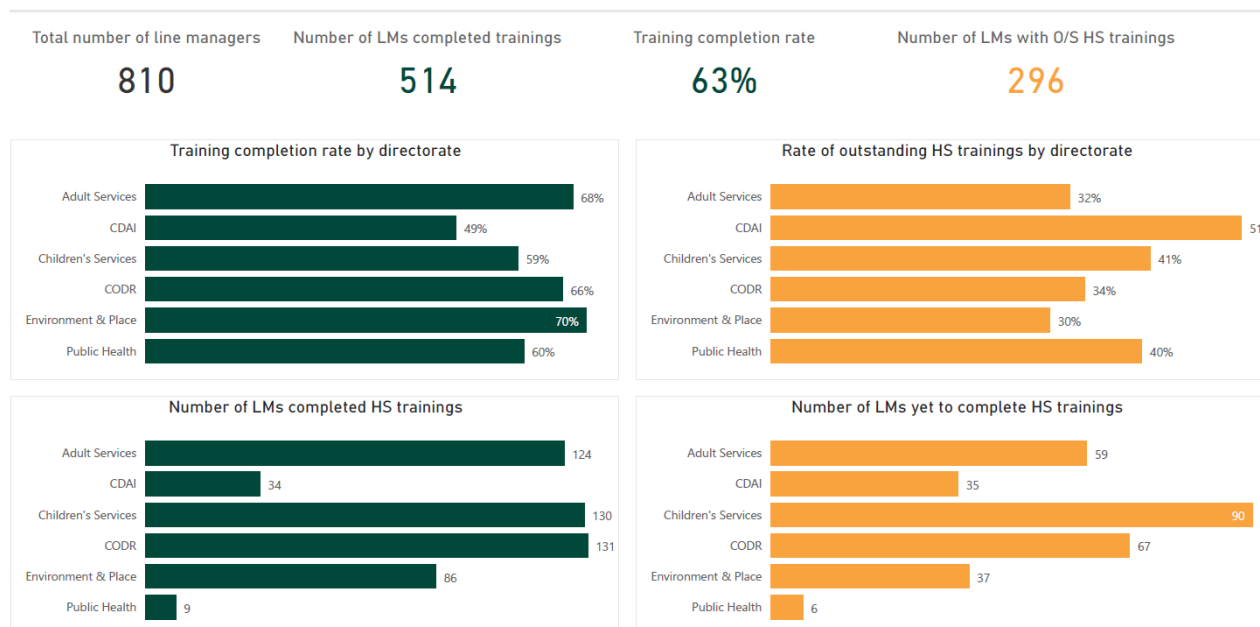
Through the corporate programme staff must complete essential health and safety training. Completion rates for both the Introduction to H&S for all staff 93% and H&S for managers 63% will include all new starters who have 6 weeks to complete as part of induction.

All essential training is allocated to staff within their training profiles and sent regular reminders along with corporate communications in [intranet headlines](#) and managers briefing.

Health & Safety Trainings for All Staff | Overview (as at 31 Mar. 2022)

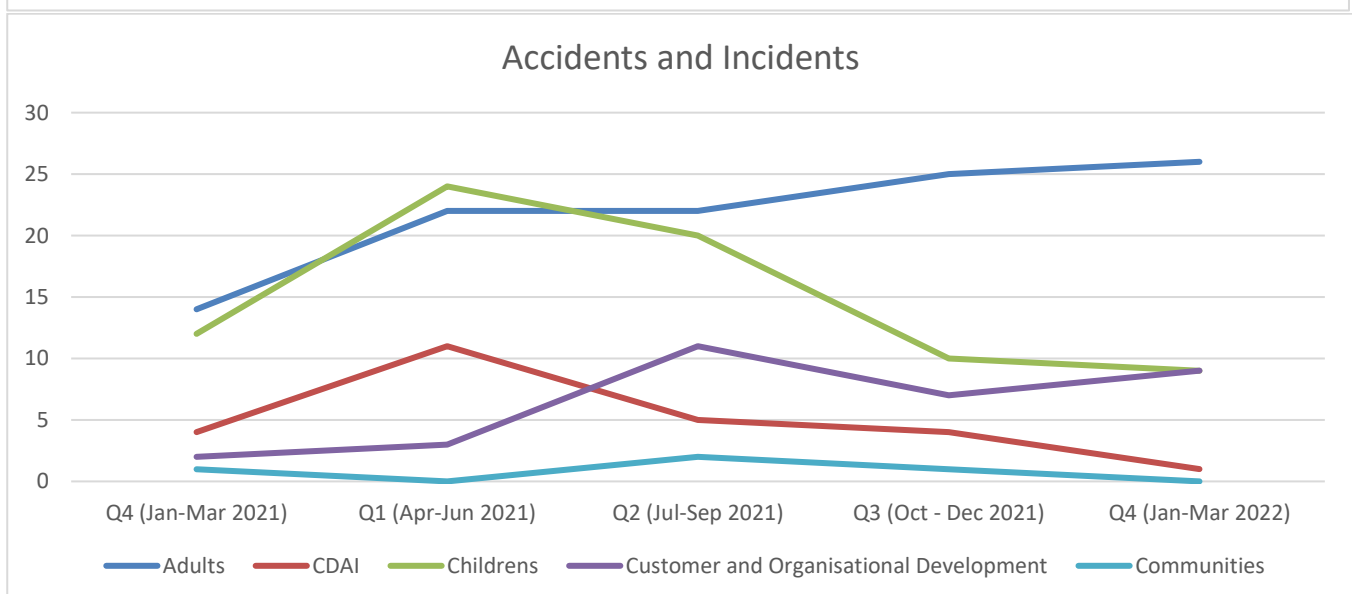
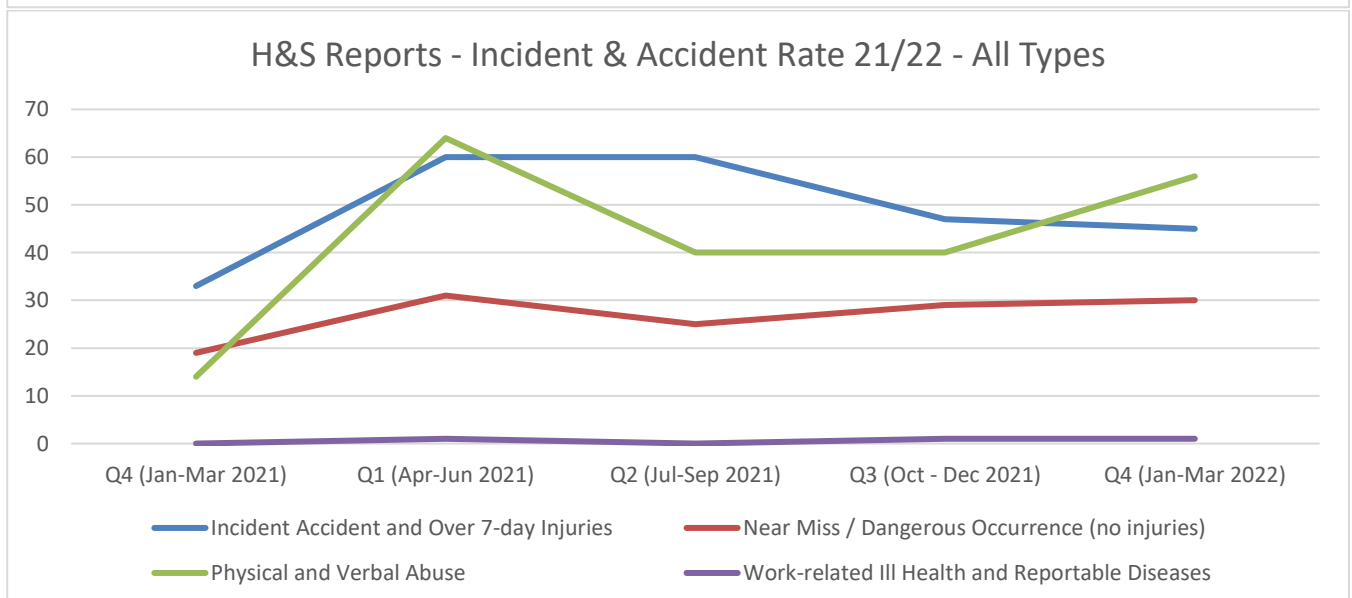
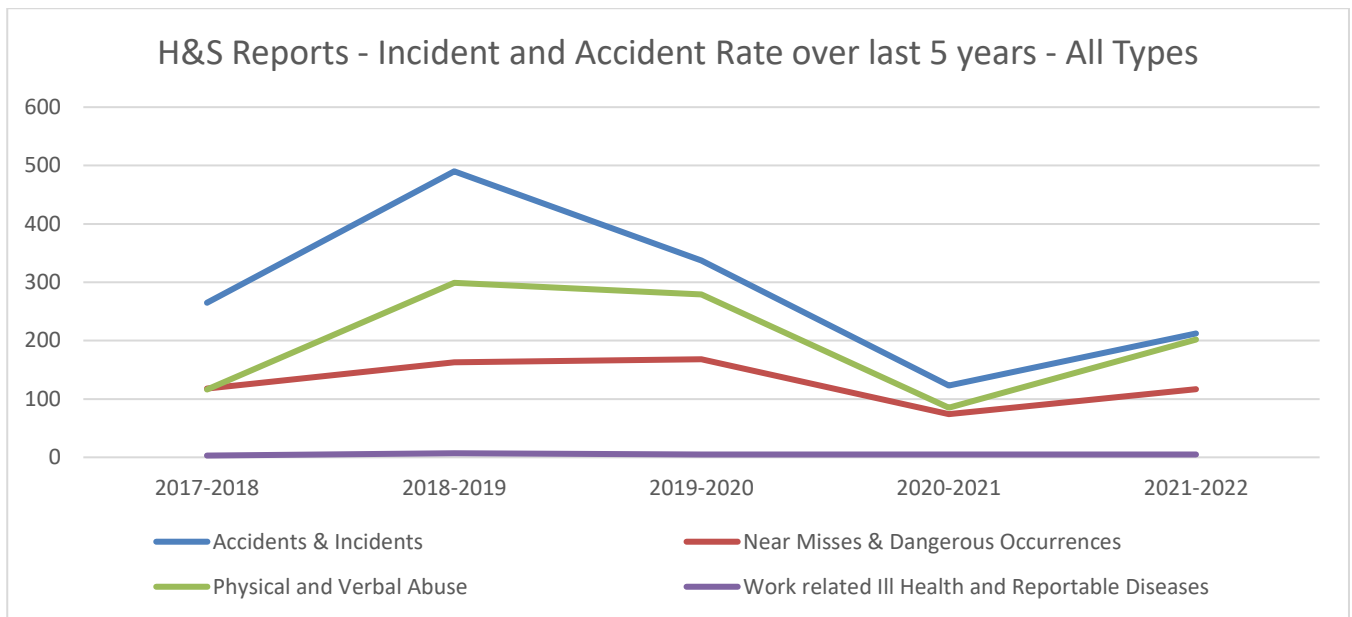


Health & Safety Trainings for Managers | Overview (as at 31 Mar. 2022)

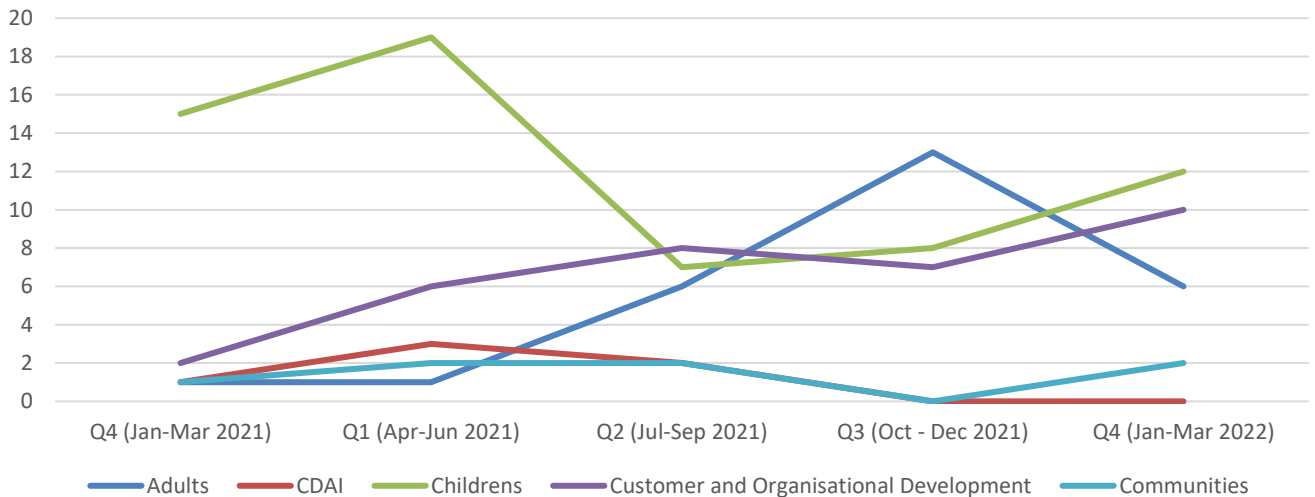


We have also introduced a new Fire Safety (eLearning) course as an alternative to on-site training. This course is available for all staff and strongly recommended for responsible premises managers and fire wardens. It provides a basic overview of fire safety and includes identifying potential fire risks, what to do on hearing a fire alarm and how to utilise different types of fire-fighting equipment.

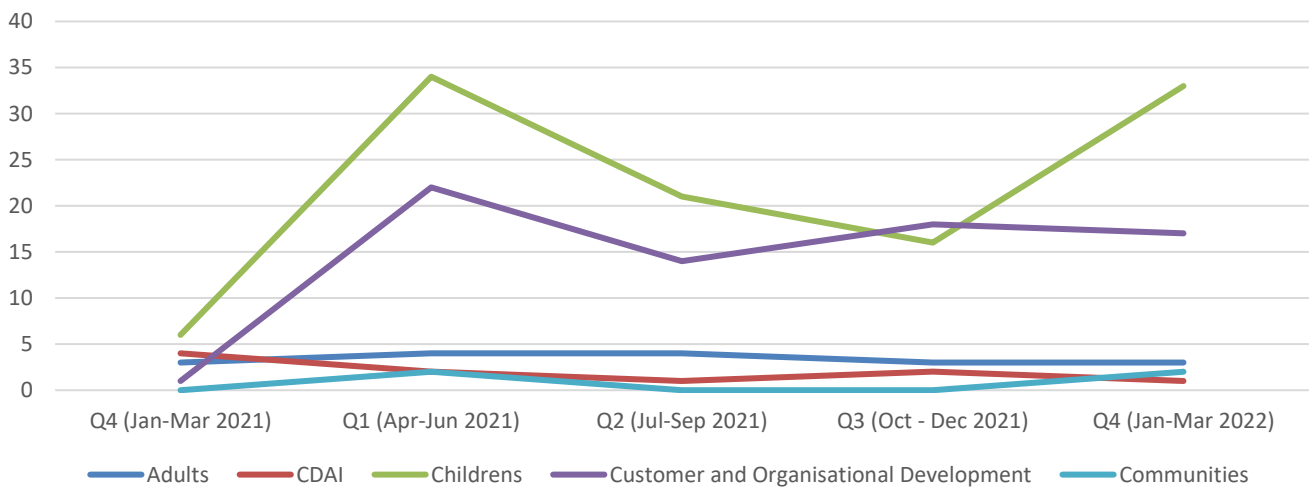
14a. Safety event statistics - Directorates



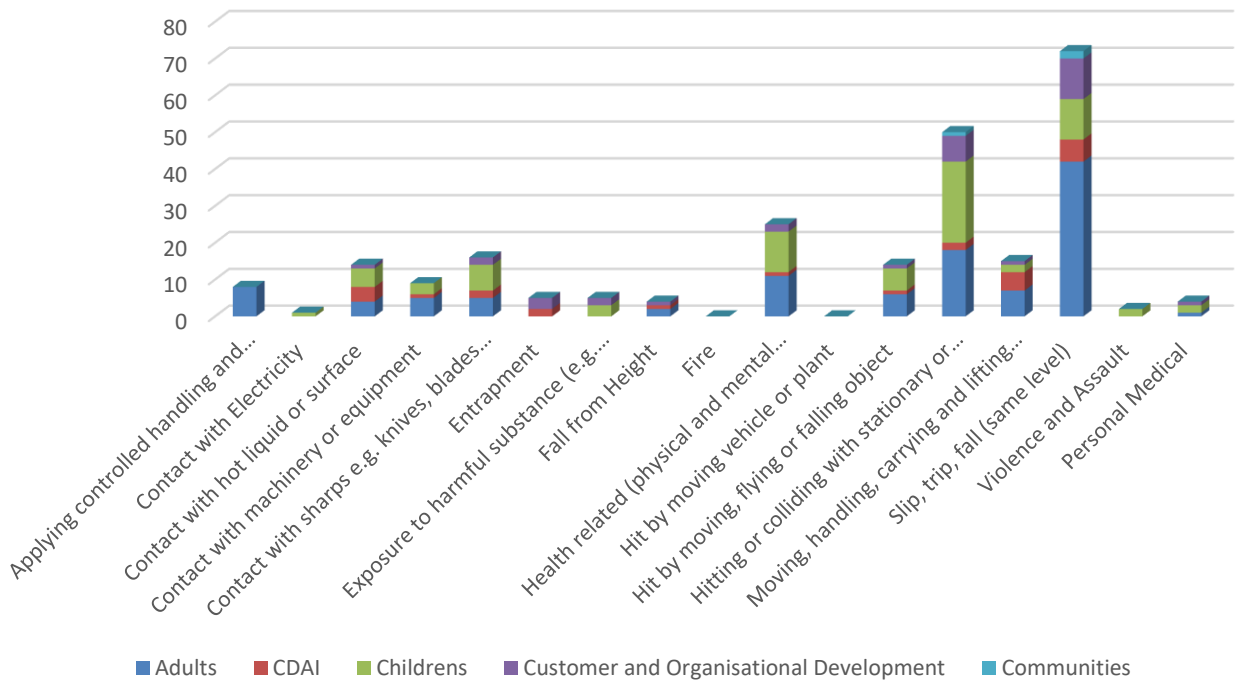
Near Misses and Dangerous Occurrences



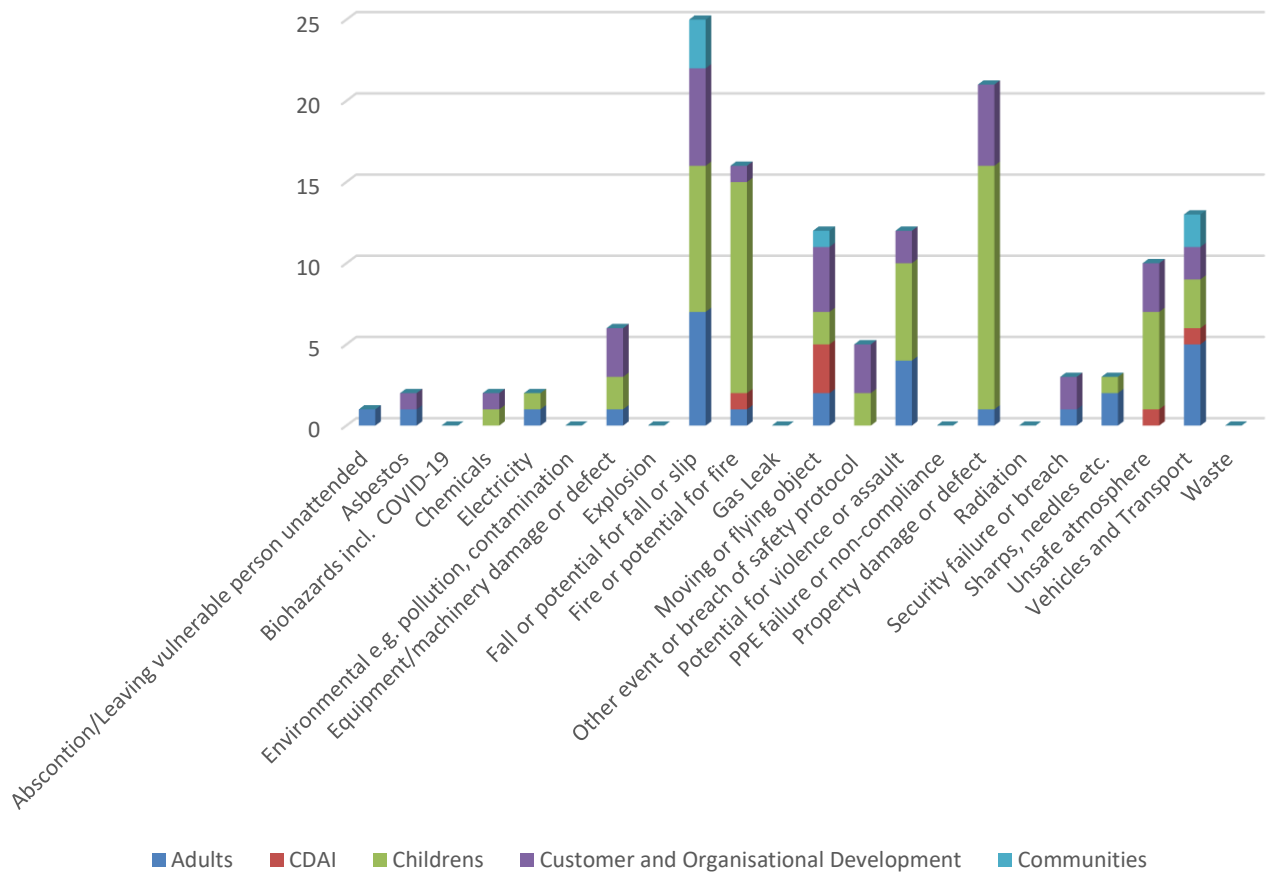
Physical and Verbal Abuse



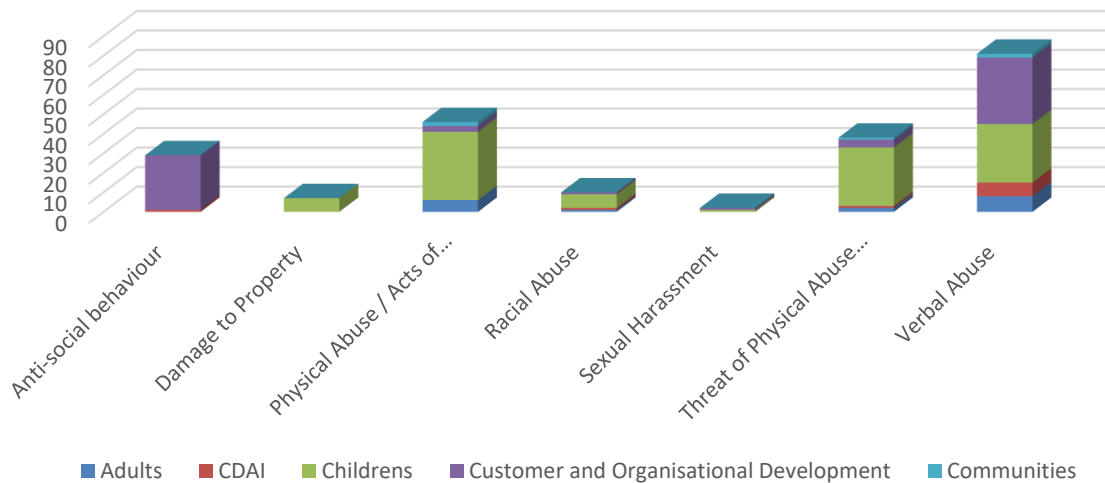
Type of Incidents and Accidents

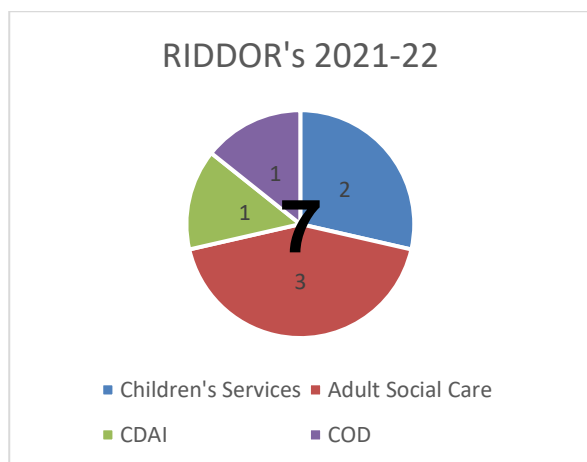


Type of Near Misses and Dangerous Occurrences



Type of Physical and Verbal Abuse





Incidents report to HSE under RIDDOR:

Children's	2	2x 7+days absent due to injury
Adults	3	3x 7days absent due to injury
CDAI	1	SI: Fracture
COD	1	DO: Asbestos breach by contractor

Key Points for Directorates

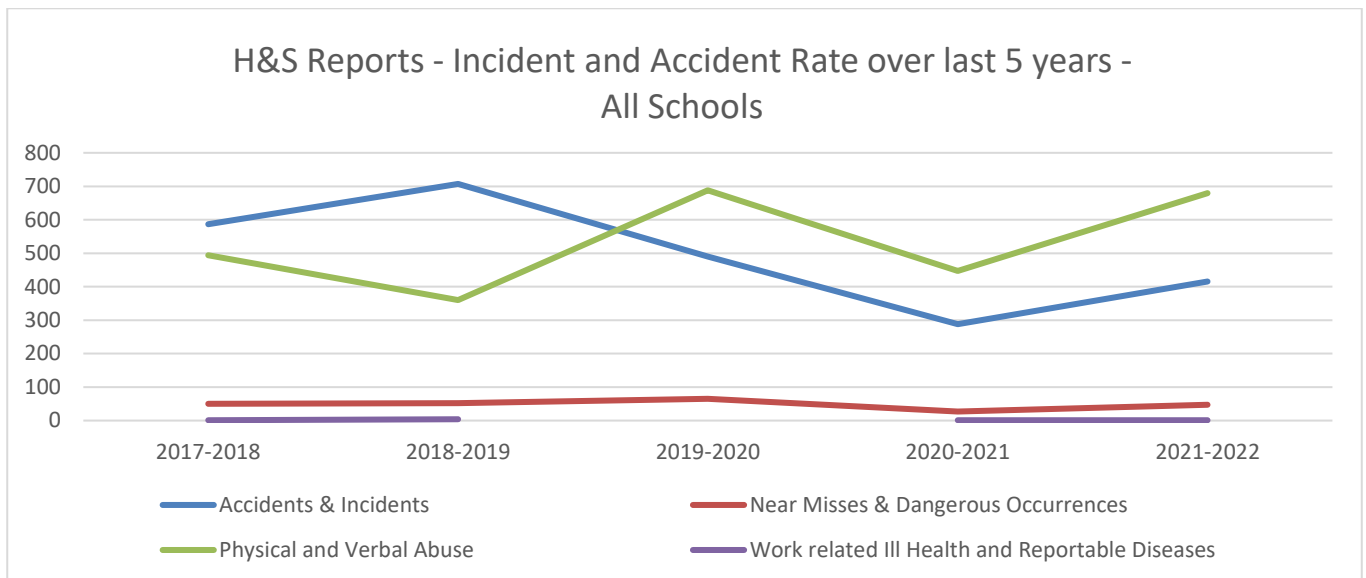
In 2021/22 there were:

- **212 reported Incidents and Accidents** (incl. over 7day injuries). This showed a 12% increase on the previous year. The most common cause of incidents and accidents is:
 1. Slips, trips and falls
 2. Hitting, or colliding with object
 3. Health related (physical and mental health)
- **117 reported Near Misses & Dangerous Occurrences.** This is an increase on the previous year. The most common type of near miss or dangerous occurrence is:
 1. Falls or potential for falls mainly involving service users.
 2. Property damage or defect (incl. vandalism in Children's Homes)
 3. Fire or potential for fire (incl. smoking in Children's Homes)
- **202 reported incidents of Physical and Verbal Abuse.** There continues to show an increase in reports of physical and verbal abuse in Children's Services and anti-social behaviour from members of the public within the Library Service.
- **7 reported under RIDDOR.**

The Council has seen a reduction in accidents and incidents over the last 2 years. A major factor in this trend is likely due to the COVID-19 pandemic which resulted in lockdowns and restrictions on services. Management response to the pandemic was effective and has had a positive effect by increasing general awareness of health and safety and risk management across the workforce.

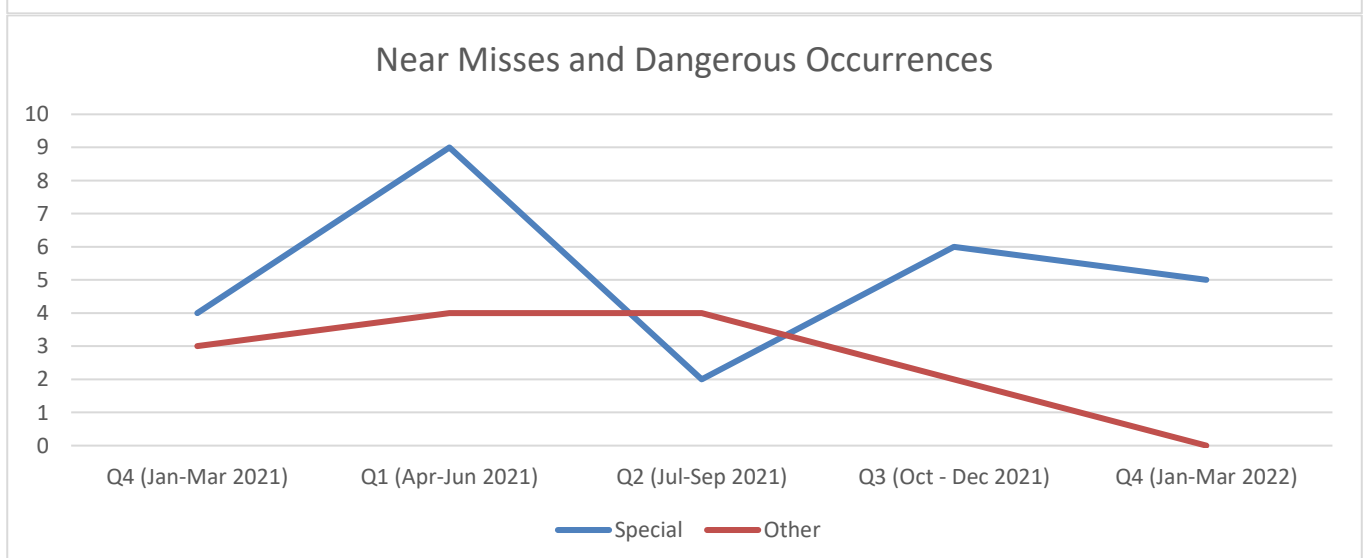
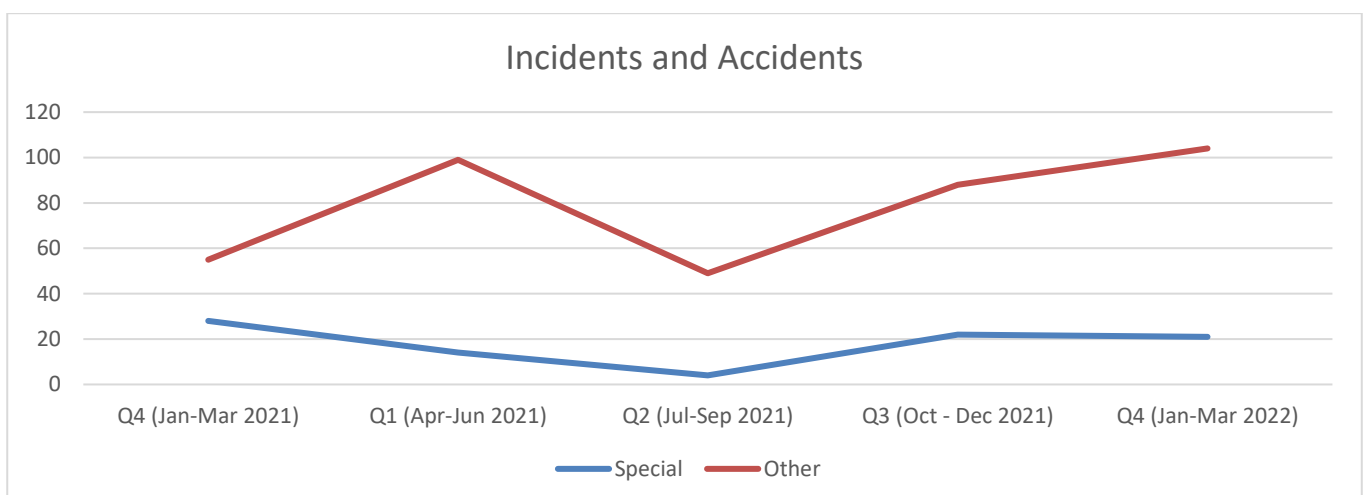
2021/22 has seen a slight increase in the incident rates which may be due to restrictions ending and service activity returning to normal. Children's Social Care Residential, Adult Community Support Services and Libraries account for most of the reports, with a large proportion of these associated with frontline work. We will continue to monitor this closely to develop and improve risk management strategies. It is important that as an organisation we continue to build on the successful COVID-19 response and lessons learned to ensure continuous improvement.

14b. Safety event statistics - Schools

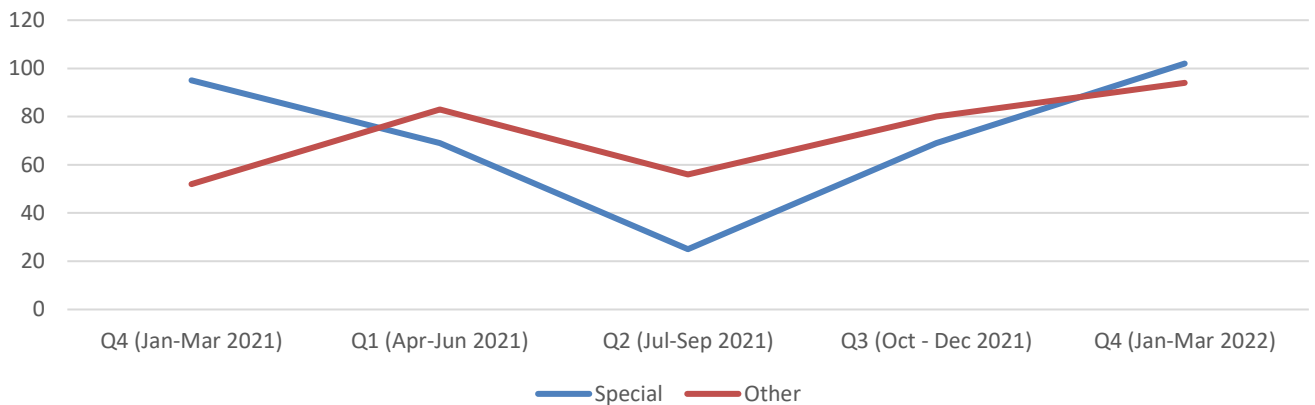


As of 1 April 2022, maintained schools are grouped as follows for data reporting:

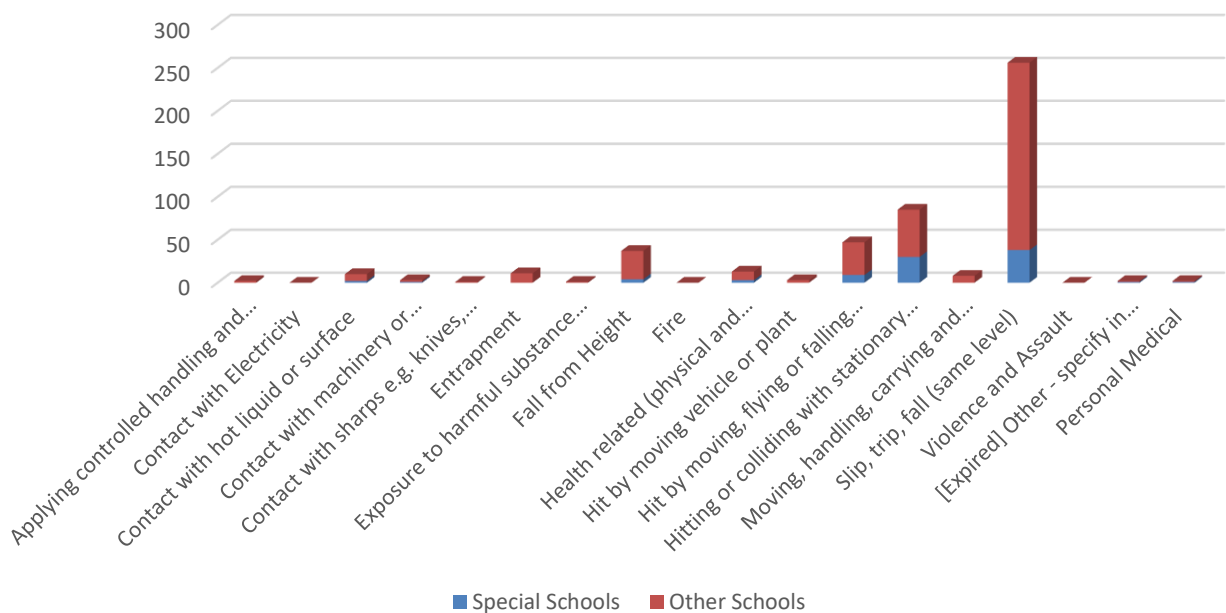
Special	4 Special
Other	1 Secondary 122 Primary 7 Nurseries 1 Virtual LAC



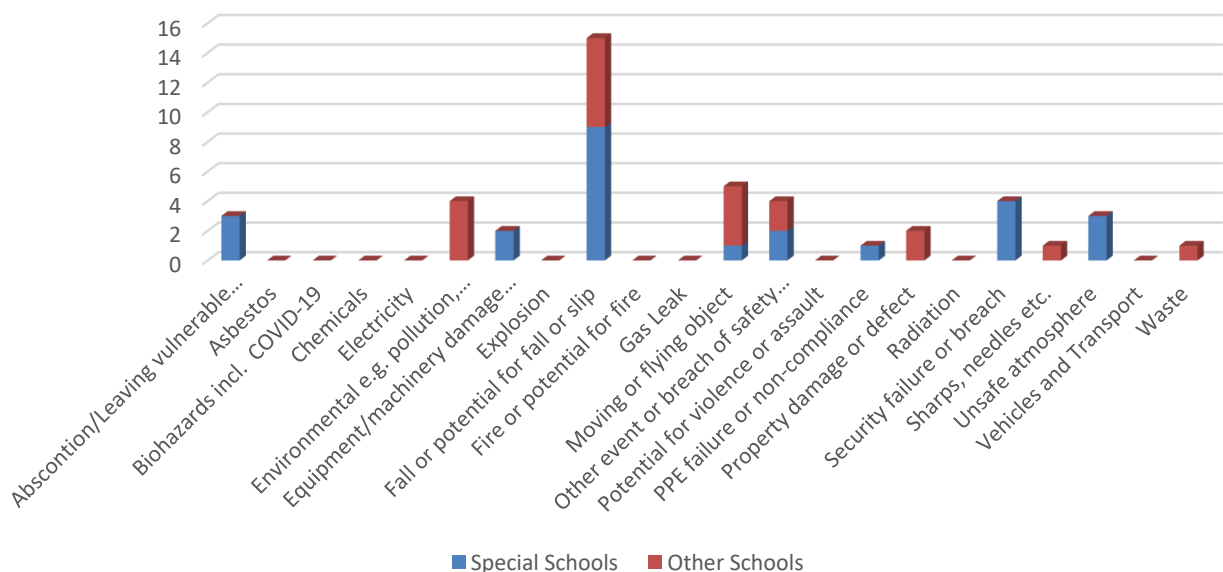
Physical and Verbal Abuse

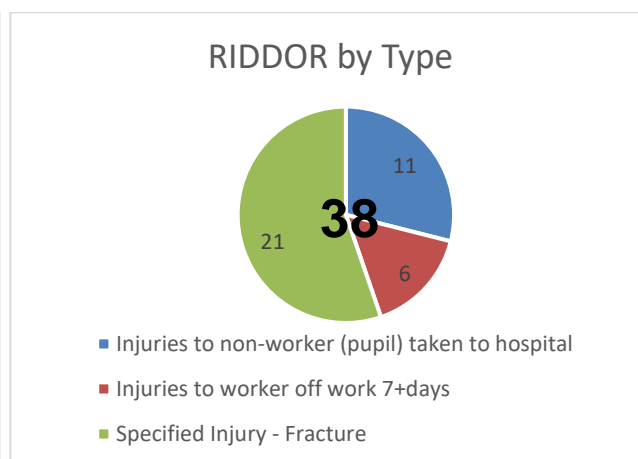
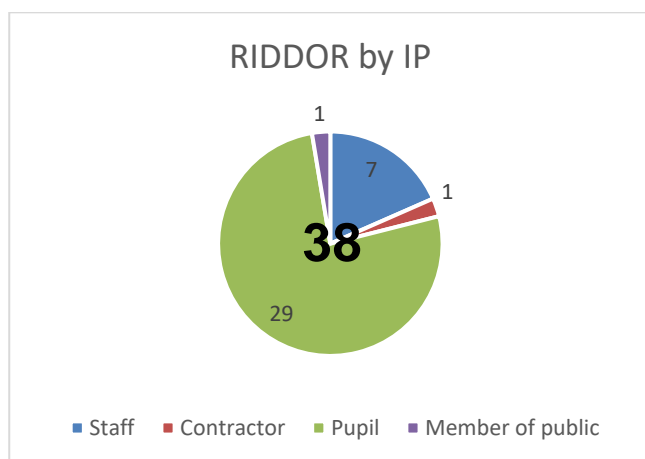
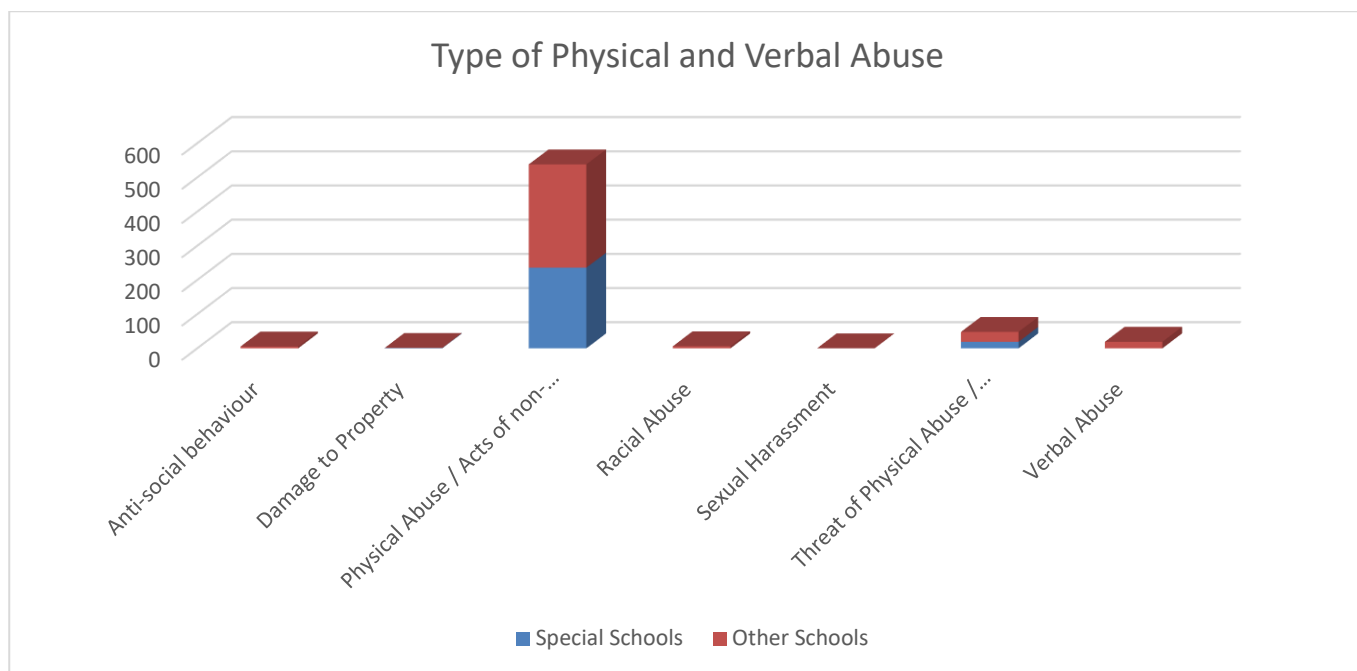


Type of Accidents and Incidents



Type of Near Misses and Dangerous Occurrences





Key Points for Schools

In 2021/22 there were:

- **484 reported Incidents and Accidents** (incl. over 7day injuries). This showed a 26% decrease on the previous year. The rate dipped in Q2 (Jul-Sep) which is expected due to the school summer holiday. The most common cause of incidents and accidents is slips, trips and falls involving pupils.
- **39 reported Near Misses & Dangerous Occurrences**. This is a positive indicator and there were no clear trends within the data.
- **725 reported incidents of Physical and Verbal Abuse**. Reports of physical or verbal abuse are commonly associated with dealing with pupils who are displaying challenging behaviours or where physical intervention is applied. A significant portion of reports are from Special Schools or related to SEN pupils.
- **38 reported under RIDDOR**

15a.H&S monitoring - Directorates

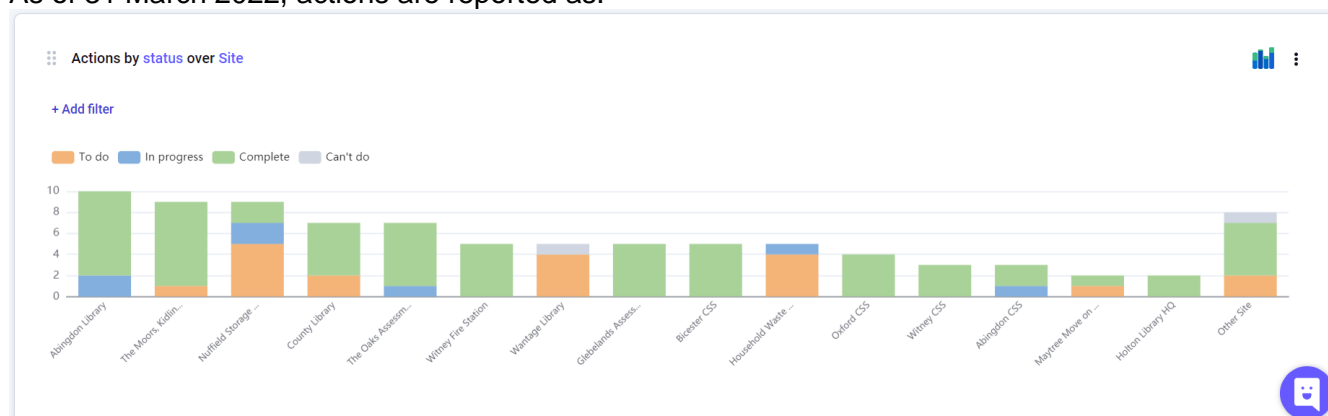
The H&S Team have introduced the new 'i-auditor' monitoring report system and the following inspections were carried out in 21/22:

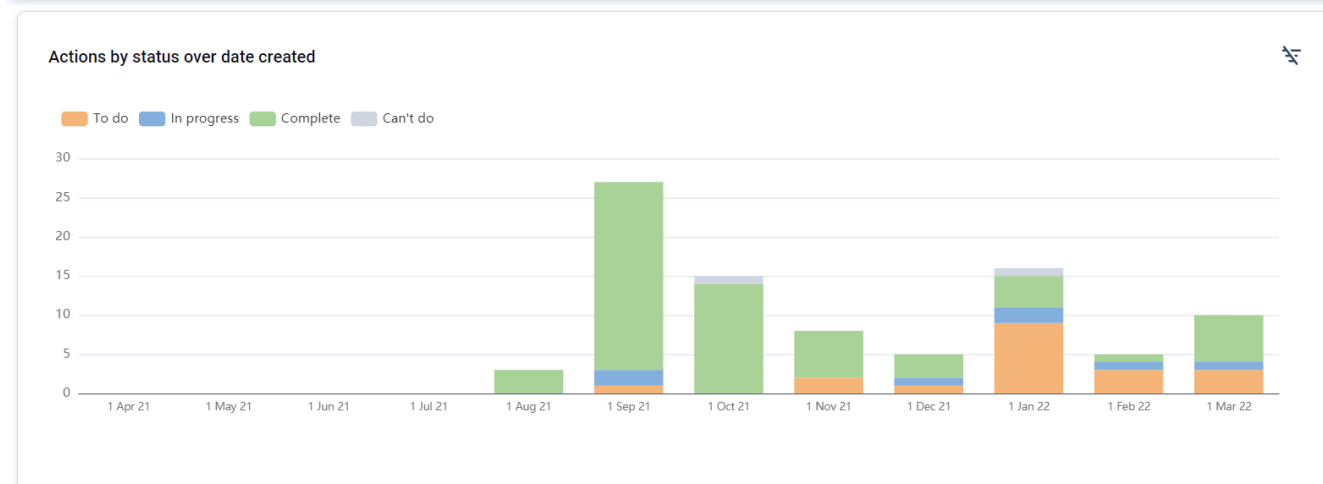
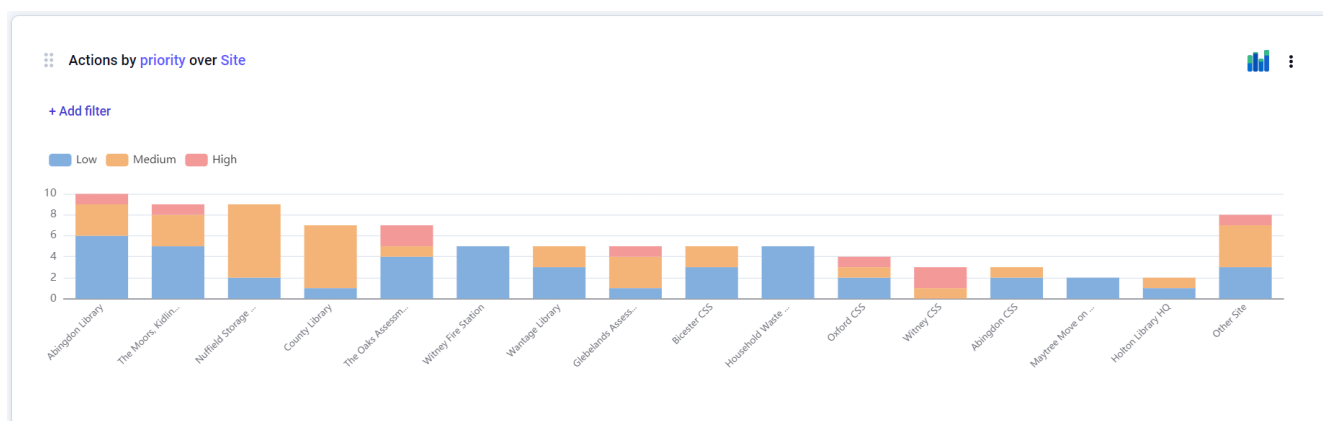
Date	Dir	Service Area	Team/Location
09/03/2022	CDC*	Environmental Services	Household Waste Collection
17/08/2021	COD	Cultural Services	Kidlington Library
5/11/2021	COD	Cultural Services	Witney Library
03/02/2022	COD	Cultural Services	Banbury Library
04/03/2022	COD	Cultural Services	Bicester Library
18/01/2022	COD	Cultural Services	Holton Library
28/06/2021	COD	Cultural Services	County (Westgate) Library
02/09/2021	COD	Cultural Services	Abingdon Library
17/01/2022	COD	Cultural Services	Wantage Library
03/02/2022	COD	Cultural Services	Thame Library
16/02/2022	COD	Cultural Services	Henley Library
22/09/2021	CS	CSC – Residential Edge of Care	The Moors Children's Home
06/10/2021	CS	CSC – Residential Edge of Care	Glebelands Assessment Home
08/03/2022	CS	CSC – Residential Edge of Care	The Oaks Assessment Home
20/10/2021	CS	CSC – Residential Edge of Care	Moorlands Move-on Home
17/11/2021	CS	CSC – Residential Edge of Care	Maytree Move-on Home
15/07/2021	AS	Independent Living Services	Witney CSS
05/08/2021	AS	Independent Living Services	Banbury CSS
02/09/2021	AS	Independent Living Services	Bicester CSS
07/09/2021	AS	Independent Living Services	Oxford CSS
27/10/2021	AS	Independent Living Services	Graham Hill House ES
22/07/2021	AS	Independent Living Services	Wantage CSS
10/08/2021	AS	Independent Living Services	Abingdon CSS
08/03/2021	AS	Independent Living Services	Wallingford CSS
2021	CDAI	Law and Governance	Nuffield (Records) Storage Unit
23/09/2021	CDAI	Fire and Rescue	Witney Fire Station
23/07/2021	E&P	Waste Contracts	Redbridge HWRC
23/07/2021	E&P	Waste Contracts	Alkerton HWRC
23/07/2021	E&P	Waste Contracts	Ardley HWRC
02/08/2021	E&P	Waste Contracts	Drayton HMRC
02/08/2021	E&P	Waste Contracts	Oakley Wood HMRC
02/08/2021	E&P	Waste Contracts	Stanford in the Vale HMRC

*Oxfordshire County Council and Cherwell District Council joint working arrangements for Corp H&S from 01/09/2021, ended 01/05/2022

Actions are assigned to the responsible person and assigned target completion date and HML priority rating. Assignees will receive email notification informing them of the action and to update on status. The H&S Team will monitor and report on progress.

As of 31 March 2022, actions are reported as:





There were 11 flagged as failed items:

Item	Flagged (Total)
B.17 - All fire alarms and auto-detection systems (smoke and heat) periodically inspected by a competent engineer and in working condition?	2
A.26 - Are there adequate numbers trained First Aiders or Appointed Person?	1
A.62 - Have managers carried out annual driver checks including licences, insurance and MOT?	1
B.26 - Do all fire doors close properly?	1
B.27 - Are external storage / waste bins secured and located a suitable distance away from the buildings?	1
B.48 - Does the Responsible Premises Manager have login access to Shine and aware of the presence and position of any asbestos in the building?	1
B.63 - Are safe systems of work in place where access is needed to roofs, roof spaces, high-level plant and equipment?	1
B.66 - Are all fragile roofs clearly signed?	1
B.68 - Is there adequate safety signage displayed in the premises?	1
B.8 - Is their adequate provision for disposal of waste?	1

Areas for improvement

Provide safe and compliant buildings

It is essential to provide a safe and compliant buildings and premises for staff to work from and deliver services. Services operate in a wide variety of locations both in Council managed buildings and those controlled by third parties. Property and Facilities Management has responsibility to ensure the Council fulfils its duty as corporate landlord to provide and maintain buildings that are safe. This includes ensuring the Council's property is compliant with statutory requirements.

Following the appointment of the FM Operations Manager for Health, Safety and Compliance, a full review of H&S provision across the business was undertaken. The review identified a number of areas for improvement as well as areas of good practice.

- Clearly identified for improvement/implementation is the requirement for a formal Health and Safety Management System, which can be aligned to existing and systems such as SHIRE (aka Pirana) and the new Concerto system planned for go live later in 2022.
- In addition the CoSHH Management System due to be brought on line in 2019/2022, has been re-assessed and agreement has been sought to implement as soon as practically possible.
- The HS & Compliance Team's workload has been fully assessed identifying in excess of 35 active Workstreams covering 68+ active Tasks.

Examples of identified work streams to be created/improved;

- Statutory Compliance Assurance Programme
- Risk Assessment Management
- CoSHH Assessment Management
- Creation of Safe Work Packs
- Creation of H&S Action Tracker
- Creation of a structured Permit to work process
- Creation of electronic forms and checklists
- Creation of a suite of Weekly, Periodic, Quarterly and Annual Reports
- Generation of a range of Toolbox Talks Improving H&S Awareness
- Development of meaningful KPI's
- Development and implementation of RPM advice guidance and support package
- Implementation of multiple interactive reports, analysis, and statistics using PowerBI
- Full review, monitoring and management of H&S training provision across the business
- Improvement (H&S) of the Procurement process
- Development of a pan

Under Development:

- Integrated Management System
- Pan Business SharePoint Site
- Process and Procedures
- Compliance Matrix

Implementation:

- CoSHH Management Software
- Health & Safety Management Software
 - OCC Business Level H&S Compliance
 - Contractor Management
- Monitoring, Assurance & Improvement Programme

Aim:

To have all current reviews complete and have agreed plans in place to be implemented from September 2022. A full rollout of all process and procedures is planned for April 2023

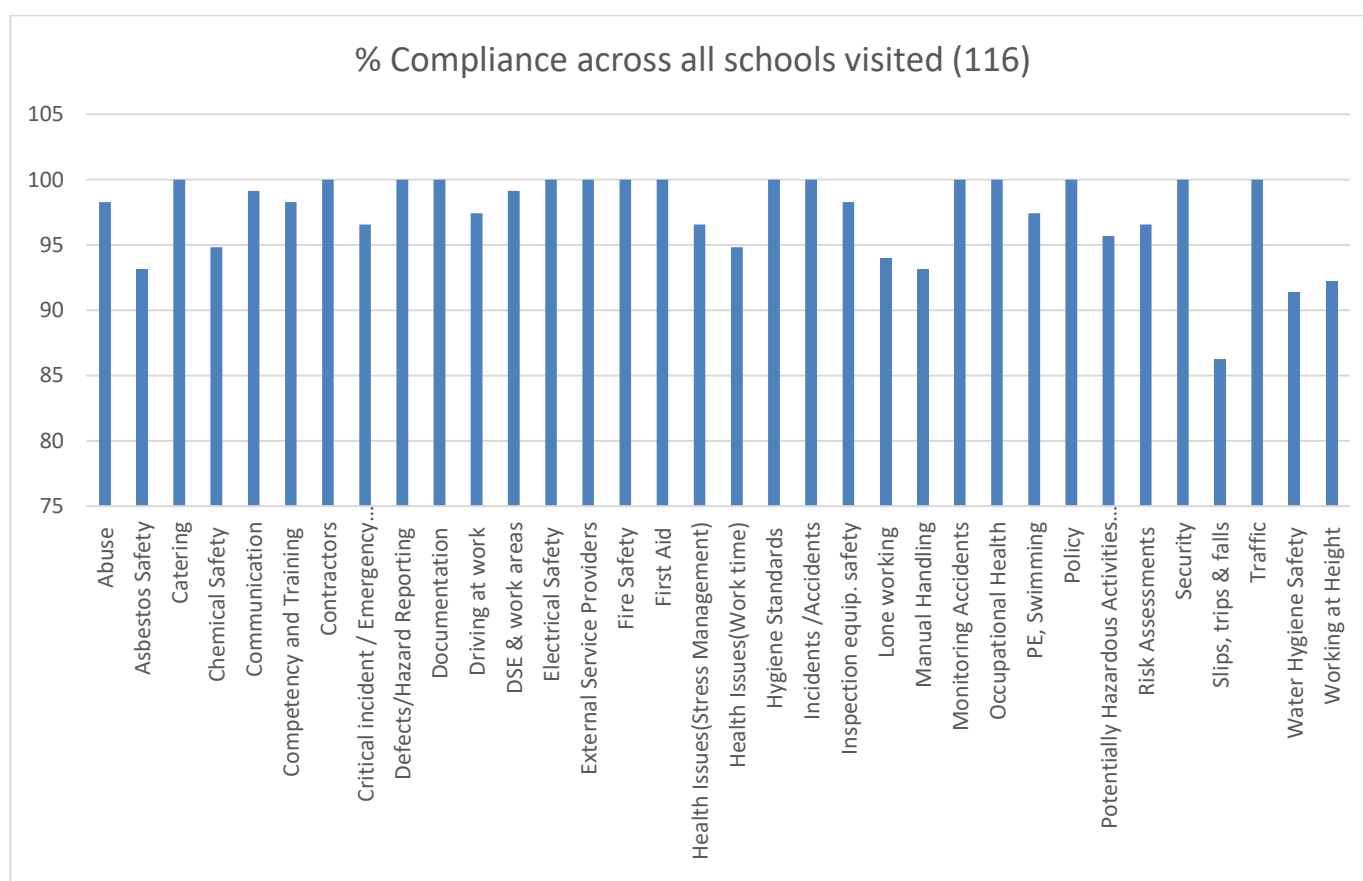
15b.H&S monitoring - schools traded service

The Council is responsible for H&S compliance in community, voluntary controlled, special and maintained nursery schools in Oxfordshire where it is the employer. It has a statutory duty under the Management of Health & Safety at Work Regulations to robustly monitor to ensure schools are implementing policies and procedures and satisfactorily managing health and safety and thereby demonstrate that the Council is meeting its employer responsibilities thus enabling it to take appropriate remedial action where necessary. This responsibility cannot be devolved or delegated.

The Schools Health and Safety Team provides a traded H&S advisory service including an annual H&S monitoring visit. All maintained schools subscribed to this service in academic year 2020/21. The team also supports academy status schools both in and out of County – MATs on X3 year contracts, smaller academy groups and single entity academy schools.

Monitoring

Outcome of monitoring to 116 schools during academic year 2020/21 indicated no schools were presenting serious cause for concern overall, however, individual action plans have been issued to enable school leaders and governing bodies to address any areas of non-compliance or improvement. NB. The 116 is not a true representative of numbers-more like c140 but COVID impacted the scheduling.



Sample includes 112 primary schools and 4 special schools

Areas for improvement

Water hygiene and asbestos management are general areas where improvement is needed including:

Water Hygiene (Legionella) & Asbestos Management

A legionella risk assessment is reviewed by a competent person within 2 years.
staff are adequately trained and water hygiene logbooks and site tasks e.g., flushing is carried out in a timely manner and recorded.

Staff are adequately trained, and all known asbestos is monitored and visually inspected by a competent person. Maintained schools should all have access to the Shine portal and email support for uploading any revised documentation relating to any remedial works etc. PIFM are currently planning to re-commence the formal asbestos reinspection programme in 2022 which will include all maintained schools.

Some schools reported issues with specialist contractor availability to undertake *some* on-site inspections. Similarly, schools COVID-19 RA restrictions included careful management of visitors to *some* sites, e.g., emergency works only. With the removal COVID restrictions availability of contractors is expected to improve.

Fire Safety

Maintained and academy status schools are reminded to seek a professional fire risk assessment every 3-4 years, sooner if any structural changes have taken place. It is a legal requirement to annually review the establishments FRA, templates can be completed online (Smartlog) or hard copy referring to the professional FRA in place and any associated actions. Schools are reminded that any 'professional' risk assessment (as above)/inspection document (5 year fixed electrical inspection) **MUST** be reviewed, and actions annotated as to the progress of any required remedial works. Such documents could be scrutinised in the event of any subsequent significant issues arising.

All schools (Headteacher and Chair of Governors) are issued with a school specific action plan which details what is needed to address any non-compliance.

Advice visits - new Headteacher, School Business Manager, Site Facilities Manager

Taking on schools H&S management can be a daunting prospect – the Team offers advice visits and on-going assistance, as necessary, to support the process in readiness for the annual monitoring visit.

Accident/incident reporting

The Team are available to support and advise on any issues with access to and the reporting process via the OCC online system and RIDDOR via the HSE as necessary.

Governor H&S training

Remote H&S for School Governors via TEAMS during and post COVID 19 continues to work well, usually offered in January and May each year with good attendance by Governors from maintained and academy status schools, nursery, primary and secondary.

Swimming

The 2018 swimming policy is to be reviewed – this will be an extensive piece of work. The availability of necessary training for school staff since COVID19 is limited. The team are consulting with OCC colleagues and other providers such as Swim England, AfPE.

Contractors

The annual H&S buyback subscription includes selection/engagement with Contractors for the annual inspection of indoor PE equipment and outdoor fixed play equipment, kilns and other machinery (D&T in secondary schools). The Team manages annual contractor review for best practice, quality of service, and value for money.

School specific H&S A-Z

The Team supports password protected guidance documents and associated URLs on InSite

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Risk and Opportunities Management Strategy

2022-23

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Section 1: Introduction

1.1 An overview of Risk Management

This strategy outlines the overall approach to risk and opportunities management for Oxfordshire County Council.

The aim of the risk management strategy is to ensure the Council identifies and manages risk, especially with regards to those risks (both financial and non-financial) that may have an impact on the performance of the Council as a whole and, in particular, on its ability to deliver its strategic priorities and financial sustainability.

Risk management is recognised as being concerned with both the positive and negative aspects of risk – that is to say, opportunities as well as threats. This strategy therefore applies to risk from both perspectives.

Risk can be defined as:

“an uncertain event or set of events that, should it occur, will have an effect (positive or negative) on the achievement of the Council’s objectives, performing its duties or meeting the expectations of its stakeholders”

Simply, negative risks might threaten the delivery of objectives or the resources required to achieve objectives. On the other hand, positive risks – opportunities – are those where the benefits of taking a risk are greater than the benefits or costs of not taking it.

The Council is aware that threats will always arise, and that risk associated with this cannot be fully eliminated, only managed to an acceptable level. Within this context the Council is committed to managing risk in order to reduce the impact on the organisation, its priorities and service provision.

Risk management will be embedded within the daily operations of the Council, from strategy and policy formulation through to business planning and general management processes. It will also be applied where the Council works in partnership with other organisations, to ensure that partnership risks are identified and managed appropriately.

Through understanding risks, decision-makers (councillors and officers) will be better able to evaluate the likely impact of a particular decision or action on the achievement of the Council’s strategic priorities.

1.2 The Risk Management Framework

Oxfordshire County Council is committed to ensuring risk management is embedded across the whole organisation. For risk management to be successful, it is imperative that there is a single, yet flexible, approach for the management of business risk, adopted through all levels of the organisation.

The Council's risk management framework follows good practice guidance to help the Council to be an effective and efficient organisation. Councillors and officers are supported in this activity by the Corporate Performance & Insight Team, which maintains and promotes the risk management framework, which includes:

- Risk and Opportunities Management Strategy
- Risk Management Action Plan
- Risk Management Tools and Guidance
- Risk Management Training
- Risk Assurance Statement

Effective risk management is an important part of corporate governance, performance management and financial planning. It adds value by:

- raising awareness of significant risks with priority ranking (strategic and business critical risks) assisting in the efficient control of the risks
- allocating responsibility and accountability for risks and associated controls and any actions required to improve controls
- aiding the process of strategic and business planning
- identifying new opportunities and supporting innovation
- providing a framework for the effective management of strategic and operational risks
- aiding effective partnership working, particularly in terms of identifying shared risks

Primarily, councillors and senior leaders of the organisation will be focused on the strategic and business critical risks that could impact on the achievement of council objectives or successful delivery of outcomes. Collectively these are known as "Strategic risks" and are managed via the Strategic Risk Register.

More detailed operational risks will be the primary concern of services and functions, where managers will control and monitor their risks; and escalate these to a strategic level if the risk is no longer appropriately contained and managed at an operational level.

Identified risks and controls are managed through risk registers and should be regularly discussed, reviewed and updated. Frequent risk reporting takes place across all levels of the organisation.

The Corporate Performance and Insight Team has a key role to play in supporting the operating principles of the Council and helping to achieve the strategic aims and priorities by providing oversight, challenge and assurance that risk is being effectively managed across the organisation.

1.3 Strategy Objectives

The objectives of the Risk and Opportunities Management Strategy are to:

- support understanding and consistent implementation of the Council's approach to risk management
- raising awareness of significant strategic risks assisting in the efficient control of the risks
- facilitate compliance with best practice in corporate governance, which will inform the Annual Governance Statement (issued with the annual statement of accounts)
- support the use of standard risk registers that
 - identify and assess all strategic risks and opportunities to assist the Council in achieving its strategic priorities through proactive risk management
 - rate all significant risks in terms of likelihood of occurrence and potential impact upon the Council and ensure effective controls are in place to reduce significant risks, to offer assurance that these controls are effective
 - allocate clear ownership, roles, responsibilities and accountability for risk management
- ensure that good quality risk information is provided to the Senior Leadership Team (SLT), senior managers and councillors, providing a framework for assurance that the controls and actions identified to reduce a risk are operating effectively.

1.4 Risk Appetite

Risk management should not focus on risk avoidance, but on the identification and management of an acceptable level of risk.

The term for the general level of risk we find acceptable across the whole Council is "risk appetite".

Risk appetite means 'the amount and type of risk that an organisation is willing to take in order to meet its strategic objectives'.

This also sets the tone of our approach to risk, which helps to achieve an appropriate balance between caution and innovation.

The Council aims to proactively identify, understand and manage the risks inherent in services and associated with business/service plans, policies and strategies. We do this to support responsible, informed risk taking and, as a consequence, aim to achieve measurable value. The Council provides for a supportive culture but will not support inappropriate risk taking.

Oxfordshire County Council will use risk management to add value, aiming to achieve a balance between under-managing risks (i.e. being unaware of risks

or having little or no control over them), and over-managing them (i.e. a resource heavy and bureaucratic level of management and control which could stifle innovation and creativity).

Appropriately managed and controlled risk-taking and innovation will be encouraged where it supports the delivery of the Council's strategic priorities.

Particular focus will be on the Council's ambitions for increasing income generation and self-sufficiency. This might be achieved through, for example, sound investments, effective asset management or commercialisation opportunities.

Any risks associated with these ambitions will be managed through the appropriate mechanisms, ensuring due diligence has taken place. These include sound business cases, effective project management and working with external partners for specialist advice. Channels will be in place to report risks into the relevant management groups and democratic committees to ensure full transparency and allow any actions to be taken as necessary.

1.5 Embedding Risk Management

Risk Management is a standing item on the Senior Leadership Team (SLT) agenda as part of the bi-monthly business management and monitoring reports). This ensures that identification and consideration of risk, corporately and across services, is emphasised and highlighted regularly. Risks can be escalated at any point to SLT (who meet weekly) to discuss and make a decision as to whether the risk is a Strategic risk or should be managed at an operational level.

Risk is reported to Cabinet as part of an integrated budget, performance and risk framework. This ensures that strategic risks are kept in focus by the relevant lead cabinet portfolio holders.

The Audit and Governance Committee (see section 3.2 below) is supported by the Audit Working Group, which receives regular risk management updates and periodically reviews the Strategic Risk Register. This scrutiny of risk ensures there is both senior officer level and political commitment to effective risk management.

The inclusion of risk registers within service areas and risk logs in key programmes and projects seeks to reinforce the importance of assessing and being aware of the risks associated with each service and major project. Key operational risk management activities should be included within service plans and progress monitored at Directorate level meetings. As such the integration of risk into business planning, strategic priorities and performance management is an essential part of the drive to embed risk management.

Activities such as training, communication and clear risk management support arrangements help to embed risk. The following summarises key activities to be undertaken to ensure risk management is embedded across the Council:

- A bi-monthly review of the Strategic Risk Register by SLT and monthly review by Extended Leadership Team (ELT), who takes responsibility for ensuring that management actions highlighted in the risk registers are implemented
- The Strategic risk review is presented to the relevant Council committees according to their work programmes, to ensure councillors have good access to risk information
- Risk management and risk escalation awareness training sessions will be facilitated for councillors and officers.
- A process of annual review is undertaken by SLT to ensure the Strategic Risk Register remains up to date and that obsolete risks are removed.
- An officer working group will be set up to embed, review and develop risk practices. Operational and Strategic risks are to be discussed as appropriate and ensure officers have the necessary training.
- Internal Audit will be asked to give assurance with regards to risk management structures and processes.

Section 2: Risk Management Processes

2.1 The Risk Management Process

Risk Management follows a four stage process:



The risk management process applies equally to threats and opportunities. Risk management is a comprehensive process that helps the Council meet its objectives. It helps the Council avoid issues, losses and situations that could result in failing to meet strategic priorities, failure of corporate systems or failure of significant partnerships, services, programmes and projects.

To ensure this process is effectively undertaken the Council maintains and reviews a register of Strategic risks and opportunities which are linked to strategic business priorities.

Ownership at SLT level is assigned for each risk. Risk owners may delegate the management of each risk to an appropriate officer. SLT identifies risks and reviews the register. The Council's committees also undertake a monitoring and oversight role on a regular basis.

2.2 Identifying Risk and Opportunity

The process of identifying risk is both formal (as part of budget and business planning) and informal, as part of everyday activity (operations/projects). This section sets out the organisational process for identifying risk. However, it must also be recognised that councillors and staff should be continuously risk aware and as such may identify, assess and add risks to the services operational register at any time.

For any risk identified the following should be considered:

- The scope of business/priority likely to be affected by the risk
- An assessment of the risk's likelihood and impact
- The identification of key controls currently in place to manage the risk
- Assurances about the key controls that have already been established
- Gaps in key controls
- Gaps in assurance
- Additional management actions which may further reduce the risk
- Allocation of responsibility for the implementation of those additional control management actions and (where possible) an implementation date

For each opportunity identified the following should be considered:

- Details of the opportunity identified and scope of business/priority likely to be affected by the risk
- Allocation of responsibility for the opportunity
- Any additional risks that this opportunity raises (including financial)
- Actions necessary to make use of the opportunity and mitigate any additional risks, if appropriate.

The different types of risk

Strategic Risks: risks that are significant in size and duration and will impact on the performance of the Council as a whole, and in particular on its ability to deliver its strategic priorities. This may include operational risks escalated to the Strategic level due to the scale of their impact.

Operational Risks: risks affecting systems or processes that underpin the organisation's overall governance, operation and ability to

deliver services. These may be located within a single service or directorate or span more than one service area.

Strategic risks

Strategic risks are owned by a SLT member and managed by a senior manager. Strategic risks are distinct from risks which impact directly on the community, such as flooding, pandemic disease or fuel shortage, although a community risk may also be a Strategic risk, depending on its impact on the Council. Community risks are managed in the Community Risk Register by the Thames Valley Local Resilience Forum, of which the Council is a member.

Strategic risks will be fully reviewed by SLT on an annual basis in the fourth quarter as part of the business planning process for the forthcoming year. This provides a clear opportunity to identify new risks and opportunities. The result of this discussion will also be considered by the relevant Council committees.

At any point in the year SLT and Council committees may identify new risks. If this is the case the risk assessment method should be followed, and the Corporate Performance and Insight Team would add the new risk to the register for discussion.

Operational Risks

Operational risks should be identified and owned by the relevant service, led by the senior manager. The annual service and resource planning process provides an opportunity to fully review all current operational risks, delete risks that are no longer relevant and identify any new risks. However, the identification of risk is not limited to a single point in the year and new risks may be added at any time.

The Corporate Performance & Insight Team can support services by running risk workshops as required. The team can attend DLT meetings to assist in identifying risks and to review the management of operational risks alongside performance updates.

Programme / Project Risks

Risk management should be incorporated into programme and project management from the outset. All programmes/projects should undertake full risk assessments. The size and scope of the project will dictate the best way of managing the risks.

All significant programmes and projects should use a risk log, to be managed by the programme/project manager and reviewed by the relevant board.

For programmes and projects with significant value or strategic importance to the Council as a whole, additional requirements are in place so that:

- The high-level risk and its controls will be recorded and managed through the Council's Strategic Risk Register. Detailed risks associated with the programme/project will be recorded in its risk log.

- Risk should be a standing item on each programme/project board meeting to review existing risks and the effectiveness of their controls and to identify any new risks and the business priority likely to be affected by the risk.
- Risk management in programmes and projects will be undertaken by the Programme or Project Manager.

For minor projects (low value or single service based) a risk log should be maintained as part of good project management. However, it is unlikely that the project risks will appear on the Strategic Risk Register unless they have the potential for significant health and safety or service provision risks, or potentially significant financial impact. If this is the case, then the approach set out above with regards to significant programme / project risks should be followed.

2.3 Assessing Risk

Once a risk has been identified (of any type, Strategic, operational or project) it needs to be assessed. The assessment process considers the likelihood that the risk may occur and its potential impact. This allows for risks to be scored and prioritised, as not all risks represent equal significance to the councils objectives.

The council uses a risk scoring matrix to work out the inherent risk score ('likelihood/probability' times the 'impact'). The inherent risk score helps to make decisions about the significance of risks to the organisation, how they will be managed, the controls required and the treatment of the risk.

The owner of the risk undertakes this assessment. For a Strategic risk this is checked by the Corporate Performance and Insight team, for programme/project risks by the relevant board and for operational risks by the Assistant Director.

		Probability				
		Remote 1	Unlikely 2	Possible 3	Probable 4	Highly Probable 5
Impact	5 Catastrophic	5	10	15	20	25
	4 Major	4	8	12	16	20
	3 Moderate	3	6	9	12	15
	2 Minor	2	4	6	8	10
	1 Insignificant	1	2	3	4	5

Inherent Risk Score	How the risk should be managed
High Risk (16-25)	Requires active management Risk requires active management to manage down and maintain the exposure at an acceptable level. Escalate upwards.
Medium Risk (10 -15)	Contingency Plans A robust contingency plan may suffice together with early warning mechanisms to detect any deviation from the profile.
Low Risk (1 – 9)	Good Housekeeping May require some risk mitigation to reduce the likelihood if this can be done cost effectively, but good housekeeping to ensure that the impact remains low should be adequate. Re-assess frequently to ensure conditions remain the same.

The risk management process guide and 'new risk template' explain in greater detail what makes up the likelihood/probability and impact scores.

The inherent risk score will determine how the risk is controlled and managed with treatment, toleration, transfer and terminate the main options (2.4 refers).

Once controls and actions to mitigate the risk have been identified a net/residual risk score should be assessed. The inherent and net/residual risk scores, along with the controls and actions then form the basis of reviews.

Once Strategic risks and mitigating controls/actions have been assessed the net/residual results are then plotted on a risk matrix, included as part of the Strategic Risk Register. Service/project risks may be plotted in a similar way if required.

2.4 Managing and Controlling Risk

Once risks have been identified and assessed, the next step is to control and manage them. Where risks are negative (threats), this will involve the consideration of cost-effective action aimed at reducing the inherent risk rating. These management actions should be focused on gaps in risk controls or assurance. For positive risks (opportunities), this will involve considering actions aimed at realising the potential benefits.

The proposed action(s) to control the risk will then be mapped against the specified risk together with an implementation date, and a named person will be designated as responsible for 'owning' the risk. The 'net/residual' risk rating is the assessment of the risk after these controls/actions have been put in place.

These actions/controls should be included in risk documentation and/or service plans. Where a risk is associated with a programme or project it should be entered into the relevant risk log.

Managing risk is an ongoing process. Commentary provided as part of the risk review process should reflect activity taken within the period to control the risk.

The Four Ts

The level of the inherent risk will help determine the best treatment for a risk, whether Strategic or operational. The risk owner has a number of options:

Tolerate: The Council may decide to tolerate a risk where, for example:

- The risk opens up greater benefits
- The risk is already effectively mitigated by controls, even if it is high risk
- The risk cannot be mitigated cost-effectively i.e. the cost of mitigating it would be greater than the cost of the risk materialising

Note that “tolerate” does not mean “do nothing”. Tolerated risks must still be monitored, and contingency plans put in place, in case the risks occur.

Treat: This is the most widely used approach.

The purpose of treating a risk is to continue with the activity which gives rise to the risk, but to bring the risk to an acceptable level by taking action to control it through either containment actions (which lessen the likelihood or consequences of a risk and are applied before the risk materialises) or contingency actions (these are put into action after the risk has happened, reducing the impact, and must be pre-planned). Taking management action is the main difference between ‘treat’ and ‘tolerate’.

Terminate: Doing things differently and therefore removing the risk.

This means stopping the activity which gives rise to the risk. This is particularly important in terms of project risk. It may be limited as an option for an organisation’s Strategic risks.

Transfer: Transferring some aspects of the risk to a third party:

For example, via insurance, or by paying a third party to take the risk in another way. This option is particularly good for mitigating financial risks, or risks to assets. However, it is a limited option – very few Strategic risks are insurable.

2.5 Reviewing and Reporting on Risk

Strategic risks will be reported to councillors and committees through business management reporting arrangements and be reviewed bi-monthly by SLT. This review involves consideration of all Strategic risks facing the Council, which could impact on the achievement of strategic priorities or are highly rated and escalated to the register from an operational or project team.

The review should focus on four key factors:

1. whether there are any changes to the inherent/residual risk scores
2. whether new controls or actions are required
3. to what extent there are any gaps in the assurance of identified controls
4. whether the risk is still relevant

Operational risks and programme/project risks will be monitored and reviewed locally, on a monthly basis within Directorate Leadership Teams (DLTs).

All risks will be clearly defined, together with the controls that currently exist to manage them. Risk ratings will be reviewed and, where relevant, commentary will be provided to identify progress against planned action or emerging issues.

It is important that the internal systems and procedures in place are adequate to manage the identified risk. Where control weaknesses are identified, these should be noted so that action can be taken to remedy such weaknesses. Action to address these weaknesses should be included within the report.

2.6 Linking risk to business plans and performance

Linking Strategic Risk to the Corporate Plan

The Strategic Risk Register is owned and managed by SLT. Where appropriate risks will be associated with Council priorities and objectives. On occasion a risk may sit outside a Council priority, for example where it affects all priorities or has whole organisation impact (e.g. the risk of systems failure).

Incorporating Operational Risk into Service Delivery Plans

Each service is required to produce a service plan on an annual basis. The format of the service plan is common across the organisation and ensures there are clear links between Council priorities and service deliverables.

Each service delivery plan is required to identify operational risks associated with service delivery. Ideally these should also be directly linked to service priorities. Likewise, actions to control risks should be included within the service plan or the risk documentation itself. Responsibility for monitoring operational risk lies with senior service managers.

Integrating Risk and Performance Management

Performance and risk will follow the same reporting regime and performance of risks will be clearly highlighted in reports. Where possible risk monitoring information will be captured using the same process as performance information. Risks should be reviewed at the same time as reviewing performance of objectives/projects as they will impact each other.

2.7 Linking risk to programmes and projects

Programmes and projects adhere to the agreed risk management strategy. It is recognised that the risk environment is different within programmes and projects and frequently risks are identified, actioned and closed on a faster basis than within the Strategic or other operational risk environments, where risks are usually linked into longer term strategic objectives rather than projects moving within shorter delivery timescales.

Programme or project risks may be escalated to the Strategic Risk Register if they reach a point where they have a significant financial or strategic impact and on the scope of business/priority likely to be affected by the risk.

Risk Management responsibilities in project environments

Corporate Management (SLT)	Responsible for providing and ensuring adherence to the Risk and Opportunities Management Strategy
Programme Senior Responsible Owner	Accountable for risk management actions agreed at Programme Board level, following escalation from projects
Senior Managers	Accountable for risk management actions agreed at DLT following escalation from projects and operational risks within the Directorate
Project Sponsor	<ul style="list-style-type: none"> • Accountable for all risk management within the project, and for putting in place a risk management approach or strategy specific to the project • Ensures all risks associated with the project business case are identified, assessed and controlled • Triggers an escalation
Senior user/customer/client board Member	Responsible for ensuring all risks to users are identified, assessed and controlled
Senior supplier board Member	Responsible for ensuring all risks to delivery are identified, assessed and controlled
Project Manager	<ul style="list-style-type: none"> • Creates the project-specific risk management approach as directed by the sponsor • Responsible for creating and maintaining the risk register in line with requirements of the Risk and Opportunities Management Strategy, ensuring risk identification, assessment and control measures are implemented.

Section 3: Roles and Responsibilities

3.1 Accountability

There will be clear accountability for risks and risk management. This is supported through the Council's Annual Governance Statement process, signed by the Chief Executive and the Leader of the Council, and by making the risks and risk management process open to regular Member overview, internal audit and external inspections.

The Audit and Governance Committee has specific responsibility for monitoring the Council's risk management arrangements, for undertaking an annual review of this strategy to ensure it remains current and reflects best

practice in risk management, and for making recommendations to the Cabinet if it is considered that any improvements or amendments are required.

Cabinet members will be briefed regularly by SLT members to ensure they are aware of Strategic risks affecting their service areas/portfolios and any improvements in controls which are proposed.

Sections 3.2 and 3.3 of this strategy outline specific Councillor and officer accountabilities and responsibilities with regards to risk management.

3.2 Council Committees

Audit and Governance Committee

The Committee will monitor the effective development and operation of the Council's risk management activities. The Committee provides independent assurance to the Council on the effectiveness of risk management and internal control arrangements and performance effectiveness to the extent it affects exposure to risk and to inform the Annual Governance Statement.

Cabinet

Cabinet will receive a regular update on Strategic risks, through the bi-monthly Business Management Report.

Reflecting the roles of these committees the relevant Chairs and Portfolio Holders will be briefed on risk matters whenever appropriate.

3.3 Section 151 Officer

The Council's Section 151 Officer is the lead officer for risk management and ensures that the Council has robust risk management strategies in place that effectively support the system of internal control.

3.4 Senior Leadership Team (SLT)

SLT has a number of roles with regards to risk management. As the senior management team, they will own the risks on the Council's Strategic Risk Register. As such, they are responsible for risk review and monitoring on a bi-monthly basis at SLT meetings, and for ensuring regular reporting to the relevant council committees.

SLT also has a role in discussing proposed new risks, working to ensure they are properly assessed, recorded and managed.

3.5 Corporate Performance and Insight Team

The Corporate Performance and Insight Team works on behalf of the whole Council to co-ordinate risk and performance management. The Team is responsible for preparing and updating the Risk and Opportunities Management Strategy and related materials, for compiling and managing the

Strategic Risk Register (including preparing regular reports) and for ensuring that operational risk management is being undertaken by services.

The Team leads the production of monthly Business Management and Monitoring Reports to ELT, bi-monthly to SLT and Cabinet, which includes information on Strategic risks and other risk matters.

In addition, the team provides risk-related support to managers, officers and councillors (through existing groups or risk management training) and provides information for the Annual Governance Statement.

3.6 Team Managers, Officers and Staff

Service managers and team leaders will often be responsible for operational and project risks. This includes risk identification, assessment and management. At this level risks should be included in service and project plans. For some projects a separate risk log will be required.

In some cases, SLT members may devolve the day to day responsibility for managing a Strategic risk to a senior service manager. If so, the manager will be expected to update the Strategic Risk Register on a monthly basis.

Staff without direct responsibility for owning and managing a risk still have an essential role to play in helping teams identify potential risks associated with service delivery and implementation of projects. As such staff should be involved in risk discussions within teams as they would be with regards to performance management.

3.7 DLTs

Directorate Leadership Teams (DLTs) are responsible for monitoring the management of operational risks and escalating to SLT when risk mitigation cannot be managed effectively, and the risk could impact on strategic priorities.

Section 4: Monitoring and Review

4.1 Annual Review of the Risk Strategy

The Risk and Opportunities Management Strategy will be reviewed on an annual basis. This will take into account any issues highlighted by the internal audit of risk management. In addition, the Strategic Risk Register will be fully reviewed by SLT during the fourth quarter. As part of the annual service planning process managers will be asked to fully review their operational risks.

4.2 Monitoring of the Strategy and Register

As part of the risk and opportunities management process it is expected that risks (whether Strategic or operational) are reviewed on a bi-monthly basis via SLT. The Cabinet will also monitor Strategic risks on a bi-monthly basis as part of the business management report.

Reports will be taken to the relevant Council committees providing a summary of the most recent review and highlighting any issues arising with regards to the implementation of or compliance with the Risk and Opportunities Management Strategy. The review will include commentary regarding the current risk score, the controls in place and whether any gaps have been identified in terms of the assurance that the controls are effective.

4.3 Internal Audit

Internal Audit will be in a position to provide assurance on the internal control environment, in line with their planned programme of work. Internal Audit will plan the annual audit coverage based on derived from the risk management process. The Code of Practice for Internal Audit in Local Government in the United Kingdom defines Internal Audit as;

‘An assurance function that primarily provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance by evaluating its effectiveness in achieving the organisations objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources’.

Internal Audit and Risk Management will co-ordinate assurance by:

- Independently reviewing the risk management strategy and process.
- Completing risk-based reviews of the key controls identified to mitigate the principal risk to the Council’s achievement of its strategic objectives.
- Referring to the Council’s risk registers when planning audit work.

4.4 External Audit and Review

External Audit is a key source of assurance and the Council should take into account the external audit management letter and reports. However, it is worth noting that the work of external audit has to be independent and the Council should not rely on external audit for advice and guidance as that is not their role.

Review Agencies and Inspectorates

Aspects of the organisation’s activities may be subject to independent inspection and assessment. These reports are likely to identify areas of strength and issues to address and may also provide some assurance. Reports from the Local Government Ombudsman may also provide a further source of assurance.

Section 5: Corporate Governance

5.1 Annual Governance Statement

Regulation 4 of the Account and Audit Regulations (2003) requires audited bodies to conduct a review, at least once a year, of the effectiveness of their systems of internal control. This review is incorporated within the Annual Governance Statement that is published alongside the statement of accounts.

The purpose of the Annual Governance Statement is to provide a continuous review of the effectiveness of an organisation's internal control and risk management systems, so as to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses in either process. The process of preparing the Annual Governance Statement will add value to the corporate governance and internal control framework of an organisation.

The statement needs to be approved separately to the accounts and signed as a minimum by the Chief Executive and the Leader of the Council. The production of the Annual Governance Statement will be reliant upon the contents of some or all of the following:

- Internal audit annual report
- External audit management letter
- Review Agencies and Inspectorates (where appropriate)
- Other internal review mechanisms
- Strategic Risk Register, including controls and actions
- Operational Risk Registers, including controls and actions
- Statements of Assurance
- Identification of risks highlighted by SLT
- Audit Committees
- Performance Management Framework
- Health and Safety Adviser

5.2 Statements of Assurance

In order for the Chief Executive and the Leader of the Council to be able to sign off the Annual Governance Statement there is a requirement for each Director to complete a statement of assurance taking responsibility for their individual service/operational risk registers and the implementation of the management actions contained within it. These statements of assurance will be completed on an annual basis to feed into the Annual Governance Statement.

The Chief Executive or, in the absence of the Chief Executive, a Director/Section 151 Officer, needs to sign a statement of assurance for the Strategic Risk Register.

Section 6: Further Guidance and Contacts

6.1 Supporting Documents / Guidance

In addition to this strategy the following documents provide information and guidance with regards to risk management:

1. The Council's intranet page on Risk Management provides a gateway to a number of risk management resources, in particular:
 - The Council's risk register template
 - The Risk Management Toolkit, offering detailed advice on each of the four stages in the Risk Cycle
2. A short, accessible E-learning course on Risk Management aimed at all Council staff
3. Assessment template for new risks: a template that takes you through the process of assessing a new risk or fully reviewing an existing risk
4. Additionally, the Corporate Performance and Insight Team can attend team meetings, or bespoke sessions, to provide staff with an introduction to risk management, or more detailed advice, as required.

6.2 Contacts

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