

Committee: Accounts, Audit and Risk Committee
Date: Wednesday 21 November 2018
Time: 7.30 pm
Venue: Bodicote House, Bodicote, Banbury, OX15 4AA

Membership

Councillor Mike Kerford-Byrnes (Chairman)	Councillor Sean Gaul (Vice-Chairman)
Councillor Hannah Banfield	Councillor Hugo Brown
Councillor Ian Corkin	Councillor Nicholas Mawer
Councillor Tom Wallis	Councillor Sean Woodcock

AGENDA

Treasury Management Training, 6.30pm - 7.30pm

Prior to the formal meeting of the Committee, Arlingclose, the council's treasury management advisors will lead a training sessions on treasury management. This will be of particular interest to Accounts, Audit and Risk Committee members but all councillors are welcome to attend.

The training will be from 6.30pm – 7.30pm with the Accounts, Audit and Risk Committee meeting starting at 7.30pm.

1. Apologies for Absence and Notification of Substitute Members

2. Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

3. Petitions and Requests to Address the Meeting

The Chairman to report on any requests to submit petitions or to address the meeting.

4. Urgent Business

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

5. Minutes (Pages 1 - 4)

To confirm as a correct record the Minutes of the meeting of the Committee held on 12 September 2018.

6. Chairman's Announcements

To receive communications from the Chairman.

7. External Audit: Annual Audit Letter 2017/18 and Internal Audit Progress Report (Pages 5 - 44)

Report of the Executive Director – Finance and Governance

Purpose of report

To consider the Ernst and Young LLP Annual Audit Letter, which includes comments on the external audit of the 2017/18 Statement of Accounts. The report also present the CW Audit Internal Audit Progress Report 2018/19.

Recommendations

The Accounts, Audit and Risk Committee is recommended to:

- 1.1 Consider the key issues raised in the letter (appendix 1).
- 1.2 Consider the key issues raised in the Internal Audit Report 2018/19 (Appendix 2).

8. Monthly Performance, Risk and Finance Monitoring Report - September 2018 (Pages 45 - 90)

Report of Assistant Director: Performance and Transformation and Assistant Director: Finance and Governance

Purpose of report

This report summarises the Council's Performance, Risk and Finance monitoring position as at the end of each month.

Recommendations

The meeting is recommended:

- 1.1 To note the monthly Performance, Risk and Finance Monitoring Report.

1.2 To review the Leadership Risk Register and identify any issues for further consideration.

9. Treasury Management Report - October 2018 (Pages 91 - 98)

Report of the Executive Director – Finance and Governance

Purpose of report

To receive information on treasury management performance and compliance with treasury management policy for 2018/19 as required by the Treasury Management Code of Practice.

Recommendations

The meeting is recommended:

1.1 To note the contents of the October 2018 Treasury Management Report.

10. Work Programme (Pages 99 - 100)

To consider and note the work programme 2018/2019.

11. Exclusion of Press and Public

The following items contain exempt information as defined in the following paragraphs of Part 1, Schedule 12A of Local Government Act 1972.

3– Information relating to the financial or business affairs of any particular person (including the authority holding that information).

7 – Information relating to any action taken or to be taken, in connection with the prevention, investigation or prosecution of crime

Members are reminded that whilst the following items have been marked as exempt, it is for the meeting to decide whether or not to consider each of them in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.

Should Members decide not to make a decision in public, they are recommended to resolve as follows:

“That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item(s) of business on the grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part I, Paragraphs 3 and 7 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

12. **Corporate Fraud** (Pages 101 - 104)

Exempt Report of the Senior Investigation Officer

13. **Treasury Management Report - October 2018 - Exempt Appendix** (Pages 105 - 106)

Councillors are requested to collect any post from their pigeon hole in the Members Room at the end of the meeting.

Information about this Meeting

Apologies for Absence

Apologies for absence should be notified to democracy@cherwellandsouthnorthants.gov.uk or 01295 227956 prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item.

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

Evacuation Procedure

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the car park as directed by Democratic Services staff and await further instructions.

Access to Meetings

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

Mobile Phones

Please ensure that any device is switched to silent operation or switched off.

Queries Regarding this Agenda

Please contact Aaron Hetherington, Democratic and Elections
aaron.hetherington@cherwellandsouthnorthants.gov.uk, 01295 227956

Yvonne Rees
Chief Executive

Published on Tuesday 13 November 2018

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Cherwell District Council

Accounts, Audit and Risk Committee

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 12 September 2018 at 7.30 pm

Present: Councillor Mike Kerford-Byrnes (Chairman)

Councillor Hannah Banfield
Councillor Hugo Brown
Councillor Nicholas Mawer
Councillor Tom Wallis
Councillor Sean Woodcock

Substitute Members: Councillor Tony Ilott (In place of Councillor Sean Gaul)
Councillor Barry Wood (In place of Councillor Ian Corkin)

Also Present: Steve Bladen, Engagement Partner, Ernst & Young, External Audit
Neil Harris, Engagement Partner, Ernst & Young, External Audit

Apologies for absence: Councillor Sean Gaul
Councillor Ian Corkin

Officers: Adele Taylor, Interim Executive Director: Finance and Governance
Kelly Watson, Assistant Director: Finance and Procurement
Isaac Aisu, Closedown Project Manager
Louise Tustian, Team Leader, Insight Team
Aaron Hetherington, Democratic and Elections Officer

26 **Declarations of Interest**

There were no declarations of interest.

27 **Petitions and Requests to Address the Meeting**

There were no petitions or requests to address the meeting.

28 **Minutes**

The Minutes of the meeting of the Committee held on 25 July 2018 were agreed as a correct record and signed by the Chairman.

29 **Chairman's Announcements**

There were no Chairman's announcements.

30 **Review by Those Charged with Governance**

The Executive Director, Finance & Governance submitted a report which set out the External Audit Opinion for 2017/18.

Resolved

- (1) That, following approval given at the Committee on 30 May 2018 it be agreed that the Chairman of the Accounts, Audit and Risk Committee sign the response relating to management assurances from Those Charged with Governance (annex to the Minutes as set out in the Minute Book).

31 **External Audit - Annual Audit Opinion 2017/18**

The Executive Director, Finance & Governance submitted a report which presented the External Audit Opinion for 2017/18.

In introducing the report, the External Auditor expressed their appreciation to the closedown team for their hard work during the process. The Committee added their appreciation to the closedown team.

Resolved

- (1) That the contents of the External Audit Opinion (ISA260) for 2017/18 from the External Auditor, Ernst & Young (EY) be noted.

32 **Statement of Accounts, Annual Governance Statement 2017/18 and Letter of Representation**

The Executive Director, Finance & Governance submitted a report for members to consider the Statement of Accounts 2017/18, the Annual Governance Statement 2017/18, and the Letter of Representation 2017/18.

Resolved

- (1) That the Statement of Accounts 2017/18 be approved.
- (2) That the Annual Governance Statement 2017/18 be endorsed.
- (3) That the Letter of Representation 2017/18 be approved.

33 **Monthly Performance, Risk and Finance Monitoring Report - July 2018**

The Assistant Director: Performance and Transformation and Assistant Director: Finance and Governance submitted a report which summarised Council's Performance, Risk and Finance monitoring position as at the end of each month.

Resolved

- (1) That the monthly Performance, Risk and Finance Monitoring Report be noted.
- (2) That having given due consideration, the Leadership Risk Register be noted and no issues be identified for further consideration.

34 **Treasury Management Report - July 2018**

The Executive Director of Finance and Governance (Interim) submitted a report which presented information on treasury management performance and compliance with treasury management policy for 2018/19 as required by the Treasury Management Code of Practice.

Resolved

- (1) That the contents of the July 2018 Treasury Management Report be noted.

35 **2018/19 Work Programme**

The Assistant Director: Finance and Procurement advised that it was anticipated that there would be training on treasury management prior to the November meeting of the Committee.

Resolved

- (1) That the work programme be reviewed.
- (2) That the updated work programme for 2018/19 be approved.

36 **Urgent Business**

There were no items of urgent business.

37 **Exclusion of Press and Public**

Resolved

That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the

grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part I, Paragraph 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

38 **Treasury Management Report - July 2018 - Exempt Appendix**

Resolved

- (1) That the exempt appendix be noted.

The meeting ended at 9.32 pm

Chairman:

Date:

Cherwell District Council

Accounts Audit and Risk Committee

21 November 2018

External Audit: Annual Audit Letter 2017/18 and Internal Audit Progress Report

Report of the Executive Director – Finance and Governance

This report is public

Purpose of report

To consider the Ernst and Young LLP Annual Audit Letter, which includes comments on the external audit of the 2017/18 Statement of Accounts. The report also present the CW Audit Internal Audit Progress Report 2018/19.

1.0 Recommendations

The Accounts, Audit and Risk Committee is recommended to:

- 1.1 Consider the key issues raised in the letter (appendix 1).
- 1.2 Consider the key issues raised in the Internal Audit Report 2018/19 (Appendix 2).

2.0 Introduction

- 2.1 Ernst Young's letter highlights the key issues arising from their audit their work for the financial year 2017/18.
- 2.2 CW Audit report highlights the progress made in delivering the 2018/19 audit plan to the end of October.

3.0 Report Details

- 3.1 The Annual Audit letter is attached in Appendix 1. The letter includes the following details relating to 2017/18:
 - Executive summary of audit work.
 - Purpose and Responsibilities.
 - Financial Statement Audit.
 - Value for Money.
 - Other Reporting Issues.

- Focused in your future.
- Audit Fees

3.2 The CW Audit progress report (Appendix 2) details the following reviews: -

- Cybersecurity
- Information Governance
- Health & Safety
- Legal Compliance
- Homes England Grant
- Disabled Facilities Grant

4.0 Conclusion and Reasons for Recommendations

4.1 The Accounts, Audit and Risk Committee needs to consider: -

- The external auditor's annual Audit Letter.
- CW Audit Progress Report.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To request further information from the External Auditor.

Option 2: To request further information from the Internal Auditor.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising directly from any outcome of this report.

Comments checked by:

Kelly Watson, Assistant Director – Finance and Procurement
01295 221638, kelly.watson@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2 There are no legal implications arising directly from any outcome of this report.

Comments checked by:

James Doble, Assistant Director – Law and Governance
01295 221587 james.doble@cherwellsouthnorthants.gov.uk

Risk Management Implications

- 7.3 Ensuring that we address the issues highlighted in the appendices will reduce our exposure to risks in those areas.

Comments checked by:
Hedd Vaughan-Evans, Assistant Director, Performance and Transformation
01295 227978 hedd.vaughanevans@Cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All wards are affected

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

None

Document Information

Appendix No	Title
Appendix 1	Annual Audit Letter 2017-18
Appendix 2	Cherwell & South Northants Progress Report 2018-19
Background Papers	
None	
Report Author	Leanne Lock Group Accountant
Contact Information	01295 227098 leanne.lock@cherwellandsouthnorthants.gov.uk

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Cherwell District Council

Annual Audit Letter for the year
ended 31 March 2018

November 2018

Page 9

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y'.

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Contents

Page 10



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

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 (updated 23 February 2017)' issued by 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 and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01

Executive Summary

Executive Summary

We are required to issue an annual audit letter to Cherwell District Council (the Council) following completion of our audit procedures for the year ended 31 March 2018. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's:	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2018 and of its expenditure and income for the year then ended .
▶ Financial statements	
▶ Consistency of other information published with the financial statements	Other information published alongside the financial statements was consistent with the financial statements.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We issued a qualified conclusion on the Council's arrangements as a result of weakness identified in the governance over the acquisition of a wholly owned subsidiary company, Crown House (Banbury) Limited. Our detailed findings in relation to this are set out on pages 16 and 17.

Page 12

Area of Work	Conclusion	
Reports by exception:	The Governance Statement was consistent with our understanding of the Council	
▶ Consistency of Governance Statement		
▶ Public interest report		We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State		We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.	

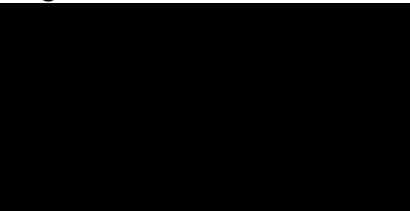
Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	The Council is below the specified audit threshold of £500million. Therefore, we did not perform any audit procedures on the consolidation pack.

Executive Summary (cont'd)

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 27 September 2018
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 27 September 2018

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.



Neil Harris
Associate Partner
For and on behalf of Ernst & Young LLP



02 Purpose and Responsibilities

Purpose and Responsibilities

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2017/18 Audit Results Report to the 12 September meeting of the Accounts, Audit & Risk Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities of the Appointed Auditor

Our 2017/18 audit work has been undertaken in accordance with the Audit Plan that we issued on 30 May 2018 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- Page 15
- Expressing an opinion:
 - ▶ On the 2017/18 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
 - ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
 - ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. As the Council is below the specified audit threshold of £500million, we did not perform any audit procedures on the Council's return.

Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements accompanied by an Annual Governance Statement. In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



03

Financial Statement Audit



Financial Statement Audit

Key Issues

The Council's financial statements are an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's financial statements in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 27 September 2018.

Our detailed findings were reported to the 12 September meeting of the Accounts, Audit & Risk Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Risk of Management Override</p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>identified in ISA (UK and Ireland) 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.</p> <p>For Cherwell District Council, we consider that this risk manifests itself in:</p> <ul style="list-style-type: none"> The incorrect classification of revenue spend as capital; The inappropriate classification of revenue spend as Revenues Expenditure Financed from Capital Under Statute (REFCUS); and Failure to make a prudent assessment of the Minimum Revenue Provision (MRP) 	<p>To address this risk we:</p> <ul style="list-style-type: none"> Made enquiries of management about the risks of fraud, and the controls established to mitigate those risks. Gained an understanding of the oversight given by those charged with governance of management's processes over fraud. Considered the effectiveness of management's controls to address the risk of fraud. Performed mandatory procedures, regardless of specifically identified fraud risks, including the testing of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. Reviewed the critical judgements made by management in applying accounting policies. Assessed management's assumptions around future sources of uncertainty. Evaluated the business rationale for significant and unusual transactions; Tested a sample of capital expenditure, including REFCUS to verify that revenue costs have not been inappropriately capitalised. Confirmed that adjustments between the accounting basis and funding basis have been correctly made in accordance with the 2018/19 Accounting Code of Practice for Local Authorities (the Code), and reflected appropriately in the Council's Movement in Reserves Statement. Confirmed that the Capital Financing Requirement and MRP had been calculated in according with the Code. We noted that the Council had understated the MRP chargeable in 2017/18 by £75,000. The Council will correct this under-provision in 2018/19. <p>Overall, our audit work has not identified any material issues, inappropriate judgements or unusual transactions which indicate that there has been any misreporting of the Council's financial position, that revenue or expenditure has been incorrectly recorded, or that management has overridden control.</p>

Page 17

Significant Risks	Conclusion
<p>Misstatements due to fraud or error - risk of fraud in revenue and expenditure recognition</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>For our audit of Cherwell District Council, we considered that this risk is limited to the cost of sales charged to the profit and loss account by the Council's wholly owned subsidiary companies, Graven Hill Village Holding Company Limited, and Graven Hill Village Development Company Limited. These costs comprise a combination of direct costs, or estimated on the basis of individual dwelling plots, and totalled £3.5 million as at 31 March 2018.</p>	<p>To address this risk we included the risk of fraud in revenue expenditure recognition as a significant risk in our instructions to Clark Howes (as auditors of the Graven Hill subsidiary companies). We reviewed the work undertaken by Clark Howes and, where necessary, perform additional audit procedures ourselves, to:</p> <ul style="list-style-type: none"> • Test expenditure allocated to the cost of sales to supporting invoices and cash payment; and • Test the basis of the estimation techniques applied when determining amounts charged to costs of sales from work in progress. <p>Overall, our audit work did not identify any material issues, inappropriate judgements or unusual transactions which indicate that there has been any misreporting of the Council's financial position, or that revenue or expenditure has been incorrectly recorded.</p>
<p>Valuation and classification of Castle Quay</p> <p>During the 2017/18 financial year the Council acquired the Castle Quay shopping complex. The fair value of the development represents a significant balance in the Council's group financial statements.</p> <p>The asset is subject to valuation, and management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end value recorded in the balance sheet.</p>	<p>To address this risk we engaged specialists from within our Real Estate team to support our work in relation to the valuation of this asset, and:</p> <ul style="list-style-type: none"> • Considered the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work. • Tested and challenged the information and assumptions used by the valuer in performing their valuation. • Confirmed that the asset had been correctly classified within the balance sheet, and that the accounting entries relating to the acquisition and valuation of the asset were correctly reflected within the financial statements. <p>We were satisfied that the Council had correctly classified Castle Quay within its financial statements, reflecting the fact that the complex is held for investment purposes. In reviewing the valuation of this asset, we noted that the carrying value reflected its value in December 2017 value, rather than its value at the balance sheet date (as required by the Code). The change in the valuation date resulted in an increase in the value of this asset of £756,000. The Council reflected the updated valuation in its financial statements.</p>

Financial Statement Audit (cont'd)

Other Key Findings	Conclusion
<p>Pension liability valuation</p> <p>The Code and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is a scheduled body.</p> <p>The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body. Accounting for this scheme involves significant estimation and judgement.</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>In testing this liability we:</p> <ul style="list-style-type: none"> • Liaised with the auditors of Oxfordshire Pension Fund to obtain assurances over the information supplied to the actuary; • Assessed the work of the Pension Fund actuary, including the assumptions used in calculating the liability; in doing so, we placed reliance on the work the work of PwC, the consulting actuary commissioned by the National Audit Office for all Local Government sector auditors, and the work of EY actuarial team in reviewing the work undertaken by PwC; and • Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to its pension liability and IAS19. <p>In undertaking this testing, we noted that the draft financial statements were prepared on the basis of IAS19 data and assumptions taken at December 2017, with a forecast of the 31 March 2018 position.</p> <p>Oxfordshire Pension Fund's draft financial statements include an up to date estimate of the asset values within the fund at 31st March 2018. This estimate is £28.3 million less than the value reflected in the Council's estimate of its pension liability, reflecting a deterioration in market conditions. The Council's share of this difference in estimate is £1.2 million.</p> <p>The Council therefore obtained from its actuary an up to date IAS19 report. The updated report reflected a reduction in the Council's pension liability of £0.622 million. The Council reflected the reduced in this liability in its financial statements.</p>
<p>Valuation of Property, Plant & Equipment and Investment Property</p> <p>Material misstatement of the net assets of the Authority as a result of inappropriate judgemental inputs and/or estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>The fair value of Property, Plant and Equipment and Investment Property represent a significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>In testing the valuation of these assets we:</p> <ul style="list-style-type: none"> • Considered the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work. • Sample tested key asset information used by the valuers in performing their valuation. • Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for the valuation of property assets. We also considered if there were any specific changes to assets that had occurred and that these had been communicated to the valuer. • Reviewed assets not subject to valuation in 2017/18 to confirm that the remaining asset base is not materially misstated. • Considered any changes to useful economic lives as a result of the most recent valuation. • Tested accounting entries had been correctly processed in the financial statements. <p>We noted that the valuation of car parks held by the Council was based on 10 months of income, and not 12. The Council therefore obtained a revised valuation for these assets, which increased the value of these assets by £0.860million. The Council reflected this revised valuation in the financial statements.</p>

Financial Statement Audit (cont'd)

Other Key Findings	Conclusion
<p>Investment in subsidiary entities</p> <p>Prior to 31 March 2018, the Council has issued loans totalling £15.5 million to its wholly owned subsidiary companies, including £4.5 million to Crown House Estates (in settlement of debts held by Crown House at the point of acquisition by the Council) and £11 million to Graven Hill Village Holdings Limited (to fund the development of the Graven Hill site).</p> <p>These amounts are in addition to the Council's investment in the share capital of each entity, which is currently valued at £1.1 million and £21.4 million respectively.</p>	<p>In testing the value of the Council's investment in its subsidiary entities we have</p> <ul style="list-style-type: none"> Reviewed the extent to which the Council has assessed the recoverability of the Council's investment; and Assessed whether the Council has made adequate provision for any expected losses. <p>The Council has not made any provision for expected losses in respect of amounts loaned to its wholly owned subsidiary companies. Based on the testing we have undertaken, we are satisfied that the assets held within the subsidiary companies are sufficient to cover any losses, were any to crystallise, and therefore consider the approach taken by the Council is appropriate.</p>
<p>Group financial statements</p> <p>The size and complexity of the Cherwell District Council group increased during 2017/18. The Council now has 3 wholly owned subsidiary companies (2 in 2016/17). Additionally, the Council also holds an interest in a company established jointly with South Northamptonshire Council that will commence the processing of housing benefit claims across both Councils in June 2018.</p> <p>Clark Howes currently provide both accounting and external auditing services to the Graven Hill companies. Given the nature of this arrangement, we considered implications for our audit of the Council's Group Financial Statements, in particular the extent to which we review and re-perform the work undertaken by Clark Howes.</p>	<p>In relation to the Council's group financial statements we:</p> <ul style="list-style-type: none"> Issued instructions to Clark Howes, setting out details of the risks we identified to the Council's group financial statements that are relevant to their audit of the subsidiary companies, and our materiality thresholds. We reviewed the steps taken by Clark Howes to safeguard the independence of their audit team, and are satisfied that no member of the audit team has been involved in the preparation of the financial statements. We reviewed the detailed audit testing undertaken by Clark Howes on the Graven Hill companies, and will focus our review on those areas where we have identified a risk, or where auditor judgments is required. <p>With regard to Crown House (Banbury) Limited, while we issued instructions to Clark Howes in relation to their audit of the entity, at the point we issued our opinion on the Council's group financial statements, Clark Howes had not completed their audit work, pending finalisation of the Crown House financial statements. We therefore undertaken direct testing of amounts consolidated by the Council in respect of Crown House.</p> <p>Based on the work we completed, the Council amended the disclosure in relation to amounts consolidated in respect of Crown House, reclassifying the amounts paid for the shares in Crown House as a long-term investment (from Long-Term debtors).</p> <p>We also recommended to the Council that they should work with Clark Howes, as auditors of Crown House (Banbury) Limited, to ensure that audit of the entity's financial statements are completed as soon as possible.</p>

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £0.948 million, which is 1% of Gross Expenditure reported in the accounts of £94.892million. This comprises of gross expenditure on the provision of services, other operating expenditure and pension interest cost. We consider gross expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.
Reporting threshold	We agreed with the Accounts, Audit & Risk Committee that we would report to the Committee all audit differences in excess of £0.047million.

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits
- Related party transactions

- ▶ We evaluated any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.



04 Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.



We identified two significant risks around the Council's arrangements. These related to the arrangements established by the Council to prepare its draft financial statements, and the extent to which the significant investment the Council has made in commercial activities were subject to appropriate due diligence.

We issued a qualified value for money conclusion, reflecting weaknesses in the Council's governance arrangements in respect of the acquisition of the Crown House subsidiary. The following pages summarise our findings in response to the risk identified in our Audit Planning Report.



Value for Money (cont'd)

Significant risk	Conclusion
<p>The Council has been actively pursuing its commercial investment strategy over the past few years. During the 2017/18 financial year, the Council</p>	<p>In relation to this risk we reviewed the quality of the information provided to Members and Officers when taking decisions in relation to these projects, and in particular the extent to which the Council sought and considered relevant technical, legal and independent professional advice to inform the decisions it took.</p>
<ul style="list-style-type: none"> • Taken a decision to facilitate the future re-development of Banbury town centre through the acquisition of Castle Quay area of the town centre at a cost of £65 million; and • Acquired a new, wholly owned subsidiary company, Crown House (Banbury) Limited to facilitate the development of the Crown House site in Banbury. The cost of this acquisition was £5.6 million. 	<p>In relation to the Council's acquisition of Castle Quay, we have no matters to bring to your attention.</p> <p>In relation to the Council's acquisition of the Crown House site, we identified a number of weaknesses in relation to its governance processes. We consider that these weaknesses are sufficiently significant to warrant a qualification of our value for money conclusion. We are concerned that members were not provided with sufficient and appropriate information to make an informed decision on the acquisition and discharge its fiduciary duty to taxpayers. Particular weaknesses we identified included:</p>
<p>These activities have seen a significant increase in the Council's borrowing, which stands at £96 million at 31 March 2018. When the significance and importance of these decisions to the Council's strategic, operational and financial priorities, we have reviewed the adequacy of the Council's decision making processes in relation to these investments.</p>	<ul style="list-style-type: none"> • The Council engaged experts to review the financial model underpinning its assessment of the investment. It is unclear, however, what instructions were given to the Council's expert, and to date the Council have been unable to locate those instructions. • In terms of the financial model adopted by the Council to assess the investment, it is unclear as to the basis upon which the inputs to the model were chosen, who ran the modelling exercise and which officers instructed the Council's expert. Of particular importance, it is unclear as to the extent to which the commentary, caveats and assumptions made by the Council's expert were addressed prior to the Council acquiring Crown House.
<p>This risk links to the Council's arrangements for:</p>	
<ul style="list-style-type: none"> • Taking informed decisions; • Deploying resources in a sustainable manner; and • Working with partners and other third parties. 	<ul style="list-style-type: none"> • We recognise that the Council has sought to acquire the Crown House site on a number of occasions since 2012 in order to support its objective of regenerating and improving Banbury Town Centre. Notwithstanding this, the acquisition of the site was not undertaken on the basis of a market assessment as was asserted to members in July 2017. Consequently, based on the information available to us at the point we concluded our audit, the cost of acquiring the site, and the costs to complete the development, could result in a forecast deficit which exceeds our level of materiality.
	<p>Officers took the following steps to address the weaknesses identified:</p>
	<ul style="list-style-type: none"> • Instructed Legal Counsel to review the decision and the actions required to rectify governance weaknesses identified. • Prepared a report to Members setting out the steps the Council propose to take to address the weaknesses identified, presenting this report to an executive member briefing in September 2018.

Significant risk	Conclusion
	<ul style="list-style-type: none"> • Undertook an extensive review and scrutiny into the decision making process and consideration of key documents. • Established an Investment Strategy Working Group (with cross-party membership) acting as forum to review the due diligence associated with the acquisition of new assets and commercial investment decisions. • Implemented a Programme Management framework setting out accountability and responsibility for the Council's key projects and initiatives. <p>The Council also amended its Annual Governance Statement to reflect the weaknesses identified by our audit.</p> <p>We support the actions proposed by the Council, and, having considered the Council's response, we concluded that no further action, other than a qualification of our value for money conclusions, was required from ourselves.</p> <p>The next steps for the Council are to:</p> <ul style="list-style-type: none"> • Undertake a social value and best value review of the Crown House transaction with the support of external advice to determine what further actions the Council should take to best secure a best value consideration. • Review the status and processes for other Council projects and initiatives to ensure no similar issues are identified, and if so, to remediate at an early stage.

Other matters to report	Conclusion
<p data-bbox="91 371 640 403">Follow-up on Matters Identified in the Prior Year.</p> <p data-bbox="91 435 792 691">In the prior year we experienced significant difficulties in completing our audit. This included the adequacy of working papers and their reconciliation to the financial statements, the timeliness of deliverables and responses to auditor queries, errors in the basis of which items of property, plant and equipment were valued, leading to material errors in the draft financial statements, and the significant amount of time taken to matters we raised during the course of our audit.</p> <p data-bbox="91 699 792 786">These had a significant impact on the efficiency of the accounts and audit process for both the Council and us as your auditors. We therefore issued an Except for Value for Money Conclusion.</p> <p data-bbox="91 826 792 882">As part of our 2017/18 audit, we have followed-up on the steps taken by the Council to address the weaknesses identified.</p> <p data-bbox="91 922 622 946">This risk links to the Council's arrangements for:</p> <ul data-bbox="91 986 672 1137" style="list-style-type: none"> • Taking informed decisions; • Deploying resources in a sustainable manner; and • Working with partners and other third parties. 	<p data-bbox="792 371 2143 467">We found that the Council had taken steps to strengthen arrangements for the preparation of its financial statements through the recruitment of specialist support to prepare the financial statements and supporting working papers. We found that:</p> <ul data-bbox="792 507 2143 722" style="list-style-type: none"> • The draft financial statements were prepared in accordance with statutory deadlines, with no material omissions. • Supporting working papers are significantly improved from prior year; these were prepared in advance of us starting our on-site work, were clearly linked to amounts within the financial statements, general ledger, and supporting evidence. • Matters raised during the audit process were responded to quickly and promptly. <p data-bbox="792 762 1814 786">Our audit identified no significant matters in relation to our audit of the financial statements.</p>



05

Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

The Council is below the specified audit threshold of £500million. Therefore, we did not perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.



Other Reporting Issues (cont'd)

Objections Received

We did not receive any objections to the 2017/18 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Accounts, Audit & Risk Committee on 12 September 2018. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. 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 identified during our audit. We have adopted a fully substantive approach and have therefore not tested the operation of controls.



06 Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below.

Standard	Issue	Impact
IFRS 9 Financial Instruments	<p>Applicable for local authority accounts from the 2018/19 financial year and will change:</p> <ul style="list-style-type: none"> • How financial assets are classified and measured; • How the impairment of financial assets are calculated; and • The disclosure requirements for financial assets. <p>There are transitional arrangements within the standard and the 2018/19 Code of Practice has now been issued, providing guidance on the application of IFRS 9. In advance of the Guidance Notes being issued, CIPFA have issued some provisional information providing detail on the impact on local authority accounting of IFRS 9, however the key outstanding issue is whether any accounting statutory overrides will be introduced to mitigate any impact.</p>	<p>Although the Code has now been issued, providing guidance on the application of the standard, along with other provisional information issued by CIPFA on the approach to adopting IFRS 9, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty. However, what is clear is that the Council will have to:</p> <ul style="list-style-type: none"> • Reclassify existing financial instrument assets • Re-measure and recalculate potential impairments of those assets; and • Prepare additional disclosure notes for material items.
IFRS 15 Revenue from Contracts with Customers	<p>Applicable for local authority accounts from the 2018/19 financial year. This new standard deals with accounting for all contracts with customers except:</p> <ul style="list-style-type: none"> • Leases; • Financial instruments; • Insurance contracts; and • For local authorities; Council Tax and NDR income. <p>The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p> <p>Now that the 2018/19 Code of Practice for Local Authorities has been issued it is becoming clear what the impact on local authority accounting will be. As the vast majority of revenue streams of Local Authorities fall outside the scope of IFRS 15, the impact of this standard is likely to be limited.</p>	<p>As with IFRS 9, some provisional information on the approach to adopting IFRS 15 has been issued by CIPFA in advance of the Guidance Notes. Now that the Code has been issued, initial views have been confirmed; that due to the revenue streams of Local Authorities the impact of this standard is likely to be limited.</p> <p>The standard is far more likely to impact on Local Authority Trading Companies who will have material revenue streams arising from contracts with customers. The Council will need to consider the impact of this on their own group accounts when that trading company is consolidated.</p>



Focused on your future (cont'd)

Standard	Issue	Impact
IFRS 16 Leases	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2019/20 Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the 2019/20 Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, what is clear is that the Council will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Council must therefore ensure that all lease arrangements are fully documented.</p>



Page 33

07

Audit Fees

Audit Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code.

	Proposed fee 2017/18	Planned fee 2017/18	Scale fee 2017/18	Proposed Final Fee 2016/17
	£	£	£	£
PSAA scale fee – Code work (Note 1)	52,127	52,127	52,127	52,127
Scale Fee Variation				
Impact of lower materiality thresholds	12,500	8,000 – 12,000	N/A	N/A
Castle Quay valuation significant risk	7,850	4,000 - 6,000	N/A	N/A
Value for Money significant risk	8,800	6,000 – 9,000	N/A	2,483
Area of Audit focus – group considerations	9,600	8,000 - 10,000	N/A	4,403
Testing of the valuation of property, plant and equipment / errors in draft financial statements	N/A	N/A	N/A	14,456
Matter raised by member of the public	N/A	N/A	N/A	9,658
Total audit fees	90,877	26,000 – 37,000	52,127	83,127
Other non-audit services not covered above (certification of Housing Benefit subsidy claim)	8,844	8,844	8,844	12,495
Total other non-audit services	8,844	8,844	8,844	12,495
Total fees	99,721	86,971 – 97,971	60,971	95,622

The fee presented in our audit planning report was based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council having an effective control environment.

Where any of these assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

We are currently seeking approval for scale fee variations set out above from PSAA Limited. We will inform the Council once these have been agreed.

Our work on the Council's housing benefit subsidy claim is currently in progress. We will confirm our final fee for this in our annual certification report, which we expect to issue in December 2018.

We confirm we have not undertaken any non-audit work outside of the PSAA's requirements.

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ED None

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Cherwell and South Northamptonshire Councils

Internal Audit
Progress Report 2018/19

November 2018



1. Introduction

The purpose of the report is to update the committee on progress made in delivering the 2018/19 audit plan to the end of October 2018. The agreed joint internal audit plan for the 2018/19 year totals 327 days. Appendix A provides details of the audit assignments included in the 2018/19 year, and an update on progress where assignments have commenced.

2. Summary of reviews completed

Review	Key issues arising from audit	Assurance level
Cybersecurity – Follow up of PWC report	This follow-up review concluded that good progress has been made in implementing the 31 recommendations made in the 2016/17 internal audit report written by the Councils' previous internal auditors, PWC. Of the 31 recommendations made in the original report, 25 are now fully implemented, with progress made on a further four recommendations. Two recommendations remain outstanding. Action has been agreed with management to implement all of the remaining recommendations.	Significant

Review	Key issues arising from audit	Assurance level				
Information Governance - GDPR	<p>This audit confirmed that the arrangements for GDPR as still in the process of being implemented. Key areas where further action is required are as follows:</p> <ul style="list-style-type: none"> • Fully deliver the action plan and project plan emanating from the November 2017 GDPR Health Check review. • The GDPR team should produce an updated risk register. • Complete the Data Flow Mapping process and then produce a Data Sharing Policy. • Produce Information Sharing Agreements for all third parties the Councils share personal data with. • Develop and document a process to enable individuals to have inaccurate/incomplete personal data rectified. • Create a policy and procedure to respond to Subject Access Requests. • Consider including the Assistant DPO in business continuity planning. • Review resources available to fully implement GDPR. 	Moderate				
ICO key themes		Level of Assurance				
		Full	Significant	Moderate	Limited	No
1. Awareness				✓		
2. Information you hold				✓		
3. Communicating privacy information			✓			
4. Individuals' rights				✓		
5. Subject access requests				✓		
6. Legal basis for processing personal data				✓		
7. Consent			✓			
8. Children		✓				
9. Data breaches			✓			
10. Data Protection by Design and Data Protection Impact Assessments			✓			
11. Data Protection Officers				✓		
12. International		✓				

Review	Key issues arising from audit	Level of assurance				
Health & Safety	<p>This audit has confirmed that the proposed Occupational Health, Safety and Wellbeing arrangements will, if properly implemented, provide an effective control environment in which the Councils can deliver their statutory health and safety duties. Our review has identified some areas where further improvements to the proposed system may be achieved. Recommendations have been made to:</p> <ul style="list-style-type: none"> • Consider adding an assessment of risk to the proposed Directorate plans. • Consider using a system for documenting risk assessments which enables aggregating of assessments for efficient Directorate and Corporate reviews of risk, mitigating actions, and residual risk level. Such a system should also allow aggregated Directorate review and integration with the Strategic Risk Register. • Ensure that clear reporting arrangements are put in place and that Corporate Health, Safety and Wellbeing targets are set, monitored and reported. 	Significant				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
There is an approved and legally compliant policy and guidance / arrangements setting out requirements for managers regarding the management of Health and Safety.			✓			
Health & Safety risk assessments are undertaken and controls are in place to address these risks, including relevant risks identified in the Leadership Risk Register.			✓			
Incidents are appropriately reported and opportunities taken to learn lessons.			✓			
Systems to ensure and report on compliance with relevant legislation and good practice are embedded throughout the Councils and managers are fully aware of their roles and responsibilities with regard to health, safety and wellbeing, including relevant training where applicable.			✓			

Review	Key issues arising from audit	Level of assurance
Legal Compliance	This audit confirmed that arrangements for ensuring that appropriate action is taken in respect of new and/or amended legislation that pertains to services delivered by the Councils are operating effectively. One recommendation was made to strengthen the trail to demonstrate that all legislative changes that could impact on the Councils are identified and acted on.	Significant

System control objective	Level of Assurance				
	Full	Significant	Moderate	Limited	No
Arrangements are in place to identify new and amended statutory duties, powers and legal requirements on the Council.		✓			
Arrangements ensure that suitable changes are made to policies and practices to reflect such new or amended duties, powers or requirements.	✓				
All new policies and or changes to existing policies as a result of new and amended statutory duties, powers and legal requirements on the Council, and reports to committee are subject to due diligence by the Head of Law and Governance (the Monitoring Officer) before committee approval.	✓				
Management and members have suitable assurance of ongoing corporate compliance with legal requirements.		✓			
Officers with relevant statutory roles (e.g. Monitoring Officer) and other legal responsibilities are provided with sufficient time, support and resource to ensure effective delivery of their roles.	✓				

Review	Key issues arising from audit	Assurance level
Homes England Grant	Homes England Compliance Audit Programme completed and submitted in respect of grant received for Care & Support Specialist Housing in Bicester (St Edbergs Scheme).	N/A

Review	Key issues arising from audit	Assurance level
Disabled Facilities Grant	Testing completed to confirm that the conditions set by NCC and OCC for SNC and CDC respectively for the 17/18 Disabled Facilities Grant have been met.	N/A

3. Recommendation tracking

The current status of all recommendations due for implementation by the 30th September 2018, including recommendations raised by the Councils' previous internal auditors, PWC, is summarised as follows:

Recommendations due for implementation by 30th September 2018				
Priority*	Number	Implemented or Closed	Ongoing	Pending
1	0	0	0	0
2	23	21	2	0
3	34	32	2	0
4	34	33	1	0
Totals	91	86	5	0

*Level 1 is the highest level of risk we attach to a recommendation.

Ongoing Level 2 Recommendations			
Subject	Original target date	Revised target	Latest update
Revised policy/procedures for debt recovery.	30/6/18	30/11/18	Policy currently in draft.
More robust procedures for recovery action to be taken in respect of debts that are more than 28 days old.	20/4/18	10/12/18	Forms part of the sundry debtors review that is currently underway.

Appendix A - 2018/19 Internal audit plan

Area	Audit Assignment	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance Level
Corporate Governance & Systems	Cybersecurity		✓			Final report	Significant
	Information Governance - GDPR		✓			Final report	Moderate
	Information Technology - IT Disaster Recovery		✓			Scope agreed, delay requested	
	Business Continuity Management		✓			Scope agreed, delay requested	
	Corporate Health & Safety		✓			Final report	Significant
	Procurement & Contract Management		✓	✓		Fieldwork ongoing	
	Human Resources - Recruitment		✓	✓		Fieldwork ongoing	
	Partnership working				✓		
	Project Assurance				✓		
	Legal compliance	✓	✓			Final report	Significant
Financial Assurance	Medium Term Financial Planning/Financial Resilience			✓		Fieldwork ongoing	
	Budget management and reporting			✓		Fieldwork ongoing	
	Capital Programme & Project Management		✓			Fieldwork ongoing	
	Payroll				✓		
	Finance Systems			✓		Fieldwork ongoing	
	Revenues & Benefits			✓		Scope agreed	
	Homes England Grant Certification*		✓			Audit Compliance Checklist submitted.	N/A
	DFG certification – CDC and SNC		✓			Certifications provided for both Councils	N/A
Operational Assurance	To be agreed - reviews to provide topical assurance on key operational areas on a risk-assessed basis				✓		

*Funded from contingency days

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Cherwell District Council

Accounts, Audit and Risk Committee

21 November 2018

<p>Monthly Performance, Risk and Finance Monitoring Report – September 2018</p>
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Report of Assistant Director: Performance and Transformation and Assistant Director: Finance and Governance

This report is public

Purpose of report

This report summarises the Council's Performance, Risk and Finance monitoring position as at the end of each month.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the monthly Performance, Risk and Finance Monitoring Report.
- 1.2 To review the Leadership Risk Register and identify any issues for further consideration.

2.0 Introduction

- 2.1 The Council is committed to performance, risk and budget management and reviews progress against its corporate priorities on a monthly basis.
- 2.2 This report provides an update on progress made so far in 2018-19 to deliver the Council's priorities through reporting on performance, the Leadership Risk Register and providing an update on the financial position.
- 2.3 The Council's performance management framework sets out the key actions, projects and programmes of work that contribute to the delivery of the 2018-19 business plan and the priorities of the Council. These measures and key performance indicators are reported on a monthly basis to highlight progress, identify areas of good performance and actions that have been taken to address underperformance or delays.
- 2.4 The Council maintains a Leadership Risk Register that is reviewed on a monthly basis. The latest available version of the risk register at the date this report is published is included in this report.
- 2.5 The Report details section is split into three parts:
 - Performance Update

- Leadership Risk Register Update
- Finance Update

2.6 There are four appendices to this report:

- Appendix 1 - 2018/19 Business Plan
- Appendix 2 – Monthly Performance Report
- Appendix 3 – Leadership Risk Register
- Appendix 4 – Capital Programme

3.0 Report Details




Performance Update

3.1 The Council's performance management framework sets out the key actions, projects and programmes of work that contribute to the delivery of the 2018-19 business plan (see Appendix 1) and the priorities of the Council.

3.2 The 2018-19 business plan set out three strategic priorities:

- Protected, Green and Clean;
- Thriving Communities and Wellbeing;
- District of Opportunity and Growth.

3.3 This report provides a summary of the Council's performance in delivering against each strategic priority. To measure performance a 'traffic light' system is used. Where performance is on or ahead of target it is rated green, where performance is slightly behind the target it is rated amber. A red rating indicated performance is off target.

Colour	Symbol	Meaning for Joint Business Plan Measures	Meaning for Joint Key Performance Measures (KPIs)
Red		Significantly behind schedule	Worse than target by more than 10%.
Amber		Slightly behind schedule	Worse than target by up to 10%.
Green		Delivering to plan	Delivering to target or ahead of it.

Priority: Protected, Green and Clean

3.4 The Council is committed to protecting the natural environment and ensuring the character of the district is preserved and enhanced. Our commitment included working to ensure the district has high standards of environmental cleanliness and greater waste and recycling services. Maintaining the district as a low crime area is another key part of this priority and the Council is committed to working in partnership to deliver against this objective.

3.5 Overview of our performance against this strategic priority:

- Garden waste is starting to recover from the summer dry conditions – The percentage of waste recycled and composted for September is provisionally reporting only 1.31% short of the YTD target which is a similar position to the same period last year. The amount collected in blue bins is lower due to high levels of contamination (wrong items in blue bins) since we changed contractor. Plans are in place to address this.
- Mandatory Safeguarding awareness is being delivered internally and to all new applicants for private hire/Hackney Carriage licenses which is being positively received. The training is constantly being reviewed to ensure is as up to date as possible.

Priority: Thriving Communities and Wellbeing

3.6 The Council is committed to supporting our communities to thrive and to promoting the wellbeing of our residents. This priority includes supporting health and wellbeing, improving leisure facilities and delivering leisure activities and working in partnership with voluntary organisations to deliver services in a manner that safeguards children, young people and vulnerable adults. Another key aspect of this priority is preventing homelessness, the delivery of affordable housing and improving the condition of residential properties.

3.7 Overview of our performance against this strategic priority:

- **'Wellbeing Activity Maps'** will be available online to enable residents a search facility for activities and groups operating locally that they may wish to join. A variety of themes will be available for residents to search and find out more information. The four themes are 'Get Active', 'Get Creative', 'Get Learning' and 'Get connected'. This will be launched in October via our internet and also our quarterly resident magazine 'Cherwell Link'.
- **'Preparing for Winter'** was the latest Connecting Communities theme. Electric blanket testing was available as well as information and resources to help our vulnerable and older residents during the winter months.
- **Safeguarding our vulnerable** residents is to be strengthened through the addition of an Accommodation Officer post. Debt and money advice as well as discretionary housing payment advice is part of the service we are delivering to help those with a shortfall in their rent.

Priority: District of Opportunity and Growth

3.8 The Council is committed to developing the local economy, promoting inward investment and delivering sustainable growth. This priority also contributes towards making great places to live, work, visit and invest through economic development and working in partnership to deliver strategic transport infrastructure projects.

3.9 Overview of our performance against this strategic priority:

- **Build!** During September marketing of 25 of the 40 shared ownership units at Gardener Close in Bicester continued. By the end of September we had 7 reservations and 14 purchasers proceeding through the assessment process who we expect to also reach reservation stage in October. There has been a great deal of interest in the one bedroom flats and we are doing a second launch on the 15th October for the remaining units on site. We've received really positive feedback regarding the show flat with several people requesting to purchase this fully furnished.
- **Employment and growth advice** has supported the commencement of Phase 2 at Symmetry Park, Bicester. The team have also provided advice around planning applications at Bicester Heritage. 'Cherwell link' contained examples of new commercial investments that is happening across Cherwell. The team are working on the launch of the Cherwell Business Awards which will be held in November, a great opportunity for business and partners to network.

Summary of Performance

- 3.10 The Council reports on performance against 20 joint business plan measures and 12 key performance indicators on a monthly basis. Performance for this month is summarised in the table below. The full details, including commentary against each measure and key performance indicator can be found in Appendix 2.

Business Plan Measures and Key Performance Indicators					
Status	Description	September	%	YTD	%
Green	On target	27	85%	29	91%
Amber	Slightly off target	2	6%	3	9%
Red	Off target	3	9%	0	0%

3.11 **Spotlight On: Supporting and delivering change**

Each month this report will focus on a theme or service provided by the Council, highlighting how this contributes to the delivery of the strategic priorities and the key achievements delivered to date.

This month we are focusing on 'Supporting and delivering change'

The Council, particularly in its partnership with South Northamptonshire Council has a long tradition of delivering change and supporting staff through those changes.

Over the past seven years, the Council has delivered a whole scale Transformation Programme which saw all services shared with South Northamptonshire Council. As we reach the end of the partnership and prepare for separation it is appropriate to reflect on how the Councils approach to delivering change has developed and how the learning and skills acquired will be put to good effect on the next stage of our journey.

This is particularly important as the scale of change to be delivered over the next few years is significant as the Council separates from South Northamptonshire, embarks on a new partnership with Oxfordshire County Council, continues its digital transformation programme and embarks on an ambitious place shaping agenda.



Change management is a structured approach to moving an organisation from the current stage to a desired future state. Typically, the change management process involves five stages:



Change is usually implemented through programmes or projects and the Council approach to programme and project management is based on best practice methodologies PRINCE2 and Managing Successful Programmes (MSP).

Sustaining change is the most difficult stage and is only achieved by bringing people with you on the journey so they understand the reasons for change and are committed to delivering the benefits of change. To do this requires strong communication and staff engagement throughout the process.

The Council is committed to the principle of working in partnership with employees and trade unions in managing organisational change and seek to achieve changes through appropriate involvement and consultation. This approach has been a fundamental part of the joint working partnership with South Northamptonshire and has underpinned all joint working business cases and will underpin our approach to separation.

A key part of this approach is ensuring effective engagement with staff and trade unions takes place before a final decision is made. This enables the views of those impacted by any change to be taken into consideration before a final decision is made.



In order to sustain change, communication and engagement with staff must not be confined to formal consultation periods. At Cherwell, this process is sustained through regular e-mails from the Chief Executive, drop-in-sessions on specific themes and updates at all staff briefings.

The Councils HR Service plays a key role in supporting change across the organisation, from supporting staff through the organisational change process through regular on-going support to managers.

The Council has also just launched a new Employee Assistant Programme (EAP) to support staff. The EAP provides access to 24-hour counselling, support and guidance for all employees, whatever problems they are facing. The service is provided independently and offers confidential support for staff and managers.



Risk Update

- 3.12 The Council maintains a Joint Leadership Risk Register that is reviewed on a monthly basis. The latest available version of the risk register at the date this report is published is included in this report.
- 3.13 The heat map below shows the overall position of all risks contained within the Leadership Risk Register.

Risk Scorecard – Residual Risks						
		Probability				
		1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
Impact	5 - Catastrophic					
	4 - Major		L04, L10, L11, L12		L05	
	3 - Moderate			L01, L02, L14	L03, L06, L07, L08	L09, L13a, L13b
	2 - Minor					
	1 - Insignificant					

- 3.14 The table below provides an overview of changes made to the Leadership Risk Register during the past month. Any significant changes since the publication of the report will be reported verbally at the meeting.

Leadership Risk	Score	Direction	Latest Update
L01 Financial Resilience	9 Low risk	↔	No changes
L02 Statutory functions	9 Low risk	↔	No changes
L03 Lack of management Capacity	12 Medium risk	↔	No changes
L04 CDC & SNC Local Plans	8 Low risk	↔	Mitigating Actions updated for CDC & Controls updated for SNC.
L05 Business Continuity	16 High risk	↔	Comments and Mitigating Actions updated
L06 Partnering	12 Medium risk	↔	Comments updated
L07 Emergency Planning	12 Medium risk	↔	Controls, Mitigating actions and comments updated.
L08 Health & Safety	12 Medium risk	↔	Controls, Control assessment and Risk Manager updated.
L09 Cyber Security	15 Medium risk	↔	Mitigating actions updated
L10 Safeguarding the Vulnerable	8 Low risk	↔	No change
L11 Income generation through council owned companies	8 Low risk	↔	No change
L12 Financial sustainability of third party third party suppliers	8 Low risk	↔	Mitigating actions updated.
L13a Local Government Reorganisation (CDC)	15 Medium risk	↔	No change
L13b Local Government Reorganisation (SNC)	15 Medium risk	↔	No changes
L14 Corporate Governance	9 Low risk	↔	No Change.

Finance Update

- 3.15 We are continuing to develop the way we report and the ease of access and understanding of information we provide to ensure Members, and the public, are fully aware of the financial position of the Council.

In previous years financial reporting has been on a quarterly basis. This frequency of information is being improved during 2018/19. We have introduced monthly monitoring and reporting across the organisation. This improvement in reporting is providing budget managers, senior leadership and members with more up to date information regarding the financial position and outlook for the Council.

The finance team has aligned itself with the business areas to provide better support and consistency and continuity of advice moving forward across both revenue and capital budget areas in addition to monitoring any over funding levels.

The risk based monitoring undertaken to date has highlighted two areas of risk at this stage. One relates to Finance and Procurement where additional interim staff and resource has been required to manage staff changes and support the Council in meeting financial reporting deadlines for the production of the Statement of Accounts and support financial management improvements. The second risk highlighted is £10k additional spend required within HR for additional professional advice that was required to support the service. At the moment all other areas are forecasting a balanced position although there will be small variances at the detail level with no overall impact on their bottom line. Further risk to this position will be highlighted and detailed in future reports.

3.16 Revenue Position

The Council's forecast financial position is set out in the table below.

Revenue Monitoring (Brackets denotes an Underspend)	Budget £000	Forecast £000	Current Period Variances £000	Prior Period Variances £000
Corporate Services	257	257	-	-
CORPORATE SERVICES TOTAL	257	257	-	-
Communities	2,623	2,606	(17)	-
Leisure & Sport	2,674	2,674	-	-
Housing	1,647	1,597	(50)	(91)
WELLBEING TOTAL	6,944	6,877	(67)	(91)
<i>Communities (£17k) consist of (£25k) savings on Management fees payable to Citizens Advise for Community transport and volunteering and a (£25k) reduction in the grant to Banbury Museum Trust; and an additional £33k budget realignment cost.</i>				
<i>Housing (£50k) income of (£32k) due to new legislation on Houses with Multiple Occupancy "HMO", further vacant posts has resulted in an additional savings of (£18K).</i>				
Planning Policy & Development	1,444	1,723	279	279
Economy & Regeneration	1,482	1,482	-	-
PLACE & GROWTH TOTAL	2,926	3,205	279	279

Planning Policy & Development £279k comprises **£170k** under recovery of planning income due to the volatility in the number of expected planning applications; however, there is an earmarked reserve to assist with managing this risk, additional **£34k** cost for the Interim Executive Director of Place and Growth (Oct-18 to Mar-19), **£75k** on Building Controls due to continuous reliance on agency staffs caused by shortage of skilled personnel to fill the vacant roles. Currently under review for potential.

Economy and Regeneration Bicester Regeneration currently funded from reserves and under review to ascertain any potential under spend will be reflected and put back to reserves.

Environmental Services	5,187	5,288	101	102
Environmental Health & Licensing	(49)	(69)	(20)	-
ENVIRONMENT TOTAL	5,138	5,219	81	102

Environmental Services £101k Which is principally made up of **£148k** due to increase in the price charge per tonne (Gate Fees) for dry goods recycling. Officers are keeping the market under close review. There has also been a cost savings of **(£87k)** for roles filled part way through the year or yet to be filled.

Environmental Health & Licensing (£20k), Environmental protection underspend cost for reactive maintenance and consultancy cost, and additional savings for an unfilled vacant role (Emergency Planning Officer).

Law & Governance	1,247	1,293	46	-
Finance & Procurement	1,715	1,835	120	120
Property Investment & Contract Management	(3,017)	(2,714)	303	258
FINANCE & GOVERNANCE TOTAL	(55)	414	469	378

Law and Governance £46k consist of **£25k** decrease in Land charges income due to the current economic climate and use of temporary resources to cover statutory role; and a **£21k** to allow for the additional cost further to outsourcing the Corporate Fraud Team to OCC.

Finance & Procurement £120k forecast overspend arising from interim staff costs required to support the Council in meeting financial reporting deadlines and implementing financial management improvements.

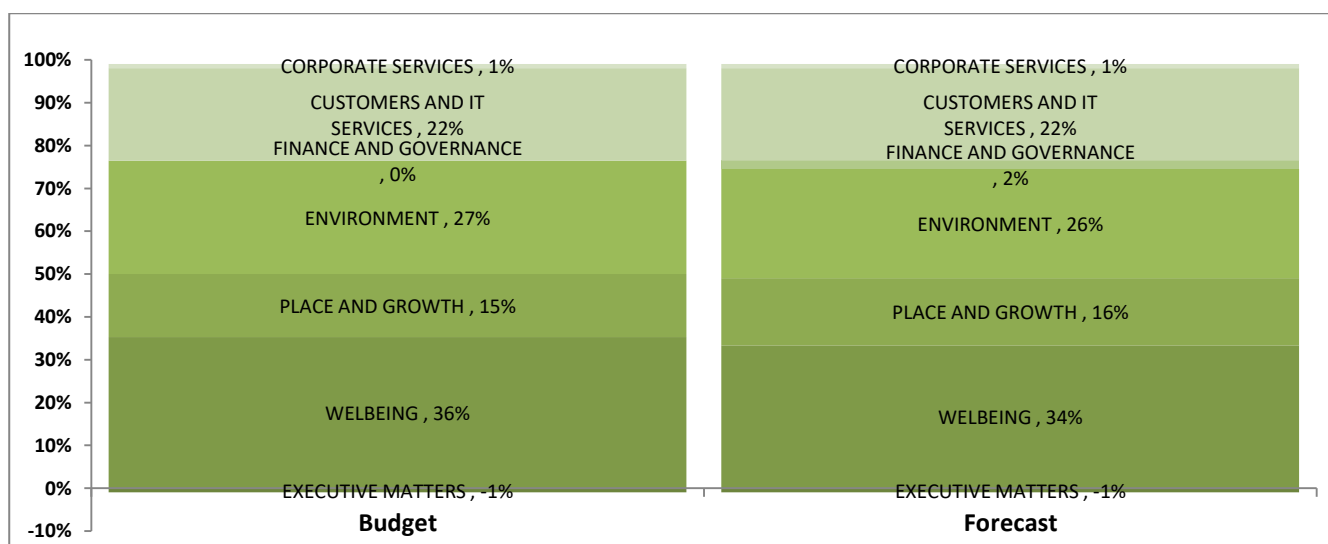
Property Investment Contract Management £303k mainly due to the delay in the project completion date of Crown House, hence the expected income from Crown House Property Investment Contract Management will be lower by **£289k** in 2018/19 and **£14k** NDR Budget realignment cost.

Customers & IT services	2,722	2,722	-	-
Strategic Marketing & Communications	334	370	36	-
HR, OD & Payroll	716	736	20	-
Performance & Transformation	569	502	(67)	-
CUSTOMERS & IT SERVICES TOTAL	4,341	4,330	(11)	-

Strategic Marketing and Communications £36k overspend due to use of interim resources, pending opportunities for increased joint working with OCC in this area.

<i>HR, OD and Payroll £20k Additional HR related legal cost.</i>				
<i>Performance and Transformation (£68k) Savings due to staff budget realignment cost.</i>				
TOTAL DIRECTORATES	19,551	20,302	751	668
Revenue Monitoring	Budget £000	Forecast £000	Current Period Variances £000	Prior Period Variances £000
Use of Reserves	4,418	4,418	-	-
Interest on Investments	2,074	2,074	-	-
Non Distributed Costs	(2,935)	(2,935)	-	-
Pension Costs	257	240	(17)	(17)
Capital Charges	(4,002)	(4,002)	-	-
EXECUTIVE MATTERS TOTAL	(188)	(205)	(17)	(17)
<i>Pension Costs (£17k) reduction in pension cost.</i>				
COST OF SERVICES	19,363	20,097	734	651

Funding	Budget £000	Forecast £000	Current Period Variances £000	Prior Period Variances £000
<i>(Brackets denotes an Increase in Funding)</i>				
Business Rates Baseline	(3,673)	(3,673)	-	-
Revenue Support Grant	(637)	(637)	-	-
FORMULA GRANT EQUIVALENT	(4,310)	(4,310)	-	-
Transfer to Parish Councils for CTRS	349	349	-	-
New Homes Bonus	(4,009)	(4,009)	-	-
GRANTS AWARDED TOTAL	(3,660)	(3,660)	-	-
BUSINESS RATES GROWTH TOTAL	(4,829)	(5,329)	(500)	(500)
<i>BUSINESS RATES GROWTH (£500k) The increase as resulted from new business growth in the Cherwell District and an increase in the pooling income from growth in new businesses in the Oxfordshire Districts.</i>				
Council Tax	(6,506)	(6,506)	-	-
Collection Fund	(58)	(58)	-	-
COUNCIL TAX INCOME TOTAL	(6,564)	(6,564)	-	-
TOTAL INCOME	(19,363)	(19,863)	(500)	(500)
Reserve management			(170)	(170)
(Surplus)/Deficit	-	234	64	(19)



The Council is forecasting some variance with its overall expectations. The graph above shows that the forecast overspends do not significantly impact upon the overall profile of spend for the Council.

3.17 Capital Programme

A summary of the capital programme forecast is set out in the table below. The detailed Capital programme is shown in the appendices to this report.

Directorate	Budget £000	Forecast £000	Re-profiled into 2019/20 £000	Re-profiled beyond 2019/20 £000	Current Period Variances £000	Prior Period Variances £000
Wellbeing	2,309	1,859	398	0	(52)	-
Place & Growth	2,749	1,589	1,160	0	-	-
Environment	1,830	876	864	0	(90)	-
Finance & Governance	84,522	27,116	42,694	14,667	(45)	(75)
Customers & IT Services	943	943	0	0	-	-
Total	92,353	32,383	45,116	14,667	(187)	(75)

Budget Update:

The Budget change from **£91,873k** (Reported Aug-18) to **£92,353k** (Reporting Sept-18), an increase of **£480k** in Finance & Governance agreed capital budget re-profiled from 2017/18 now coded to the applicable service areas.

Re-Profiled into 2019/20 and Beyond 2019/20:

Wellbeing £398k Comprises **£80k** budget to cover solar PV component replacement at the sports centre which is not expected in 2018/19, **£30k** Spiceball Leisure centre bridge resurfacing works to be determined post completion of the CQ2 new bridge connection in 2018; and **£84k** spending linked to the delivery of "The Hill youth and community centre". It is likely that the new facility won't be completed this financial year. Re-profiled into 2019/20. And a **£65k** work on the Cooper sports Facility Floodlight will not be completed in 2018/19 due to access issue, hence re-profiled to 2019/20 and **£139k** Discretionary Grants Domestic Properties not required in 2018/19 but envisaged to be utilised in 2019/20.

Place & Growth £1,160k for East West Railways where 5 years of scheduled capital contributions to 2019/20 have not yet been requested. Re-profiled to 2019/20.

Environment £864k made up of **£467k** budget for the replacement of parking equipment, **£50k** planned changes

to the "Public Conveniences", **£322k** deferred due to the useful life of some vehicles longer than estimated, **£15k** Work on the "Urban Centre Electricity Installations", and **£10k** Container Bin Replacement; will not be required in 2018/19, but next budget year, hence re-profiled to 2019/20.

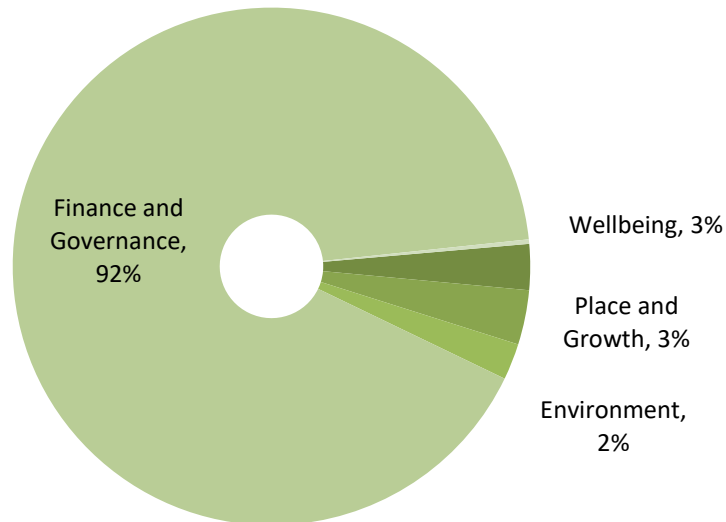
Finance & Governance £57,361k comprises **£50k** for the Spiceball Riverside bridge which is on hold pending the completion of a Castle Quay 2 "CQ2" new bridge as part of the CQ2 development, **£42,644k** work on CQ2 planned for next year. Re-profiled into 2019/20. And an additional cost of **£14,667k** work on CQ2 planned for completion beyond 2019/20 further updates on the specific re-profiling to be advised.

Current Period Variances:

Wellbeing (£52k) Budget no longer required.

Environment (£90k) Budget no longer required.

Finance & Governance (£75k) is made up of, (**£104k**) savings for work completed on the Community Buildings, Bradley Arcade Roof Repairs and the Orchard Way Shopping Arcade Front Service, for less than the original bid value achieving the same goals and an additional **£29k** cost for a second fire exit route to the "Antelope Garage" in Banbury.



Where a capital project spans more than one financial year or there are delays to the project, re-phasing or re-profiling of expenditure may be needed. Re-profiling and phasing updates to capital projects will be identified in future reports.

The overall capital programme is currently expecting to spend to target. This position will be thoroughly reviewed by the Capital Programme Working Group. The next meeting of this group will undertake a line by line review of the capital programme and the output of this meeting will be provided in the next monitoring report.

4.0 Conclusion and Reasons for Recommendations

4.1 It is recommended that the contents of this report are noted.

5.0 Consultation

5.1 This report sets out performance, risk and budgetary information from the previous month and as such no formal consultation on the content or recommendations is required.

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: This report illustrates the Council's performance against the 2018-19 business plan. As this is a monitoring report, no further options have been considered. However, members may wish to request that officers provide additional information.

7.0 Implications

Financial and Resource Implications

7.1 The financial implications are detailed within section 3.15 of this report.

Comments checked by:

Adele Taylor, Executive Director: Finance and Governance (Interim)
Adele.taylor@cherwellandsouthnorthants.gov.uk
0300 003 0103

Legal Implications

7.2 There are no legal implications from this report.

Comments checked by:

James Doble, Assistant Director: Law and Governance
James.doble@cherwellandsouthnorthants.gov.uk
0300 003 0207

Risk management

- 7.3 This report contains a full update with regards to the Council's risk position at the end of the previous month. A risk management strategy is in place and the risk register has been fully reviewed.

Comments checked by:

Louise Tustian, Team Leader: Insight Team

01295 221786

Louise.tustian@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Key Decision

Financial Threshold Met: No

Community Impact Threshold Met: No

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillors –

Councillor Richard Mould – Lead member for Performance Management

Councillor Tony Ilott – Lead member for Finance and Governance

Document Information

Appendix No	Title
Appendix 1	2018/19 Business Plan
Appendix 2	Monthly Performance Report
Appendix 3	Leadership Risk Register
Appendix 4	Capital Programme
Background Papers	
None	
Report Author	Hedd Vaughan-Evans – Assistant Director: Performance and Transformation Kelly Watson – Assistant Director: Finance and Governance
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Joint Business Plan 2018-19 : *“Two Councils, one organisation”*



South Northamptonshire Council

“Protected, Green & Clean”

High quality Waste & Recycling services

High quality street cleansing

Reduce our carbon footprint & protect the natural environment

Protect the built heritage

Maintain district as a low crime area

Tackle environmental crime

Mitigate impact of HS2

“Great places to live, work, visit & invest”

Provide and support health and wellbeing

Promote inward investment & business growth

Thriving Communities & Wellbeing”

Deliver welfare reform agenda

Safeguard the vulnerable

Deliver the Local Plans for CDC & SNC

“District of Opportunity & Growth”

Enhance community resilience as part of emergency planning

Deliver affordable housing

Enhance leisure facilities

Deliver innovative & effective housing schemes

Increase tourism

Increase employment at strategic employment sites

Prevent homelessness

Provide support to voluntary sector

Deliver the Masterplans for key economic centres:
Bicester/Banbury/Kidlington/Brackley/Towcester/Silverstone

Shared Organisational Plan

Operational Excellence

Rigorous Financial Management
Income optimisation
Commercial & Procurement excellence
Effective Governance
Alternative Delivery Vehicles

Public Value

24/7 access to services
Right first time, every time
Service at point of need
Efficient & effective services
Customer Service Excellence

Best Council to work for

Sustainable relationships with key partners
Culture of Innovation & Creativity
Effective People service
Employer of choice
Enabled through digitisation
Corporate Social responsibility

“Here to Serve”

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Appendix 2 – Monthly Performance Report

September 2018

Includes:

- Joint Programme Measures
- Joint Key Performance Measures (KPIs)

Key to symbols

Colour	Symbol	Meaning for Joint Business Plan Measures	Meaning for Joint Key Performance Measures (KPIs)
Red		Significantly behind schedule	Worse than target by more than 10%.
Amber		Slightly behind schedule	Worse than target by up to 10%.
Green		Delivering to plan / Ahead of target	Delivering to target or ahead of it.

Joint KPIs - Protected, Green and Clean

Measure	Council	Portfolio Holder	Director/Lead Officer	Result	Target	Status	Commentary	YTD Result	YTD Target	YTD
JBP1.2.1C % Waste Recycled & Composted	CDC	Cllr D Pickford	Kane, Graeme Potter, Ed	56.26%	57.74%	●	These are provisional figures. Accurate figures will be available w/c 15 October. Due to the exceptionally hot summer we have collected less garden waste to the end of September 18 compared to the same period last year, therefore the recycling rate is lower than expected. The amount collected in the blue bins is lower to date because there are higher levels of contamination (the wrong items in the blue bin) since we changed contractor. We are working on plans to increase the blue bin recycling and getting people to recycle correctly.	57.60%	58.91%	●
JBP1.2.1S % Waste Recycled & Composted	SNC	Cllr D Bambridge	Kane, Graeme Potter, Ed	60.21%	64.19%	●	These are provisional figures. Accurate figures will be available w/c 15 October. Due to the exceptionally hot summer we have collected around 600 tonnes less of garden waste to the end of September 18 compared to the same period last year. Therefore the recycling rate is lower than expected. Food and blue bin recycling collections are on track.	63.70%	65.09%	●

Joint KPIs - Thriving Communities & Wellbeing

Measure	Council	Portfolio Holder	Director/Lead Officer	Result	Target	Status	Commentary	YTD Result	YTD Target	YTD
JBP2.2.1C Number of households living in Temporary Accommodation (TA)	CDC	Cllr J Donaldson	Carr, Jane Douglas, Gillian	20.00	43.00	★	The number of households in temporary accommodation at the end of September was 20, this is well below target and reflects Cherwell's continued focus on prevention of homelessness and timely intervention before households are in crisis as well as close management of TA resources.	20.00	43.00	★
JBP2.2.1S Number of households living in Temporary Accommodation (TA)	SNC	Cllr K Cooper	Carr, Jane Douglas, Gillian	17.00	25.00	★	We are managing the numbers of people moving in to and out of temporary accommodation through our homelessness prevention work and effective use of the housing register to allocate social or affordable homes to people in need, including those residing in temporary accommodation. The delivery of new affordable homes by social landlords over the last few months is playing a significant part in this.	17.00	25.00	★
JBP2.2.2C Average time taken to process Housing Benefit new claims	CDC	Cllr T Ilott	Green, Belinda Taylor, Adele	19.14	15.00	▲	The average time taken to assess new claims for benefit for the month of September is 19.14 days against a target of 15 days. The performance is below target partly due to an issue with the interface from the online claim form into our software system causing a delay in claim forms being received. Measures have been put in place to ensure this issue is rectified earlier should it reoccur. Our year to date figure continues to be above target at 13.94 days. The national average for assessing new claims for benefit is 22 days.	13.94	15.00	★
JBP2.2.2S Average time taken to process Housing Benefit new claims	SNC	Cllr P Rawlinson	Green, Belinda Taylor, Adele	9.03	15.00	★	The average time taken to assess new claims for benefits is 9.03 days against a target of 15 days. The performance remains above target for the month of September and the year to date figure remains excellent at 8.10 days. New claims continue to be monitored daily to continue to perform above target of 15 days. The national average for the assessment of new claims for benefit is 22 days.	8.10	15.00	★
JBP2.2.3C Average time taken to process Housing Benefit change events	CDC	Cllr T Ilott	Green, Belinda Taylor, Adele	7.94	8.00	★	The average time taken to assess change in events is 7.94 days against a target of 8 days. The year to date figure remains above target at 7.89 days. Work continues to review our processes and automate as many changes as possible following the successful automation of Atlas and Universal Credit.	7.89	8.00	★
JBP2.2.3S Average time taken process Housing Benefit change events	SNC	Cllr P Rawlinson	Green, Belinda Taylor, Adele	6.86	8.00	★	The average time taken to assess change events is 6.86 days against a target of 8 days. The year to date figure remains excellent at 4.95 days against a national average of 8 days. Work continues to review our processes and automate as many changes as possible following the automation of Atlas and Universal Credit files.	4.95	8.00	★

Joint KPIs - Thriving Communities & Wellbeing

Measure	Council	Portfolio Holder	Director/Lead Officer	Result	Target	Status	Commentary	YTD Result	YTD Target	YTD	
Page 64	JBP2.2.5C Number of visits/usage of District Leisure Centres	CDC	Cllr G Reynolds	Bolton, Sharon Carr, Jane	138,014	127,285	★	<p>Whilst the throughputs have shown a reasonable increase against last year for those figures inputted this needs to be caveated with the fact that the Sports Pavilion at Whiteland's Farm was not open and Stratfield Brake had only recently transferred operation to Legacy Leisure for the same period. Therefore for the purposes of comparing like for like on Leisure Facilities (not including pavilions) the figures overall were fairly consistent with last year 123,255 in September 2018 against 123,813 in 2017. In terms of individual Centres Woodgreen Leisure Centre, North Oxfordshire Academy Sports Facility and Cooper Sports Facility were above last year's target. Kidlington Leisure Centre was also very marginally up. Spiceball Leisure Centre was down by circa 700 and Bicester Leisure Centre down by circa 1500.</p> <p>For Bicester Leisure Centre this can be attributable to a drop off in gym usage as well as some lower numbers for swimming and taking part in fitness classes. Legacy Leisure (CDC Leisure operator) is undertaking a re-development of all 3 main gyms in December (Kidlington/Spiceball/Bicester) of this year to encourage customers back into the Centres. New gym layouts have been designed with new equipment to be installed. In addition Spiceball Leisure Centre will be increasing the number of swimming lessons held to reduce any waiting times and improve participation</p>	836,668	763,710	★
	JBP2.2.5S Number of Visits/Usage of District Leisure Centres	SNC	Cllr K Cooper	Bolton, Sharon Carr, Jane	64,346	60,404	★	<p>Usage across the Leisure Facilities continues to be performing well. Towcester Centre for Leisure recorded an increase of circa 1,100 more than the same period last year with Brackley Leisure Centre performing above last year's level by circa 4,000 users. A more detailed performance update for Brackley Leisure Centre would highlight over 1,000 more gym users than the same period last year as well as better usage of the football pitches (similarly a 1,000 more recorded users. Other activities increasing in usage include dry side activities and fitness classes.</p> <p>Brackley Swimming pool did show a decrease of circa 1,000 users, however overall across the Leisure Facilities a 4,000 increase in usage has been achieved.</p>	385,729	362,424	★

Joint KPIs - Thriving Communities & Wellbeing

Measure	Council	Portfolio Holder	Director/Lead Officer	Result	Target	Status	Commentary	YTD Result	YTD Target	YTD
JBP2.2.6C % of Council Tax collected, increasing Council Tax base	CDC	Cllr T Ilott	Green, Belinda Taylor, Adele	9.11%	9.25%	●	The amount of Council Tax due to be collected in September has increased by £285k due to the number of new builds being banded. However, we have collected £300k more in September than we did in August with the in month collection being the highest since May 2018. The growth and back dating of billing for new builds will impact on collection rates. We currently have a backlog of work which is impacting on collection rates however there are plans in place to bring the work more up to date in the next few weeks. We are still issuing recovery documents to increase collection of Council Tax. We are ahead on our cumulative collection figure compared to last year. This time last year we had collected 56.40%.	56.62%	58.25%	●
JBP2.2.6S % of Council Tax collected, increasing Council Tax Base	SNC	Cllr P Rawlinson	Green, Belinda Taylor, Adele	9.12%	10.00%	●	The amount of Council Tax has increased by £100k in September due to the number of new homes being banded. We currently have a slight backlog of work however we are now prioritising house moves to ensure the new residents are billed quicker. The issuing of recovery documents will continue in October in order to increase cash collection.	58.61%	59.00%	●
JBP2.2.7C % of Business Rates collected, increasing NNDR base	CDC	Cllr T Ilott	Green, Belinda Taylor, Adele	8.44%	9.50%	▲	We are now concentrating in billing larger Ratable Value customers quicker in order to collect. This time last year we had collected 55.99% in NNDR. We are proactively contacting customers by phone in order to chase unpaid installments prior to formal recovery taking place.	57.85%	58.50%	●
JBP2.2.7S % of Business Rates collected, increasing NNDR base	SNC	Cllr P Rawlinson	Green, Belinda Taylor, Adele	11.27%	9.00%	★	Having concentrated on processing all Business Rates correspondence which in turn issues bills quickly and continuing with recovery action, the collection rates have increased. An officer has been proactively chasing all customers in arrears with the Business Rates in order to increase collection rates. We have maintained our turnaround of actioning documents throughout September and will continue monitoring installment plans for customers with recovery action continuing where required.	56.61%	57.00%	●

Page 65

Joint KPIs - District of Opportunity & Growth

Measure	Council	Portfolio Holder	Director/Lead Officer	Result	Target	Status	Commentary	YTD Result	YTD Target	YTD
JBP3.2.1C % Major planning applications processed within 13 weeks	CDC	Cllr C Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	100%	60%	★	8 Major Planning Applications were determined during September. All were determined within the target period or agreed time frame. As such, our target of determining more than 60% of Major Applications within time has been met.	89%	60%	★
JBP3.2.1S % Major planning applications processed within 13 weeks	SNC	Cllr R Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	100%	60%	★	8 Major Planning Applications were determined during September and all were determined within target period. As such, 100% of Major Applications were determined within time against a target of 60%.	92%	60%	★
JBP3.2.2C % Non Major planning appeal decisions allowed	CDC	Cllr C Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	0%	10%	★	103 Non-Major applications were determined during September and no Non-Major Appeals were allowed by the Planning Inspectorate. Therefore we are achieving our target of less than 10% of Non-Major Planning Appeals allowed.	1%	10%	★
JBP3.2.2S Non major planning appeal decision allowed	SNC	Cllr R Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	0%	10%	★	65 Non-Major applications were determined during September and No Major Appeals were allowed by the Planning Inspectorate. Therefore we are achieving our target of less than 10 % of Non-Major Planning Appeals allowed.	1%	10%	★
JBP3.2.3C % Planning enforcement appeal decisions allowed	CDC	Cllr C Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	0%	10%	★	No Enforcement Appeals were determined during September.	0%	10%	★
JBP3.2.3S % Planning enforcement appeal decisions allowed	SNC	Cllr R Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	0%	10%	★	No Enforcement Appeals were determined during September.	0%	10%	★
JBP3.2.4C % of non-major applications processed within 8 weeks	CDC	Cllr C Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	93%	70%	★	106 Non-Major planning applications were determined during September, 99 were determined within the target period or agreed timeframe. Therefore the target of determining more than 70% of Non-Major Applications within the period has been met.	90%	70%	★
JBP3.2.4S % of non-major applications processed within 8 weeks	SNC	Cllr R Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	86%	70%	★	65 Non-Major planning applications were determined during September and of those 56 were determined within the target or agreed time frame. Therefore the target of determining more than 70% within time has been met.	87%	70%	★
JBP3.2.6C Major planning appeal decisions allowed	CDC	Cllr C Clarke	Colwell, Adrian Newton, Jim	25.00	10.00	▲	8 Major Planning Applications were determined and 2 Major Planning Appeals were determined during September. Both Appeals were allowed by the Planning Inspectorate; therefore the target of less than 10% of Major Appeals allowed by the Planning Inspectorate has not been met this month. It should be noted though, that the running total for Q1 and Q2 including this data is 57 Majors determined and 2 allowed at Appeal. However we are currently achieving a YTD of 4.17%, so overall we are well within 10% target.	4.17	10.00	★

Joint KPIs - District of Opportunity & Growth

Measure	Council	Portfolio Holder	Director/Lead Officer	Result	Target	Status	Commentary	YTD Result	YTD Target	YTD
JBP3.2.6S Major planning appeal decisions allowed	SNC	Cllr R Clarke	Charlett, Jeremy Newton, Jim Seckington, Paul	0.00	10.00	★	No Major Application Appeals were determined during September.	0.00	10.00	★

Joint Programme Measures -Protected, Green and Clean

Measure	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
JBP1.1.1 Maintain High Quality Waste & Recycling Services	Cllr D Bambridge Cllr D Pickford	Kane, Graeme Potter, Ed	Review of recycling disposal fee undertaken with Casepac.	On line booking on bulky waste is planned to commence in mid October - rise in demand expected as a result	★	Garden waste tonnages recovering after a reduction in June & July due to the hot weather. Negative impact for dry recycling following falls in value of some materials. Will be reviewed again during October.	★
JBP1.1.2 Provide High Quality Street Cleansing Services	Cllr D Bambridge Cllr D Pickford	Kane, Graeme Potter, Ed	Bretch Hill blitz in CDC successfully delivered.	Preparation for gaining access for cleaning the A34 (North bound carriageway) & A43 (central reservation) early on Sundays in late October/early November. Both activities require Traffic Management and early Sunday morning starts	★	Street Cleansing performing well in both areas. CDC held an on-site walkabout with a Councillor & member of the public to highlight areas of concern in Banbury Town centre carried out - issues raised have been addressed. In SNC some concern regarding build-up of cigarette ends in kerb areas-issue now largely addressed	★
JBP1.1.3 Tackle Environmental Crime	Cllr D Bambridge Cllr D Pickford	Kane, Graeme Potter, Ed	Held a workshop to develop ideas for helping to reduce fly tipping	Further workshop planned to develop plans & strategies to further reduce fly tipping	★	Joined Keep Britain Tidy to access fly tipping campaign literature. Other benefits from joining include; taking up training places covering enforcement issues such as littering from vehicles	★
JBP1.1.4 Reduce Our Carbon Footprint and Protect the Natural Environment	Cllr D Bambridge Cllr D Pickford	Carr, Jane Riley, Nicola Webb, Richard	Air quality monitoring continued across both districts with the monitoring of nitrogen dioxide levels at 47 locations in CDC and 32 locations in SNC.	The work on the Bicester Air Quality Demonstration Project will be reviewed with Geospatial Insight Limited, the consultants providing the pollution monitors and developing the software for the project. The entries submitted for the poster competition will be judged and the winners announced. The monitoring of Nitrogen Dioxide levels will continue across both CDC and SNC.	★	The Bicester Air Quality Demonstration Project started in September and will run for three weeks. The project is funded by the UK Space Agency and is being led by the Bicester Delivery Team and Geospatial Insight Ltd who are providing the pollution monitors and developing the software. The aim of the project is to investigate the benefits of air pollution management to healthcare and urban planning in Bicester. As part of the project CDC, in partnership with the UK Space Agency, has been hosting a poster competition for secondary schools to increase awareness of the link between transport and air quality. Alongside the Bicester Air Quality Demonstration Project the monitoring of Nitrogen Dioxide levels continues as normal. The nitrogen dioxide data is used to calculate the annual mean concentration level for comparison against the air quality objective of 40µg/m3. The results are reported in an Annual Status Report that is submitted to Defra (Department for Environment, Food and Rural Affairs). Three electric vehicles for CDC and one for SNC were due for delivery in September but there has been a delay due to demand and the latest update from the provider, Nissan, is that they will be delivered early November.	★
JBP1.1.5 Mitigate the Effects of HS2	Cllr C Clarke Cllr S Clarke	Colwell, Adrian Newton, Jim	Schedule 17 application progressing	Schedule 17 applications will be determined.	★	Schedule 17 Requests for Approval for works related to enabling works including Chipping Warden Relief Rd are progressing. Planning Forum met September. Discussions on-going between HS2 contractors and Local Authorities on Common Design Elements for structures.	★

Joint Programme Measures -Protected, Green and Clean

Measure	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
<p>JBP1.1.6 Maintain the District as a Low Crime Area</p> <p align="center" style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 69</p>	<p>Cllr A McHugh Cllr K Cooper</p>	<p>Carr, Jane Kane, Graeme Riley, Nicola Webb, Richard</p>	<p>All new applicants for Private Hire / Hackney Carriage Licences at CDC and SNC have undertaken Safeguarding Awareness before having their licences issued.</p>	<p>In line with the current policy all new applicants for Private Hire / Hackney Carriage driver licences at CDC and SNC will be required to undergo mandatory Safeguarding Awareness training before having a licence issued.</p>	★	<p>The mandatory Safeguarding awareness training for CDC and SNC taxi applicants continues to be well received. The training will be refreshed at both councils to ensure it remains current. Reported crime in both District areas show an YTD increase, which was largely due to a long summer period of reported crime associated with alcohol and Anti-Social Behaviour. This is reflective across the most similar groups and national data comparisons.</p> <p>The internal 'See It Report It' (SIRI) process and reporting has been reviewed and streamlined to ensure an easier user approach to report safeguarding concerns for employees. Further work is being conducted to look at suitable systems and processes to support the future recording of information.</p> <p>Year to day data shows an increase in SIRI reporting, which is likely due to the increased awareness and communication of safeguarding issues, what to look for etc. and our statutory role in reporting safeguarding concerns. The summer holidays 2018 saw a significant increase in comparison to the previous year.</p>	★
			<p>The main focus during September for both District areas was to agree a multi-agency approach to tackling Organised Crime Groups and County Lines which is a national area of concern. Both action plans were discussed through the Community Safety Partnerships and work is starting to deliver against these outcomes.</p>	<p>Raising awareness of Modern Slavery and the how to recognise the signs has been rolled out via staff briefings, further work and awareness will follow in October to a wider audience.</p>		<p>The internal 'See It Report It' (SIRI) process and reporting has been reviewed and streamlined to ensure an easier user approach to report safeguarding concerns for employees. Further work is being conducted to look at suitable systems and processes to support the future recording of information.</p> <p>Year to day data shows an increase in SIRI reporting, which is likely due to the increased awareness and communication of safeguarding issues, what to look for etc. and our statutory role in reporting safeguarding concerns. The summer holidays 2018 saw a significant increase in comparison to the previous year.</p>	
<p>JBP1.1.7 Protect the Built Heritage</p>	<p>Cllr C Clarke Cllr R Clarke</p>	<p>Colwell, Adrian Mitchell, Clare Newton, Jim</p>	<p>Research for heritage and conservation area reviews.</p> <p>Refocusing Heritage at the Risk Strategy.</p> <p>On-going input to major development sites.</p> <p>On-going input to strategic infrastructure projects including East West rail and HS2.</p>	<p>Research for heritage and conservation areas reviews. On-going input to major development sites and strategic infrastructure projects.</p>	★	<p>Heritage and conservation area reviews are underway for Stratton Audley, Somerton and Ardley (<i>please note this is a change from Duns Tew</i>) and should be complete by end of November 2018.</p> <p>Conservation support for major projects at the former RAF Bicester and RAF Upper Heyford sites will continue as required.</p> <p>The Conservation Team continues to provide heritage input on major infrastructure projects including East-West rail.</p>	★

Joint Programme Measures - Thriving Communities & Wellbeing

Measure	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
JBP2.1.1 Provide & Support Health & Wellbeing	Cllr A McHugh Cllr C Clarke Cllr K Cooper Cllr T Ilott	Carr, Jane Colwell, Adrian Riley, Nicola Rowe, Rosie	SNC - Health & wellbeing Forum held 25/09. CDC - Community Connect social prescribing lead officer appointed.	Launch of online Wellbeing activity maps for Cherwell & for South Northants Launch of 'Community Connect' social prescribing scheme in Cherwell.	★	CDC: The council is a contributing partner to the social prescribing project led by Citizens Advice SNC: A county-wide social prescribing (SP) project is being put together by Nene Clinical Commissioning Group and progress was reported to the Health & Well Being Forum. The SNC wellbeing activity map should be able to integrate with the SP scheme when it goes live . The Health & wellbeing Forum was held on 25/09. Four delivery SNC priorities agreed: 1. Online directory of Health & Well Being activities 2. Reduce social isolation 3. Healthy eating, exercise & positive lifestyle activities in schools Positively engage health professionals with the planning process	★
JBP2.1.2 Provide enhanced leisure facilities	Cllr G Reynolds Cllr K Cooper	Bolton, Sharon Carr, Jane	Completion of the North Oxfordshire academy Kitchen works - finalising the project.	It is expected that the Brackley Leisure Centre development will be complete or near completion.	★	Works continuing at Brackley Leisure Centre with the provision of two new swimming pools and improvements internally. Car Park works are currently being undertaken with improvements to the junction roundabout now due to start. At this stage it is expected that the new facility will fully open towards the end of October/beginning of November. Kitchen works to the North Oxfordshire Academy Pavilion have now been completed and complements the work carried out previously to the bar lounge area. Refurbishment works have been completed to the toilet facilities at Towcester Centre for Leisure - including new sinks/toilets/toilet cubicles/urinals/flooring etc.	★

Joint Programme Measures - Thriving Communities & Wellbeing

Measure	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
<p>JBP2.1.3 Provide support to the voluntary sector</p> <p align="center">Page 71</p>	<p>Cllr A McHugh Cllr K Cooper</p>	<p>Carr, Jane Riley, Nicola</p>	<p>SNC: 13 small (< £1,000) grants approved for grassroots community projects. 18 large (>£1,000) grants assessed and recommended to Community Funding Panel.</p>	<p>CDC: Electric Blanket Testing events in Banbury & Bicester (Fire station locations).</p>		<p>CDC: Electric Blanket testing events will also have a "Connecting Communities" stand attached with a theme of "Preparing for Winter" to give out information and resources to support older people during the winter months.</p>	
			<p>CDC: Review decision upheld Asset of Community Value listing of 'Sunset & Stars', Piddington.</p> <p>CDC Seniors Forum delivered 27th of September.</p>	<p>Nicodemus - Specialist Youth Mentoring starts in Brighter future secondary schools Age Friendly Banbury - Focus group consultation Sept / Oct</p> <p>The Hill - On-going support to Banbury Community Church to develop a programme to be delivered in the new centre once built in 2019.</p> <p>CDC & SNC Play Bin Initiative</p> <p>SNC: Seniors forum @ The Forum</p> <p>Brackley Play Day event - Brackley Leisure centre</p>	★	<p>Nicodemus (Youth Leadership & Community Action Programme) Specialist mentoring will be delivered in Banbury with 3 secondary schools starting as part of the Brighter Futures agenda. Each school will be able to refer young people they feel are at risk of grooming, drugs, crime and violence and will work with schools for 40 weeks.</p> <p>Age Friendly Banbury initiative continues with focus group consultation taking place in a number of locations across Banbury working with a wide range of older peoples groups. The focus groups will look at the 4 themes that came out of the original consultation highlighting priority areas.</p> <p>SNC: The first SNC Seniors forum will take place working in partnership with South Northants Volunteer Bureau and Age UK Northamptonshire. The agenda will cover themes around Community Safety / Local Opportunities and Grant funding.</p> <p>Brackley Play Day event will showcase opportunities for young people and families to engage locally and allow partners to promote their services.</p> <p>Meetings and communication with SNC parishes to become more frequent, to keep them informed re Local Government Review and associated changes.</p>	★

Joint Programme Measures - Thriving Communities & Wellbeing

Measure	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
<p>JBP2.1.4 Enhance community resilience as part of emergency planning</p> <p align="center" style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 72</p>	<p>Cllr A McHugh Cllr D Bambridge</p>	<p>Carr, Jane Kane, Graeme Riley, Nicola Webb, Richard</p>	<p>CDC - Development of a joint approach to Emergency Planning with Oxfordshire County Council.</p>	<p>The refreshed Service level Business Continuity Impact Assessments and Business Continuity Plans will be reviewed by the new Business Continuity Steering Group to ensure they are consistent and robust. The review will also ensure all cross-cutting business continuity risks are identified and interdependencies are reflected in the plans. Multi-agency meetings regarding Silverstone events will be arranged to learn from this year's events, and prepare for next year.</p>	<p>★</p>	<p>Robust business continuity arrangements are important to provide assurance that the Councils would be able to continue to provide critical services in the event of an incident impacting on the councils' operations and to ensure that all services would recovery in a timely fashion following such an incident. Incidents affecting the ability of the Council to provide services could include adverse weather reducing access to council offices, fire or damage to Council offices and property or higher than normal staff absences due to a flu pandemic.</p> <p>All services and critical functions have business continuity plans which set out the risks to the Council's operations and the arrangements for responding to incidents. These plans need to be refreshed periodically, understood by staff and tested. Following recent changes to structures and support functions a plan is in place to review our arrangements and to ensure they remain robust.</p> <p>A briefing was provided to all staff regarding our emergency planning arrangements to ensure they were aware of our role. Selected staff have attended training on how to manage a Rest Centre for evacuated residents. Senior staff have attended an emergency planning exercise with partner agencies in Northamptonshire.</p> <p>Plans for CDC to work more closely on Emergency Planning with Oxfordshire County Council are developing.</p>	<p>★</p>
			<p>Refresh of all teams' Business Continuity Plans following the workshops held over the last two months relating to both CDC & SNC.</p>	<p>Recruit to vacant Housing Options Officer post in CDC Housing Options Team. Host and chair the 2nd meeting of the newly established Cherwell Homelessness Prevention network.</p>		<p>Fixed term Tenancy Support Officer posts (roles that take a key role in homelessness prevention and tenancy sustainment) at both councils have been made permanent. Arrangements have been put in place for the new "Duty to Refer" which came into force on October 2018.</p> <p>A draft report of an internal review of the local services for single homeless people and rough sleepers will be completed for consideration by senior management by end October 2018.</p>	
<p>JBP2.1.5 Prevent homelessness</p>	<p>Cllr J Donaldson Cllr K Cooper</p>	<p>Carr, Jane Douglas, Gillian</p>	<p>Meetings regarding the implementation of the homelessness strategy and monitoring delivery have taken place. Specific actions have been allocated to teams and/or individual team members and these will be incorporated into the mid-year review appraisal process.</p>	<p>Recruit to vacant Housing Options Officer post in CDC Housing Options Team. Host and chair the 2nd meeting of the newly established Cherwell Homelessness Prevention network.</p>	<p>★</p>	<p>Fixed term Tenancy Support Officer posts (roles that take a key role in homelessness prevention and tenancy sustainment) at both councils have been made permanent. Arrangements have been put in place for the new "Duty to Refer" which came into force on October 2018.</p> <p>A draft report of an internal review of the local services for single homeless people and rough sleepers will be completed for consideration by senior management by end October 2018.</p>	<p>★</p>

Joint Programme Measures - Thriving Communities & Wellbeing

Measure	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
JBP2.1.6 Safeguard the vulnerable	Cllr A McHugh Cllr K Cooper	Carr, Jane Riley, Nicola	Universal Credit project team has been established to support the introduction of the full service in South Northants.	Outcomes of the joint bids for funding for services to victims of domestic abuse are still awaited in Oxfordshire and Northants.	★	Support to vulnerable households in temporary accommodation has been strengthened at CDC through the addition of an Accommodation Officer post. We continue to support the more vulnerable residents across both districts in the form of the debt and money advice service and Discretionary Housing payments to help those with a shortfall in their rent.	★
Page 73 JBP2.1.7 Deliver affordable housing and work with private sector landlords	Cllr C Clarke Cllr J Donaldson Cllr K Cooper Cllr R Clarke	Carr, Jane Douglas, Gillian	SNC Year to date : 5 Landlord Improvement Grants have been allocated and completed; 3 have been approved and the works are in progress and 2 proposals are currently being processed. In addition 5 small grants for energy efficiency improvements have been allocated and completed; 2 applications are being processed. CDC: 6 units completed in September	SNC: The total delivery for 2018-19 so far is 50. This is behind target when measured against the annual requirement for 173 new affordable homes. It is still anticipated that strong delivery in the remainder of 2018-19 will significantly boost new supply.	★	CDC: Year to date completions are 244 properties (quarters 1 and 2). The target for 18/19 is 400 so we are still on track despite a low number of completions in September. SNC: The total number of new affordable homes completed and delivered in September in SNC was 9. These all occurred at Wootton Fields and are for affordable rent: 2 x 1 bed flats 5 x 2 bed houses 2 x 4 bed houses	★

Joint Programme Measures - Thriving Communities & Wellbeing

Measure	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
JBP2.1.8 Deliver the welfare reform agenda	Cllr J Donaldson Cllr K Cooper Cllr P Rawlinson Cllr T Ilott	Douglas, Gillian Green, Belinda Taylor, Adele	Universal Credit full service will be introduced in the South Northants area from December 2018. A project team has been established to support the implementation for residents, stakeholders and Department of Work and Pensions (DWP). A forum will be arranged for stakeholders.	Universal Credit (UC) full roll out will be completed by December 2018. The Department of Work & Pensions (DWP) have also announced that Councils will no longer be involved in the delivery of UC (personal budgeting support and assisted digital support), this service will be delivered by Citizens Advice Bureau from 1st April 2019.	★	At CDC we have one family in temporary accommodation that is benefit capped and we are working with them to gain exemption from the cap through access to employment.	★

Joint Programme Measures - District of Opportunity & Growth

	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
JBP3.1.1 Deliver innovative and effective housing schemes	Cllr J Donaldson Cllr K Cooper	Carr, Jane Colwell, Adrian Douglas, Gillian	The detailed site due diligence work and financial viability appraisal work are complete. This work has informed an update of the business plan and overall financial model for the local development company.	Build! are due to complete 11 properties at Hope Close, Banbury, in October. We are investigating the help we can offer health and social care providers in Oxfordshire to provide housing advice to keyworkers. Consideration of up to date report on Local Development Company by SNC Cabinet on 8th October 2018.	★	A report taking into account the detailed site due diligence, up to date financial viability appraisals and updated overall financial model for the local development company will be considered by SNC Cabinet on 8th October.	★
JBP3.1.2 Increase Tourism	Cllr L Pratt Cllr S Clarke	Colwell, Adrian Newman, Steven Ward, Greg	SNC: Events and promotional programme delivered. Country pursuits publication project meeting held. CDC: Promoted first Banbury Open Air Cinema event which proved to be a sell-out success.	SNC: Re-order any tourism based publications needed for forthcoming event programme Country pursuits publication project meeting update with designers. CDC: Agreed new visitor information centre service level agreement by November. Publish volume and value of tourism, economic impact assesment by November. Completion of rural tourism development with EU funding programme by December.	★	SNC: Rural Development Programme for England Watermeadows bid full application form V2 was drafted. Brackley Festival of Motorcycling debrief meeting held to discuss future plans. Distribution of Tourism brochures to local sites requesting refills for point of sale. CDC: Membership and day-to-day liaison with Experience Oxfordshire to promote Cherwell's visitor economy, enabling business involvement in regional and national support. Contract management of Banbury and Bicester Visitor Information centres – information and marketing services provided . Providing support and advice , enabling partners (e.g. Banbury BID) to create capacity to extend the range of events to attract more visitors to the district. Working with accommodation providers to invest in Banbury and Bicester. Projects - Cherwell Visitor Guide being developed.	★

Joint Programme Measures - District of Opportunity & Growth

	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
<p>JBP3.1.3 Deliver the master plans for the key economic centres</p> <p align="center">Page 76</p>	<p>Cllr C Clarke Cllr R Clarke</p>	<p>Colwell, Adrian Jolley, Robert Newman, Steven Ward, Greg</p>	<p>SNC: Silverstone - Successful delivery of the Innovation and investment Conference at The Wing Brackley.</p>	<p>SNC: Silverstone - Exhibitor at the Motorsport Industry Association Jobs at Silverstone Circuits.</p>	<p>★</p>	<p>CDC: Core information, advice and guidance provided to all enterprises in Banbury, Bicester and Kidlington.</p> <p>Support to a range of event and investment activity in the centres to promote vitality. Liaison with traders to resolve operational matters.</p> <p>Liaison with key businesses and developers to assist investment and operations.</p> <p>Engagement with local schools, for example through Young Enterprise Board, to connect business with education.</p> <p>Supporting plans for October 2018 Job Fair led by Activate Learning (Banbury College), focusing on seasonal jobs for students.</p> <p>Produce work experience directory to link schools with employers (extend to rest of district).</p> <p>On-going engagement with the Castle Quay redevelopment plans to ensure that the needs of businesses are understood and met during the two years construction phase.</p> <p>Further support to the manager and Board of the new Business Improvement District to enable it to deliver.</p> <p>SNC: Liaison lead to Highways England for their operational delivery of A5 Towcester road works to ensure impact to businesses, residents and visitors is minimised.</p> <p>Letter of support to local Business for a Local Growth Fund bid to develop an innovative project at Silverstone park.</p> <p>Business Support given to 12 Business Start Ups, and 63 contacts made/follow ups with established Businesses through the Annual Event programme delivery.</p>	<p>★</p>
			<p>Liaison with businesses and networks on enquiries regarding the A5 Towcester roadworks.</p> <p>CDC: The 'Big Feed 2' event in Banbury designed to engage families & young people in local careers attracted around 200 people.</p> <p>The 'Enterprise and Skills' conference & exhibition at Bicester attracted 50 businesses participated plus 30 members of the public.</p>	<p>Towcester and Brackley - Exhibitor and attendance at MIPIM 2018 (leading event for city & property Development/ investment)</p> <p>CDC: Young Enterprise Trade Fair to be held on 8th Dec in Banbury's Market Place.</p> <p>Participate in the Banbury Chamber conference on 22 Nov.</p> <p>Publish the video of the 'Skills and Enterprise' event.</p>			

Joint Programme Measures - District of Opportunity & Growth

	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
<p>JBP3.1.4 Increase employment at strategic employment sites, promote investments & business growth</p> <p align="center">Page 77</p>	<p>Cllr L Pratt Cllr S Clarke</p>	<p>Colwell, Adrian Jolley, Robert Newman, Steven Ward, Greg</p>	<p>CDC: Commencement of Phase 2 at Symmetry Park, Bicester on 11 Sept.</p>	<p>SNC: Engagement with Federation of Small Businesses to develop ways of working together.</p>	<p>★</p>	<p>SNC: 6 SNC Job club Members supported back into employment – 50% above monthly target.</p> <p>Successful delivery of the SNC Innovation and Investment Conference at The Wing, Silverstone with 170 business delegates attending.</p> <p>Successful delivery of the SNC Job Match Employment workshop, 8 delegates attended this intensive 3 hour evening session.</p>	<p>★</p>
			<p>Advice provided planning applications at Bicester Heritage.</p> <p>Published examples of new commercial investment in Cherwell Link.</p> <p>Launched new 5 day a week Job Club information service.</p> <p>SNC: Attended South East Midlands Local Enterprise partnership funding meetings and Event.</p> <p>Review of the FINAL DRAFT Business incubator Feasibility Study</p>	<p>CDC: Launch the 2019 Cherwell Business Awards in Nov.</p> <p>Develop a new commercial investment website by Dec.</p> <p>Attend MIPIM in London (17-18 Oct) to promote Cherwell as a place to invest.</p> <p>Seek 98% Superfast Broadband coverage by Dec 2018.</p>		<p>CDC: New industrial units and sites being promoted and enquiries responded to.</p> <p>Cherwell Industrial Strategy is being prepared for adoption in March 2019.</p> <p>Enabling workshops and grants through both Local Enterprise Partnerships.</p> <p>Launch of Innovation Programme on 12 Sept.</p> <p>To enable investment, the broadband programme part funded by CDC has enabled with over 97% of premises to access superfast technology (>24mbps). Letters also sent to encourage businesses and communities to co-operate to gain a grant towards 'next generation' infrastructure.</p>	
<p>JBP3.1.5 Delivery against Local Plans for CDC & SNC</p>	<p>Cllr C Clarke Cllr R Clarke</p>	<p>Bowe, Andrew Colwell, Adrian Darcy, Andy Newton, Jim Peckford, David</p>	<p>CDC: The Partial Review of the Cherwell Local Plan was submitted to the Secretary of State for Examination on 5 March 2018 in accordance with a Service Level Agreement with the Planning Inspectorate</p> <p>SNC: The Regulation 19 (Statutory Stage of the Plan) was approved for consultation on September 19 2018. Consultation began on October 4 2018 for 6 weeks.</p>	<p>CDC: The Council is awaiting the report of the Government appointed Planning Inspector following a preliminary hearing on 28 September 2018. This will determine whether and when the Council proceeds to the rest of the local plan hearings.</p> <p>SNC: Following consultation it is intended to submit the Plan for approval to be submitted to the Secretary of State for examination before January 24 2019.</p>	<p>★</p>	<p>CDC: A preliminary hearing for the Examination of the Partial Review of the Local Plan (Oxford's Unmet Housing Needs) took place on 28 September 2018. The Inspector's preliminary report is expected by the end of October 2018. This will determine whether hearings will continue and when they will take place.</p>	<p>★</p>

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Appendix 3 – Cherwell District and South Northants Councils – Latest Leadership Risk Register as at 12/10/2018

Level of risk	How the risk should be managed
High Risk (16-25)	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.

Risk Scorecard – Residual Risks						
		Probability				
		1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
Priority 9	5 - Catastrophic					
	4 - Major		L04, L10, L11, L12		L05	
	3 - Moderate			L01, L02, L14	L03, L06, L07, L08	L09, L13a, L13b
	2 - Minor					
	1 - Insignificant					

Risk Definition	
Leadership	Strategic risks that are significant in size and duration, and will impact on the reputation and performance of the Council as a whole, and in particular, on its ability to deliver on its corporate priorities
Operational	Risks to systems or processes that underpin the organisation’s governance, operation and ability to deliver services

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
L01	Financial resilience – Failure to react to external financial shocks, new policy and increased service demand. Poor investment and asset management decisions.	Reduced medium and long term financial viability Reduction in services to customers Continued reliance on central govt (RSG) and therefore reduced opportunity for independent decision making Reduced financial returns (or losses) on investments/assets Inability to deliver financial efficiencies Inability to deliver commercial objectives (increased income) Poor customer service and satisfaction Increased complexity in governance arrangements Lack of officer capacity to meet service demand	4	4	16	Medium Term Revenue Plan reported regularly to members. Efficiency plan in place and balanced medium term Highly professional, competent, qualified staff Good networks established locally, regionally and nationally National guidance interpreting legislation available and used regularly Members aware and are briefed regularly Participate in Northamptonshire Finance Officers and Oxfordshire Treasurers' Association's work streams Treasury management policies in place Investment strategies in place Regular financial and performance monitoring in place Independent third party advisers in place Regular bulletins and advice received from advisers Property portfolio income monitored through financial management arrangements on a regular basis Asset Management Strategy in place and embedded. Transformation Programme in place to deliver efficiencies and increased income in the future	Fully Fully Partially Fully Partially Partially Fully Fully Partially Partially Fully Partially Partially	Councillor Tony Illot Councillor Peter Rawlinson	Adele Taylor	Kelly Watson	3	3	9	↔	AD Finance and Performance recruited. Overall Finance and Procurement resource being reviewed. Additional resilience and resource for financial accounting and reporting engaged through external partners and agencies. Investment strategy approach agreed for 18/19 and all potential investments to now be taken through the working groups prior to formal sign off. Robust review and challenge of our investment options to be regularly undertaken through our usual monitoring processes. Timeliness and quality of budget monitoring particularly property income and capital to be improved. Project with Civica is ongoing. Asset Management Strategy to be reviewed and refreshed in the new year. Review of BUILD! to ensure procurement and capital monitoring arrangements are in place and development of forward programme. Finance support and engagement with programme management processes being established. Integration and development of Performance, Finance and Risk reporting during 18/19. Regular involvement and engagement with senior management across Counties as well as involvement in Regional and National finance forums. Regular member meetings, training and support in place and regularly reviewed. Briefings provided on key topics to members. Financial support and capacity being developed during 18/19 through development programme. Regular utilisation of advisors. Internal Audits being undertaken for core financial activity and capital.	Maintaining focus in this area with ongoing review, staff and member training and awareness raising. Ensuring support is utilised from and provided by external partners and stakeholders.	Risk reviewed - 11/10/18 - No changes made
L02	Statutory functions – Failure to meet statutory obligations and policy and legislative changes are not anticipated or planned for.	Legal challenge Loss of opportunity to influence national policy / legislation Financial penalties Reduced service to customers	3	4	12	Embedded system of legislation and policy tracking in place, with clear accountabilities, reviewed regularly by Directors Clear accountability for responding to consultations with defined process to ensure Member engagement National guidance interpreting legislation available and used regularly Risks and issues associated with Statutory functions incorporated into Directorate Risk Registers and regularly reviewed Clear accountability for horizon scanning, risk identification / categorisation / escalation and policy interpretation in place Robust Committee forward plans to allow member oversight of policy issues and risk management, including Scrutiny and Audit Internal Audit Plan risk based to provide necessary assurances Strong networks established locally, regionally and nationally to ensure influence on policy issues Senior Members aware and briefed regularly in 1:1s by Directors	Partially Fully Fully Partially Partially Partially Fully Partially	Councillor Barry Wood Councillor Ian McCord	Yvonne Rees	Claire Taylor	3	3	9	↔	Establish corporate repository and accountability for policy/legislative changes Review Directorate/Service risk registers Ensure Committee forward plans are reviewed regularly by senior officers Ensure Internal Audit plan focusses on key leadership risks Develop stakeholder map, with Director responsibility allocated for managing key relationships Standardise agendas for Director / PFH 1:1s New NPPF published 05/03/18 will guide revised approach to planning policy and development management. Allocate specific resource to support new projects/policies or statutory requirements e.g. GDPR	Service risk registers being reviewed as part of service planning. Internal Audit Plan aligned to Leadership Risk Register and agreed at Audit Committees in March.	Risk reviewed 12/10/18 - No changes
L03	Lack of Management Capacity - Increased workload relating to local government reorganisation and changes to joint working between SNC and CDC impact on the capacity of management.	Financial impact due to use of agency staff, possible impact on customers and frontline service delivery if capacity risks are not managed. Inability to deliver council's plans Inability to realise commercial opportunities or efficiencies Reduced resilience and business continuity Reduced staff morale and uncertainty may lead to loss of good people	3	4	12	Use of interims / fixed term and project roles to support senior capacity as required. Arrangements in place to source appropriate interim resource if needed Delegations to Chief Exec agreed to ensure timely decisions HR / Specialist resource in place to support recruitment process and manage implications Ongoing programme of internal communication	Fully Fully Fully Fully	Councillor Barry Wood Councillor Ian McCord	Yvonne Rees	Claire Taylor	4	3	12	↔	Risk review underway to consider the impact of local government reorganisation and changes to joint working arrangements between CDC and SNC. Measures will be developed as the project plans for re-organisation and the cessation of joint working. Project planning for separation to be completed by September 2018. Separation will commence with senior management team, planned for Sept - Oct. AD HR / OD briefed and leading the process Communications to be delivered by CEO External support provided.	Plans for senior management separation advanced. Aim is to implement at pace. The impact on those affected is recognised and the usual support arrangements are in place, including consultation and support from an external advisor. Slightly elevated risk this month due to the uncertainty caused by restructure. Additional resource in place to support the Northants Local Govt Re-organisation project (LGR). Additional communications resource in place to support LGR work. Additional requirements to support LGR impacts on both SNC and CDC have resulted in the risk being slightly escalated to 12. Regular comms being provided by CEX	Risk reviewed 12/10/18 - No changes

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
L04	CDC & SNC Local Plans - Failure to ensure sound local plans are submitted on time for each District.	Inappropriate growth in inappropriate places Negative (or failure to optimise) economic, social, community and environmental gain Negative impact on each council's ability to deliver its strategic objectives Increased costs in planning appeals Possible financial penalties through not delivering forecasted New Homes Bonus	3	5	15	Local Development Schemes are in place at each Council which detail the timeframes and deliverables to underpin the work Resources are in place to support delivery including QC support for each Local Plan. For issues which are solely within the control of SNC or CDC policies, plans and resources are in place Work is at Reg 19 on Cherwell Partial Review, preparing submission plan for Feb 2018 sign off and to re-commence in 2018 on Local Plan part 2. Reg 19 Plan out for consultation (October 2018). Aim to be submitted to PINS by January 24 2019. Statements of Community Involvement are in place. SNC revised LDS approved September 2018	Fully Partially Partially Fully Fully Fully	Councillor Colin Clarke Councillor Roger Clarke	Jim Newton	Andy Darcy (SNC) David Peckford (CDC)	2	4	8	↔	Regular review meetings on progress and critical path review at each Council Regular Portfolio briefings and political review LDS updated as required Additional evidence commissioned as required Need to review resources at CDC to speed up Local Plan part 2. Submission of the CDC partial review took place on 05/03/18.	CDC - A preliminary hearing for the Examination of the Partial Review of the Local Plan is to be held on 28 September 2018. Dates for the main hearings are still awaited from the Planning Inspectorate. The Oxfordshire authorities have collectively commenced work on a Joint Statutory Spatial Plan (JSSP) for which recruitment of staff is on-going by the Oxfordshire Growth Board. SNC - Joint Core Strategy Review has commenced with preparation of proposed timetable, resources and scope underway. Work has commenced with Milton Keynes and Aylesbury for new Joint Spatial Framework to address impact of proposed growth of Milton Keynes on its neighbours. Local Plan part 2 has been published for representations, with employment allocations and Local Green Space designations. Aim is to submit in January 2019.	SNC Risk reviewed 09/10/18 - Mitigating Actions updated for CDC & Controls updated for SNC.
L05	Business Continuity - Failure to ensure that critical services can be maintained in the event of a short or long term incident affecting the Councils' operations	Inability to deliver critical services to customers/residents Financial loss Loss of important data Inability to recover sufficiently to restore non-critical services before they become critical Loss of reputation	4	4	16	Business continuity strategy in place Services prioritised and recovery plans reflect the requirements of critical services ICT disaster recovery arrangements in place Incident management team identified in Business Continuity Strategy All services undertake annual business impact assessments and update plans Business Continuity Plans tested	Partially Partially Partially Partially Partially	Councillor Dermot Bambridge Councillor Andrew McHugh	Graeme Kane	Richard Webb	4	4	16	↔	All individual service BC Plans recently updated Corporate BC Plan to be reviewed Testing to be programmed BC solutions between both councils to be further developed Corporate ownership and governance to sit at senior officer level Draft Business Continuity Strategy and Policy being updated for sign by Leadership Team.	The plan to update all the service business continuity plans is progressing to schedule. Managers have had refresher training to support them in completing the plans. The first drafts have also been subject to a peer to peer review to check they are robust. An officer Steering Group is in place to provide professional advice on critical aspects of the plans.	Risk reviewed 09/10/18 - Comments updated.
L06	Partnership - Financial failure of a public sector partner organisation Failure to build the necessary partnership relationships to deliver our strategic plan. Failure to ensure the necessary governance of third party relationships (council businesses, partners, suppliers)	Potential reduction in service areas funded by the County Council resulting in an unplanned increase in demand on district functions leading to service difficulties. Poor service delivery Inability to deliver council's plans and outcomes for communities Legal challenge Financial loss Inability to partner in the future Reduced opportunity for inward investment in the future	4	4	16	Robust governance/contract management framework in place for key third party relationships Robust governance/contract management framework in place for key third party relationships Training and development of senior officers/members to fulfil their responsibilities with partner organisations Leader and CEO engaging at National and county level to mitigate impacts of potential service reductions for residents Regular review and sharing of partnership activity/engagement at senior officer meetings	Partially Partially Partially Partially	Councillor Barry Wood Councillor Ian McCord	Jane Carr	Nicola Riley	4	3	12	↔	Review existing arrangements/ contracts to ensure appropriate governance Standard agenda item at senior officer meetings Continue Institute of Directors training for Officers and Members Ongoing meetings with Chief Execs from across Northamptonshire to agree next steps for Unitary approach Ongoing meetings with wider health partners to ensure evidence based approach to investment in Wellbeing Directorate Services	Third party governance review underway. Cllr and Officer appointments to Council owned companies to be reviewed. Impact of potential NCC cuts on this risk to be reviewed. Ongoing meetings with Chief Execs from across Northamptonshire to agree next steps for Unitary approach Ongoing meetings with wider health partners to ensure evidence based approach to investment in Wellbeing Directorate Services	Risk reviewed 10/10/18 .
L07	Emergency Planning (EP) Failure to ensure that the local authority has plans in place to respond appropriately to a civil emergency fulfilling its duty as a category one responder	Inability of council to respond effectively to an emergency Unnecessary hardship to residents and/or communities Risk to human welfare and the environment Legal challenge Potential financial loss through compensation claims Ineffective Cat 1 partnership relationships	4	4	16	Key contact lists updated monthly. Dedicated Emergency Planning Officer in post to review, test and exercise plan and to establish, monitor and ensure all elements are covered Added resilience from cover between shared Environmental Health and Community Safety Teams as officers with appropriate skill Senior management attend Civil Emergency training Multi agency emergency exercises conducted to ensure readiness On-call rota established for Duty Emergency Response Co- coordinators Full participation in Local Resilience Forum (LRF) activities	Fully Partially Fully Fully Fully Fully	Councillor Dermot Bambridge Councillor Andrew McHugh	Graeme Kane	Graeme Kane	3	4	12	↔	Director for Environment is reviewing the Emergency Planning arrangements and forming relationships with key partners. Both Councils have cover arrangements in place to account for the vacancy in the Emergency Planning post. New call out arrangements have been established. Training for senior officers was completed in June; further exercises were completed in September. Senior managers have attended multi-agency exercises. Through the Inter Agency Group, plans were implemented successfully for F1 and Moto GP; the group will meet again in November to reflect on this year and start preparations for 2019. Both authorities are represented at the Local Resilience Forum	Both authorities have active plans in place to ensure they are prepared for a variety of emergencies. Further improvements are being made as a result of a review of these plans. Options are being explored to fill the vacant Emergency Planning post. Senior Officers have had the opportunity to attend multi agency training exercises during September to increase their knowledge and experience.	Risk reviewed 09/10/18 - Mitigating actions updated. No change in score.

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
L08	Health and safety - Failure to comply with health and safety legislation, corporate H&S policies and corporate H&S landlord responsibilities	Fatality, serious injury & ill health to employees or members of the public	5	4	20	New Health & Safety Corporate H&S arrangements & guidance in place as part of the newly adopted HSG65 Management System	Partially	Councillor Lynn Pratt Councillor Peter Rawlinson	Adele Taylor	Mark Willis	4	3	12	↔	Corporate H&S Policy now finalised and communicated to all levels of managers and staff. The launch of this policy will help to ensure that roles & responsibilities are discharged effectively. The next stage will be to begin to update Corporate H&S arrangements and guidance documents which support the policy underneath. All Assistant Directors to complete a H&S Checklist to provide a status on the management of H&S in their service areas (checklist devised by H&S team to ensure H&S Management System framework is covered). AD's to submit checklist to their Director by 3/9/18. Corporate H&S Manager has sent a follow up note to Directors to suggest chasing outstanding AD checklists. Recommended that ED's and AD's consider the gaps within the checklists and liaise with their management teams on the agreed actions that they will be taking to address them. Actions to be formalised into service plans & monitored at DMT Meetings. Further support, advice & assistance provided by H&S Team (contacts established for each directorate area). Recently approved Internal Audit plan for 18/19 included an audit of our overall H&S management system framework which commenced in Q1 with a follow up planned prior to the end of 18/19. Four main recommendations have been made which are being considered and will be included in future updates of the Leadership Risk Register. The H&S team also conduct reviews internally across all services and teams, the current scope will be expanded from topic-based themes to cover all elements of our overall H&S management system to ensure compliance with our standards. Management of H&S training & Risk Assessment Workshop training to be developed and rolled out. Robust training already in place in Environmental Services. Good awareness in higher risk areas of the business, e.g. Environmental Services. However other areas need improved awareness of risk assessment process Reviews of leases and performance monitoring to be reviewed to satisfy the Councils providers/ contractors are managing significant risks.	Senior Officer Meeting receives regular updates from Corporate H&S Manager. Relevant updates taken to appropriate committee. Joint Council and Employee Engagement Committee (JCEEC) to be formed by HR in Oct/Nov time. To be in place to ensure robust communication methods are in place for consultation between HR/H&S and TU.	Risk reviewed 03/10/18 - Controls, Control assessment, Mitigating Actions and Comments updated.
		Criminal prosecution for failings				Clearly identified accountability and responsibilities for Health and Safety established at all levels throughout the organisation	Partially										
		Financial loss due to compensation claims				Corporate Interim H&S Manager & H&S Officer in post to formalise the H&S Management System & provide competent H&S advice & assistance to managers & employees. Awaiting new Health & Safety Manager	Fully										
		Enforcement action – cost of regulator (HSE) time				Proactive monitoring of Health & Safety performance management internally	Partially										
		Increased sickness absence				Proactive monitoring of Health & Safety performance management externally	Partially										
		Increased agency costs				Effective induction and training regime in place for all staff	Fully										
		Reduction in capacity impacts service delivery				Positive Health & Safety risk aware culture	Partially										
						Corporate Health & Safety meeting structure in place for co-ordination and consultation	Partially										
						Corporate body & Member overview of Health & Safety performance via appropriate committee	Fully										
						Assurance that third party organisations subscribe to and follow Council Health & Safety guidelines and are performance managed where required	Partially										
L09	Cyber Security - If there is insufficient security with regards to the data held and IT systems used by the councils and insufficient protection against malicious attacks on council's systems then there is a risk of: a data breach, a loss of service, cyber- ransom.	Service disruption	4	5	20	File and Data encryption on computer devices	Fully	Councillor Ian Corkin Councillor Phil Bignell	Claire Taylor	Tim Spiers	3	5	15	↔	The cyber-essentials plus audit has now been completed. We expect to achieve certification by 31/10/18. Cyber-security was reviewed by Internal Audit in May 2017 and a review meeting was held on 30th August 2018. The output has been received and signed off with good progress summary noted. The IT service are in discussions with the Regional Police Cyber Security Advisor and initial training session will be held with the IT Management team in October 2018. Work is also being undertaken with the Communications team to raise staff awareness of issues and recommended actions to follow through internal channels such as 'In the Loop' and the intranet. Complete the implementation of the intrusion prevention and detection system by November 2018. Agree Terms of Reference and re-implement the security forum as the Information Governance Group, with meetings to be held on a Develop a comprehensive information security training programme with annual mandated completion which is assessed	Cyber security incidents are inevitable. The only way to manage this risk is to have effective controls and mitigations in place including audit and review. Staff and member briefings covered phishing March 2018. We are now discussing wider awareness raising with Communications Team.	Risk reviewed 11/10/18 - Mitigating Actions Updated
		Financial loss / fine				Managing access permissions and privileged users through AD and individual applications	Fully										
		Prosecution – penalties imposed				Consistent approach to information and data management and security across the councils	Partially										
		Individuals could be placed at risk of harm				Effective information management and security training and awareness programme for staff	Partially										
		Reduced capability to deliver customer facing services				Password security controls in place	Partially										
		Unlawful disclosure of sensitive information				Robust information and data related incident management procedures in place	Fully										
		Inability to share services or work with partners				Appropriate robust contractual arrangements in place with all third parties that supply systems or data processing services	Partially										
		Loss of reputation				Appropriate plans in place to ensure ongoing PSN compliance	Fully										
						Adequate preventative measures in place to mitigate insider threat, including physical and system security	Partially										
						Insider threat mitigated through recruitment and line management processes	Partially										

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
L10	Safeguarding the vulnerable (adults and children) - Failure to follow our policies and procedures in relation to safeguarding vulnerable adults and children or raising concerns about their welfare	Increased harm and distress caused to vulnerable individuals and their families Council could face criminal prosecution Criminal investigations potentially compromised Potential financial liability if council deemed to be negligent	3	4	12	Safeguarding lead in place and clear lines of responsibility established Safeguarding Policy and procedures in place Information on the intranet on how to escalate a concern Staff training - new whole staff shared approach being launched last year and mandatory training introduced Safer recruitment practices and DBS checks for staff with direct contact Action plan developed by CSE Prevention group as part of the Community Safety Partnership Local Safeguarding Children's Board Northamptonshire (LSCBN) pathways and thresholds Data sharing agreement with other partners Attendance at Children and Young People Partnership Board (CYPPB) Annual Section 11 return compiled for each council Engagement with Joint Agency Tasking and Co-ordinating Group (JATAC) and relevant Oxfordshire County Council (OCC) safeguarding sub group Engagement at an operational and tactical level with relevant external agencies and networks	Fully Fully Partially Partially Partially Fully Partially Fully Fully Fully Partially	Councillor Barry Wood Councillor Ian McCord	Jane Carr	Nicola Riley	2	4	8	↔	Ongoing internal awareness campaigns Ongoing external awareness campaigns Annual refresher and new training programmes including training for new members Training monitoring to be developed through new HR/Payroll system Continue to attend Child exploitation groups in both Counties	Continued focus in this area with ongoing programme of training and awareness raising.	Risk reviewed 10/10/18 - No change.
L11	Income Generation through council owned companies	Through failure of governance or robust financial / business planning the councils fail to generate expected income.	3	4	12	Annual business planning Financial planning Corporate governance mechanisms Due diligence Business casing	Partially Partially Partially Partially Partially	Councillor Tony Illot Councillor Peter Rawlinson	Adele Taylor	Kelly Watson	2	4	8	↔	Recruiting to support shareholder and client side capacity. Relevant training being provided. Resilience and support being developed across business to monitor and deliver projects. Skills and experience being enhanced to deliver and support development, challenge and oversight.	Resources in place. Relevant training being provided to support resource provision	Risk reviewed 11/10/18 - No further changes.
L12	Financial sustainability of third party suppliers	The financial failure of a third party supplier results in the inability or reduced ability to deliver a service to customers.	3	4	12	Contracts in place to cover default. Business continuity planning	Partially Partially	Councillor Tony Illot Councillor Peter Rawlinson	Adele Taylor	Kelly Watson	2	4	8	↔	Meetings take place when required with suppliers to review higher risk areas.	Risk previously escalated due to suppliers financial difficulties which could result in loss of service. The Council continues to monitor suppliers financial stability and meets with suppliers when required.	Risk reviewed 11/10/18 - Comments updated.
L13a	Local Government Reorganisation CDC - Proposals for local government organisation impacts on the provision of services to residents and communities.	Inability to deliver Council priorities and plans, impacting on quality of services delivered to residents and communities. Potential impact of CDC/SNC separation on quality of services delivered to residents and communities.	5	4	20	Leader and CEO engaging at national and county level to define steps and mitigate impacts of potential service reductions for residents. Planning for the impact of separation of joint working arrangements between CDC and SNC is underway. Strategic partnership opportunities with Oxfordshire County Council being explored with Joint Chief Executive in place by 1st October. Regular review and sharing of partnership activity / engagement at senior officer meetings	Partially Partially Partially	Councillor Barry Wood	Yvonne Rees	Claire Taylor	5	3	15	↔	Standing item at senior officer meetings - regular review of risk and control measures. Legal advice sought with regards to the employment implications of re-organisation and separation proposals. Separation planning underway for CDC and SNC. OCC - CDC section 113 agreement completed.	Formal decision taken in July to end CDC/SNC partnership. Plan for separation currently being developed. Risk will be fundamentally reviewed in light of the plan and the appointment of a Joint Chief Executive with Oxfordshire County Council effective from 1st October. Risk remains the same this month as separation planning is advancing. A detailed risk register underpinning the transition will be developed during September.	Risk reviewed 12/10/18 - No changes

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
L13b	Local Government Reorganisation SNC - Proposals for local government reorganisation impacts on the provision of services to residents and communities.	Inability to deliver Council priorities and plans, impacting on quality of services delivered to residents and communities. Potential reduction in service areas funded by the County Council resulting in an unplanned increase in demand on district functions leading to service difficulties. Threat to existing joint working partnership initiatives if alternative delivery modes are imposed. Potential impact of CDC/SNC separation on quality of services delivered to residents and communities.	5	4	20	Leader and CEO engaging at national and county level to mitigate impacts of potential service reductions for residents. Planning for the impact of separation of joint working arrangements between CDC and SNC is underway. Additional senior leadership resources are planned for SNC. Interim Head of Paid Service appointed for SNC to start on 1st October. Regular review and sharing of partnership activity/engagement at senior officer meetings	Partially Partially Partially	Councillor Ian McCord	Yvonne Rees	Claire Taylor	5	3	15	↔	Standing item at senior officer meetings - regular review of risk and control measures. Legal advice sought with regards to the employment implications of re-organisation and separation proposals. Additional communications resources have been put into place to support the agenda. Separation planning underway for CDC and SNC. OCC - CDC section 113 agreement completed.	Formal decision taken in July to end CDC/SNC partnership. Plan for separation currently being developed. Risk will be fundamentally reviewed in light of the plan. Senior management separation restructure to begin in September. Stand alone SNC senior structure to include clear responsibility for both LGR and separation from CDC.	Risk reviewed 12/10/18 - No changes
L14	Corporate Governance - Failure of corporate governance leads to negative impact on service delivery or the implementation of major projects providing value to customers.	Threat to service delivery and performance if good management practices and controls are not adhered to. Risk of ultra vires activity or lack of legal compliance Risk of fraud or corruption Risk to financial sustainability if lack of governance results in poor investment decisions or budgetary control. Failure of corporate governance in terms of major projects, budgets or council owned companies impacts upon financial sustainability of the councils.	4	4	16	Clear and robust control framework including: constitution, scheme of delegation, ethical walls policy etc. Clear accountability and resource for corporate governance (including the shareholder role). Integrated budget, performance and risk reporting framework. Corporate programme office and project management framework. Includes project and programme governance. Internal audit programme aligned to leadership risk register. Training and development resource targeted to address priority issues; examples include GDPR, safeguarding etc. HR policy framework. Annual governance statements	Partially Partially Partially Partially Partially	Councillor Barry Wood Councillor Ian McCord	Adele Taylor	James Doble	3	3	9	↔	Standing item at senior officer meetings – regular review of risk and control measures Review of constitution to take place 2018/19 Implementation of corporate programme office – May 2018 Full review of HR policy to be undertaken during 2018/19 Monitoring Officer to attend management team meetings	Risk added to register following senior management discussion.	4/10/18 - No change

CHERWELL CAPITAL EXPENDITURE 2018-19

Appendix 4

DESCRIPTION	£000's					Prior Period Variances £000	OUTTURN NARRATIVE
	BUDGET	FORECAST	RE- PROFILED INTO 2019/20	RE- PROFILED BEYOND 2019/20	Current Period Variances £000		
Community Centre Refurbishments	84		84		-	-	Spending is directly linked to the delivery of "The Hill youth and community centre". It is likely that the new facility won't be completed this financial year, hence the fund which is earmarked in the main for fixtures and fittings won't be needed until 2019/20.
Wellbeing - Communities	84	-	84	-	-	-	
Biomass Heating Bicester Leisure Centre	14				(14)	-	Budget no longer required
Whitelands Farm Sports ground	25	25			-	-	
Solar Photovoltaics at Sports Centres	80		80		-	-	This budget to cover solar PV component replacement which may not be called upon in 2018/19. Re-profiled to 2019/20
Football Development Plan in Banbury	20	20			-	-	
North Oxfordshire Academy Astroturf	207	207			-	-	
Stratfield Brake Repair Works	12	12			-	-	
Sports Centre Modernisation Programme	36				(36)	-	Budget no longer required
Bicester Leisure Centre Extension	122	122			-	-	
Spiceball Leis Centre Bridge Resurfacing	30		30		-	-	Works to be determined post completion of the new bridge connection in 2018, as part of the CQ2 project. Re-profiled to 2019/20
Corporate Booking System	60	60			-	-	
Woodgreen - Condition Survey Works	2				(2)	-	Budget no longer required
Bicester Leisure Centre - Access Road Improvements	33	33			-	-	
Cooper School Performance Hall - Roof, Floor & Seating	38	38			-	-	
North Oxfordshire Academy - Replacement Floodlights	20	20			-	-	
North Oxfordshire Academy - Sports Pavilion Improvements	6	6			-	-	
Cooper sports Facility Floodlights	65		65		-	-	Due to access issue, work is scheduled for completion in the summer of 2019/20.

CHERWELL CAPITAL EXPENDITURE 2018-19

Appendix 4

DESCRIPTION	£000's					Prior Period Variances £000	OUTTURN NARRATIVE
	BUDGET	FORECAST	RE-PROFILED INTO 2019/20	RE-PROFILED BEYOND 2019/20	Current Period Variances £000		
Wellbeing - Leisure and Sport	770	543	175	-	(52)	-	
Empty Homes Work-in-Default Recoverable	100	100			-	-	Moving £100k to Capital Reserves (NB. This needs to remain at £100k per annum. Any unspent budget is to be reprofiled and topped up to £100k)
Disabled Facilities Grants	983	983			-	-	
Discretionary Grants Domestic Properties	339	200	139		-	-	Only £200k of the budget will be required this financial year and £139k re-profiled to 2019/20.
Abritas Upgrade	33	33			-	-	
Wellbeing - Housing	1,455	1,316	139	-	-	-	
Wellbeing Total	2,309	1,859	398	-	(52)	-	
The Hill Youth Community Centre	989	989			-	-	
East West Railways	1,160		1,160		-	-	There is a 5 years schedule of capital contributions to 2019 / 20 have not yet been requested. Re-profiled to 2019/20.
Graven Hill - Loans and Equity	600	600			-	-	
Place & Growth - Economy &	2,749	1,589	1,160	-	-	-	
Place & Growth Total	2,749	1,589	1,160	-	-	-	
Car Park Refurbishments	467		467		-	-	Budget for the replacement of parking equipment which is not expected in 2018/19. Re-profiled to 2019/20.
Energy Efficiency Projects	28	28			-	-	
Glass Bank Recycling Scheme	8	8			-	-	
Public Conveniences	50		50		-	-	Budget for the uplift of the Public Conveniences, work not expected to start in 2018/19. Re-profiled to 2019/20.
Off Road Parking Facilities	18	18			-	-	
Vehicle Replacement Programme	879	557	322		-	-	£322k deferred due to the useful life of some vehicles longer than estimated.
Wheeled Bin Replacement Scheme	125	125			-	-	

Page 86

CHERWELL CAPITAL EXPENDITURE 2018-19

Appendix 4

DESCRIPTION	£000's					Prior Period Variances £000	OUTTURN NARRATIVE
	BUDGET	FORECAST	RE- PROFILED INTO 2019/20	RE- PROFILED BEYOND 2019/20	Current Period Variances £000		
Urban Centre Electricity Installations	15		15		-	-	Work on the Urban Centre Electricity Installations not expected to commence until next financial year, hence re-profiled to 2019/20.
Bicester Cattle Market Car Park Phase 2	90	0			(90)	-	Budget no longer required
Vehicle Lifting Equipment	30	30			-	-	
Container Bin Replacement	20	10	10		-	-	Container Bin Replacement will not be required in 2018/19, but in the next budget year, hence re-profiled to 2019/20.
Banbury Market Improvements	20	20			-	-	
Environment - Environment	1,750	796	864	-	(90)	-	
Customer Self-Service Portal CRM Solutn	80	80			-	-	
Environment - Environment	80	80	-	-	-	-	
Environment Total	1,830	876	864	-	(90)	-	
Financial System Upgrade	0				-	-	
Academy Harmonisation	119	119			-	-	
Finance & Governance - Finance &	119	119	-	-	-	-	
Condition Survey Works	77	77			-	-	
Bradley Arcade Roof Repairs	85	35			(50)	(50)	Savings for work completed for less than the original bid value achieving the same goals.
Orchard Way Shopping Arcade Front Serv	20	16			(4)	(4)	Savings for work completed for less than the original bid value achieving the same goals.
Old Bodicote House	0				-	-	
Bicester Town Centre Redevelopment	0				-	-	
Banbury Museum - Refurbishment Programme	0				-	-	
Community Buildings - Remedial Works	150	100			(50)	(50)	Savings for work completed for less than the original bid value achieving the same goals.
Car Parks Resurfacing	0				-	-	
Spiceball Riverbank Reinstatement	50		50		-	-	On hold pending the completion of a new bridge as part of the CQ2 development. Re-profiled to 2019/20
NW Bicester Eco Business Centre	2,236	2,236			-	-	

Page 87

CHERWELL CAPITAL EXPENDITURE 2018-19

Appendix 4

DESCRIPTION	£000's					Prior Period Variances £000	OUTTURN NARRATIVE
	BUDGET	FORECAST	RE-PROFILED INTO 2019/20	RE-PROFILED BEYOND 2019/20	Current Period Variances £000		
Build Programme Phase 1a	1,047	1,047			-	-	Agreed capital budget re-profiled from 2017/18 now coded to the applicable service area.
Banbury - Antelope Garage	0	29			29	29	Additional cost for a second fire exit route to the "Antelope Garage" in Banbury.
Banbury Health Centre - Refurbishment of Ventilation, Heating & Cooling Systems	270	270			-	-	
Thorpe Way Industrial estate - Roof & Roof Lights	64	64			-	-	
Castle Quay 2	62,000	4,689	42,644	14,667	-	-	
Castle Quay 1	7,636	7,636			-	-	
Franklins House - Travelodge	783	783			-	-	
Bicester - Pioneer Square	135	135			-	-	
Cherwell Community Fund	100	100			-	-	
Build Programme Phase 1b	1,875	1,875			-	-	
Build Programme Phase 2	6,500	6,500			-	-	
Housing & IT Asset System joint CDC/SNC	50	50			-	-	
Orchard Way - external decorations	95	95			-	-	
Retained Land	180	180			-	-	
Thorpe Place Industrial Units	175	175			-	-	
Thorpe Way Industrial Units	145	145			-	-	
Horsefair Banbury	100	100			-	-	
Thorpe Lane Depot - Tarmac / drainage	110	110			-	-	
EPC certification & compliance works	40	40			-	-	
Sunshine Centre	440	440			-	-	S106 monies of £320k and CDC funding of £120k. Works tendered ready to proceed, hold pending transfer of lease from OCC to CDC.

Page 88

CHERWELL CAPITAL EXPENDITURE 2018-19

Appendix 4

DESCRIPTION	£000's					Prior Period Variances £000	OUTTURN NARRATIVE
	BUDGET	FORECAST	RE- PROFILED INTO 2019/20	RE- PROFILED BEYOND 2019/20	Current Period Variances £000		
Woodpiece Road Parking Options	40	70			30	-	Works for 3 new parking areas on Woodpeice Road. When the works were tendered cost returned exceeded budget. Cost / funding for the overspend yet to be finalised.
Finance & Governance - Property, Investment & Contract Management	84,403	26,997	42,694	14,667	(45)	(75)	
Finance & Governance Total	84,522	27,116	42,694	14,667	(45)	(75)	
Microsoft Licensing Agreement	110	110			-	-	Previously reported that a (£110k) for Microsoft licensing agreement budget was no longer required, following further investigation it has been established that the total budget is required and will be spend in 2018/19.
Land & Property Harmonisation	83	83			-	-	
5 Year Rolling HW / SW Replacement Prog	50	50			-	-	
Business Systems Harmonisation Programme	69	69			-	-	
Website Redevelopment	0				-	-	Currently under review to ascertain the next course of action. Decision will be made before the end of Q2.
Upgrade Uninterrupted Pwr Supp Back up / Datacentre	115	115			-	-	
IT Strategy Review	139	139			-	-	Agreed capital budget re-profiled from 2017/18 now coded to the applicable service area.
Land and Property Harmonisation	167	167			-	-	
Customer Excellence & Digital Transfer	85	85			-	-	
Unified Communications	125	125			-	-	
Customers Service Devt - Customers & IT Services	943	943	-	-	-	-	
Customers & Service Devt - HR, OD & Payroll	-	-	-	-	-	-	
Customers & IT Services Total	943	943	0	0	0	0	
Capital Total	92,353	32,383	45,116	14,667	(187)	(75)	187 - Under Spend

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Cherwell District Council

Accounts, Audit and Risk Committee

21 November 2018

Treasury Management Report – October 2018
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Report of the Executive Director – Finance and Governance

This report is public

Appendix 1 is exempt from publication by virtue of paragraph 3 of Schedule 12A of Local Government Act 1972

Purpose of report

To receive information on treasury management performance and compliance with treasury management policy for 2018/19 as required by the Treasury Management Code of Practice.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the October 2018 Treasury Management Report.

2.0 Introduction

- 2.1 As part of the investment strategy and governance arrangements, this committee considers the investment and borrowing performance and compliance with the Council's Treasury Management Strategy.
- 2.2 The Code of Practice on Treasury Management approved by the Chartered Institute of Public Finance and Accountancy (CIPFA), and adopted in full by the Council in 2013, requires that a Treasury Management Strategy is produced prior to the beginning of the financial year to which it relates. Following consultation in 2017, CIPFA published new versions of the Prudential Code for Capital Finance in Local Authorities (Prudential Code) and the Treasury Management Code of Practice but has yet to publish the local authority specific Guidance Notes to the latter. MHCLG published its revised Investment Guidance which came into effect from April 2018.
- 2.3 The updated Prudential Code includes a new requirement for local authorities to provide a Capital Strategy, which is to be a summary document approved by full council covering capital expenditure and financing, treasury management and non-treasury investments. The Council will be producing its Capital Strategy later in 2018/19 for approval by full Council.

- 2.4 The Treasury Management Strategy is the cornerstone of proper treasury management, and is central to the operation, management reporting and performance assessment. The annual strategy for Cherwell District Council for 2018/19 was approved at full Council on 26 February 2018. The Council appointed Arlingclose as its Treasury Management advisor in April 2017.
- 2.5 The highest standard of stewardship of public funds remains of the utmost importance to the Council. This document details the Council's management of investments and treasury management activities during the first 7 months of 2018/19.

3.0 Report Details

Summary Position

- 3.1 As at the end of October 2018 the Council had borrowing of £87m and investments of £12m. A net borrowing position of £75m.

Appendix 1 details the schedule of borrowing and investments as at 31 October 2018.

Strategy

- 3.2 The Treasury Management Strategy for 2018/19 includes the Annual Investment Strategy which sets out the Council's investment priorities.

Security of capital has remained the Council's main investment objective, followed by liquidity of capital, and then by yield. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2018/19.

- 3.3 Counterparty credit quality is assessed and monitored with reference to:
- Credit Ratings - the Council's minimum long-term counterparty rating of A- (or equivalent) across rating agencies Fitch, S&P and Moody's
 - Credit default swaps – a type of insurance to protect against default risk
 - GDP of the country in which the institution operates
 - The country's net debt as a percentage of GDP
 - Sovereign support mechanisms or potential support from a well-resourced parent institution
 - Share price
- 3.4 The Arlingclose ratings and advice encompass all of these and other factors and is our primary source of guidance in selecting investments. In addition to Arlingclose ratings and advice, the council keeps an internal counterparty 'Watch List' based on intelligence from a variety of other sources available to officers.
- 3.5 The Council's objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

- 3.6 New borrowing has been kept to a minimum, whilst options for securing lower rates for longer term borrowing are reviewed. This strategy is enabling the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
- 3.7 The “cost of carry” analysis performed by the Council’s treasury management advisor Arlingclose did not indicate any value in borrowing in advance for future years’ planned expenditure and therefore none has been taken.
- 3.8 All treasury management activities undertaken during the first 7 months of 2018/19 complied with the CIPFA Code of Practice and the Council’s approved Treasury Management Strategy, and all indicators were met during, and at the end of, the reporting period (see 3.11 and 3.14 below).

Investment performance for 7 months ended 31 October 2018:

- 3.9 Investment rates available in the market have continued at low levels, although there was an increase in the Bank of England Base rate from 0.50% to 0.75% in August 2018, which will have a positive effect on investment returns for the remainder of the year.
The **average** level of funds available for investment purposes up to 31 October 2018 was £19.2m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and funding of the Capital Programme.
- 3.10 The table below shows the investment position as at 31 October 2018:

Investment Amount £	Interest Budget £	Interest Actual £	Variance £	Annualised rate of return	Average rate of current investments
11,599,190	24,500	45,301	20,801	0.41%	0.58%
Rate Benchmarking	Overnight	7-day	1-month		
Average LIBOR rates Apr-Oct’18	0.57%	0.58%	0.61%		

The Council is currently ahead of target, and is forecast to be approximately £30k above budget at the end of the year. The cash balances are in line with expectations; therefore, the increase is attributed to changes in market rates associated with the increase in base rates.

The Council’s cash investments are held primarily for liquidity purposes and therefore only available for short term deposits in a restricted selection of instruments (money-markets, call accounts etc), which generate sub-LIBOR returns.

A full list of current investments is shown at Appendix 1.

3.11 Compliance with investment limits is shown in the table below:

	2018/19 Maximum	31/10/18 Actual	2018/19 Limit	Complied?
Any single organisation, except the UK Government	£6.6m	£3.9m	£10m	Yes
UK Central Government	£28.0m	£3.2m	Unlimited	Yes
Any group of organisations under the same ownership	£6.6m	£3.9m	£10m per group	Yes
Any group of pooled funds under the same management	£6.6m	£3.9m	£10m per manager	Yes
Money Market Funds	£11.6m	£7.4	£15m in total	Yes

Borrowing performance for 7 months ended 31 October 2018:

3.12 The Council commenced external borrowing in April 2017 to fund its capital programme, and had total debt of £86.5m at the report date. Just over 47% of the current debt is at fixed rate for the medium-long term from the Public Works Loan Board (PWLB), with the remainder short term variable rate from other local authorities. As borrowing will increase further, and the prospect of rate increases grows, we may seek to take a higher proportion of the debt at long term fixed rates. This may cost more in the short term but will provide certainty of cost and savings in the longer term.

3.13 The table below shows the borrowing position as at 31 October 2018:

Borrowing Amount £	Interest Budget £	Interest Actual £	Variance £	Annualised interest rate	Average rate of current loans
86,500,000	1,210,069	748,221	461,848	1.33%	1.48%
Borrowing Benchmarking	3-year	5-year	10-year	20-year	
Average PWLB Maturity rate Apr-Oct'18	1.86%	2.05%	2.47%	2.84%	

Interest payable for the full year is forecast to be significantly under budget, due in part to how the borrowing terms have been structured, but also due to lower than expected loan drawdowns from Graven Hill, and cashflow updates on the CQ2 development.

A full list of current borrowing is shown at exempt Appendix 1

3.14 Compliance with the authorised limit and operational boundary for external debt is demonstrated in the table below:

	2018/19 Maximum	31/10/18 Actual	2018/19 Operational Boundary	2018/19 Authorised Limit	Complied?
Borrowing / Total debt	£116.5m	£86.5m	£205	£225m	Yes

3.15 Non-treasury investment activity.

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council. This is replicated in MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially to generate a profit.

As at the report date, the Council holds £62m of investments in the form of shares in and loans to subsidiary companies (Graven Hill and Crown House)

These non-treasury investments generate or are expected to generate a higher rate of return (average 7.5%) than earned on treasury investments, but this reflects the additional risks to the Council of holding such investments.

We watch markets and activity closely and monitor activity. We remain up to date and work closely with our advisors.

3.16 Arlingclose provided a report for the 6 months ending 30 September 2018. The highlights of which are:

Economic background:

- Oil prices rose by 23% over the six months to around \$82/barrel.
- UK Consumer Price Inflation (CPI) for August rose to 2.7% year/year
- The most recent labour market data for July 2018 showed the unemployment rate at 4%, its lowest since 1975.
- The 3-month average annual growth rate for regular pay, i.e. excluding bonuses, was 2.9%, however real wages (i.e. adjusted for inflation) grew only by 0.2%.
- Quarterly GDP growth in Q2 rebounded to 0.4%, however the detail showed much of the growth was attributed to an increase in inventories. Year/year GDP growth at 1.2% remains below trend.
- The Bank of England made a unanimous decision for a rate rise of 0.25% in August, taking Bank Rate to 0.75%.
- The escalating trade war between the US and China risks contributing to a slowdown in global economic activity and growth in 2019.
- The EU Withdrawal Bill narrowly made it through Parliament, but with just six months to go, neither the Withdrawal Agreement between the UK and the EU, nor its annex which will outline the shape of their future relationship have been finalised, extending the period of economic uncertainty.

Financial markets:

- The 5-year benchmark gilt only rose marginally from 1.13% to 1.16%. There was a larger increase in 10-year gilt yields from 1.37% to 1.57% and in the 20-year gilt yield from 1.74% to 1.89%.
- The increase in Bank Rate resulted in higher money markets rates. 1-month, 3-month and 12-month LIBID rates averaged 0.56%, 0.70% and 0.95% respectively over the period.

Credit background:

- The ringfencing of the big four UK banks - Barclays, Bank of Scotland/Lloyds, HSBC and RBS/Natwest Bank plc - is complete, the transfer of their business lines into retail (ringfenced) and investment banking (non-ringfenced) is progressing and will need to be completed by the end of 2018.
- Our treasury advisor Arlingclose will henceforth provide ratings which are specific to retail or investment banks, rather than provide general issuer credit ratings.

3.17 Outlook for the remainder of 2018/19

Having raised policy rates in August 2018 to 0.75%, the Bank of England's Monetary Policy Committee (MPC) has maintained expectations of a slow rise in interest rates over the forecast horizon.

The MPC has a definite bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. While policymakers are wary of domestic inflationary pressures over the next two years, it is believed that the MPC members consider both that (a) ultra-low interest rates result in other economic problems, and that (b) higher Bank Rate will be a more effective weapon should downside Brexit risks crystallise and cuts are required.

Arlingclose's central case is for Bank Rate to rise twice in 2019. The risks are weighted to the downside.

	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Downside risk	0.00	0.00	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

3.18 Arlingclose's view is that the UK economy still faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. Central bank actions and geopolitical risks, such as prospective trade wars, have and will continue to produce significant volatility in financial markets, including bond markets.

4.0 Conclusion and Reasons for Recommendations

4.1 This report details the Treasury Performance for the Council for the period ending 31 October 2018.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To request further information on the performance reported.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications arising directly from any outcome of this report.

Comments checked by:

Kelly Watson, Assistant Director – Finance and Procurement

kelly.watson@cherwellandsouthnorthants.gov.uk 0300 003 0206

Legal Implications

- 7.2 There are no legal implications arising directly from any outcome of this report.

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious Business

richard.hawtin@cherwellandsouthnorthants.gov.uk 01295 221695

Risk Management Implications

- 7.3 It is essential that this report is considered by the Audit Committee as it demonstrates that the risk of not complying with the Council's Treasury Management Policy has been avoided. This will be managed as part of the service operational risk register.

Comments checked by:

Louise Tustian, Team Leader – Insight Team

louise.tustian@cherwellandsouthnorthants.gov.uk 01295 221786

8.0 Decision Information

Wards Affected

All wards are affected

Links to Corporate Plan and Policy Framework

Links to all areas of Corporate Plan

Lead Councillor

None

Document Information

Appendix No	Title
Appendix 1	CDC Schedule of borrowing and investments at 31 October 2018
Background Papers	
None	
Report Author	Ian Robinson, Principal Accountant
Contact Information	Direct Dial: 01295 221762 ian.robinson@cherwellandsouthnorthants.gov.uk

Agenda Item 10

Year	Date	Agenda Items
2018	21 November	<ul style="list-style-type: none">• Internal Audit Progress Report• External Audit Annual Letter• Corporate Fraud• Risk Management• Treasury Management Update Report• Housing Benefit Subsidy
2019	23 January	<ul style="list-style-type: none">• Internal Audit Progress Report• External Audit Progress Report and Certification of Grants• Treasury Management Strategy 2019/20
	13 March	<ul style="list-style-type: none">• Internal Audit Progress Report• Internal Audit Plan 2019/20• External Audit Plan 2018/19• Corporate Fraud• Risk Management• Treasury Management Update Report

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