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Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

Committee: Accounts, Audit and Risk Committee

Date: Wednesday 18 March 2020

Time: 6.30 pm

Venue: Bodicote House, Bodicote, Banbury, OX15 4AA

Membership

Councillor Mike Kerford-Byrnes (Chairman)	Councillor Hugo Brown (Vice-Chairman)
Councillor Hannah Banfield	Councillor Nathan Bignell
Councillor Conrad Copeland	Councillor Nicholas Mawer
Councillor Tom Wallis	Councillor Sean Woodcock

AGENDA

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. Minutes (Pages 1 - 4)

To confirm as a correct record the Minutes of the meeting of the Committee held on 22 January 2020.

5. Chairman's Announcements

To receive communications from the Chairman.

6. **Urgent Business**

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

7. **Monthly Performance, Risk and Finance Monitoring Report - December 2019** (Pages 5 - 28)

Report of Acting Assistant Director: Performance and Transformation and Interim Assistant Director: Finance

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.

8. **Housing Benefit Subsidy** (Pages 29 - 42)

Report of Director of Finance

Purpose of report

To provide members of this Committee with an update on the Housing Benefit subsidy claim audit for the financial year 2018-2019.

Recommendations

The meeting is recommended:

- 1.1 To note the contents of this report.

9. **Housing Benefit and Council Tax Reduction Risk Based Verification** (Pages 43 - 56)

Report of Executive Director Finance

Purpose of report

To provide members of this Committee with an update on the Risk Based Verification (RBV) module and the online application form that were introduced for Housing Benefit and Council Tax Reduction new claims from November 2017, including any impact on the service; and to seek approval for some minor changes to the RBV policy.

Recommendations

The meeting is recommended:

- 1.1 To note the contents of this report.
- 1.2 To approve some minor changes to the RBV policy for the financial year 2020 - 2021.

10. Internal Audit - Progress Report 2019/20 (Pages 57 - 72)

Report of the Director of Finance

Purpose of report

To receive CWAS's progress report summarising their internal audit work to date.

Recommendations

The meeting is recommended to:

- 1.1 Note the contents of the 2019/20 progress report from CWAS.

11. External Audit

Please note this report will follow as it is being reviewed and finalised

Report of the Director of Finance

12. Treasury Management Report - Q3 2019/20 (Pages 73 - 78)

Report of the Director of Finance

Purpose of report

To receive information on treasury management performance and compliance with treasury management policy for 2019/20 as required by the Treasury Management Code of Practice.

Recommendations

The meeting is recommended:

- 1.1 To note the contents of the December 2019 Treasury Management Report.

13. Work Programme (Pages 79 - 80)

To consider and review the Work Programme.

14. Exclusion of Press and Public

The following report(s) contain exempt information as defined in the following paragraph(s) 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).

Members are reminded that whilst the following item has 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 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.”

15. Treasury Management Report - Q3 2019/20 - EXEMPT Appendix (Pages 81 - 82)

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 221554 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 Sharon Hickson, Democratic and Elections
democracy@cherwellandsouthnorthants.gov.uk, 01295 221554

Yvonne Rees
Chief Executive

Published on Tuesday 10 March 2020

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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 22 January 2020 at 6.30 pm

Present: Councillor Mike Kerford-Byrnes (Chairman)
Councillor Hugo Brown (Vice-Chairman)

Councillor Hannah Banfield
Councillor Nathan Bignell
Councillor Nicholas Mawer
Councillor Tom Wallis
Councillor Sean Woodcock

Also Present: Councillor Barry Wood, Leader of the Council
Tony Ilott, Lead Member for Financial Management & Governance
Neil Harris, Associate Partner, Ernst Young, External Auditor
Anand Persaud, CW Audit Services

Apologies for absence: Councillor Les Sibley

Officers: Adele Taylor, Executive Director: Finance (Interim) & Section 151 Officer
Dominic Oakeshott, Assistant Director (Interim) - Finance
Sharon Hickson, Democratic and Elections Officer

50 **Declarations of Interest**

There were no declarations of interest.

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

There were no petitions or requests to address the meeting.

52 **Minutes**

The Minutes of the meeting of the Committee held on 20 November 2019 were agreed as a correct record and signed by the Chairman.

53 **Chairman's Announcements**

There were no Chairman's announcements.

54 **Urgent Business**

There were no items of urgent business.

55 **Internal Audit - Progress Report 2019/20**

The Executive Director – Finance (Interim) submitted a report which presented the CW Internal Audit Services progress report for 2019/20.

A revised appendix was circulated to the Committee. The Audit Manager, CW Audit Services highlighted the changes to the figures in section 2, the Executive Director, Finance (Interim) reassured members that there were no concerns regarding the numbers contained in the summary table on Implementation of agreed actions and that these were expected to reduce again by the time the next report was considered.

Resolved

- (1) That the contents of the 2019/20 progress report from CW Internal Audits Services be noted.

56 **Draft Capital, Investment and Treasury Management Strategies 2020-21**

The Executive Director Finance (Interim) submitted a report which presented the draft, capital, investment and treasury management strategies for 2020-21.

These reports were presented in a draft version to the Committee at the meeting on 20 November 2019 and had subsequently been updated following comments from Members and advice from the Council's treasury management advisers, Arlingclose. They had also been updated with figures from the 31 December 2019 monitoring reports.

Resolved

- (1) That the draft Treasury Management Strategies 2020/21 be recommended to Council for adoption.

(Councillor Sean Woodcock requested that his abstention in the vote be recorded in the minutes)

57 **Work Programme**

The Committee considered its work programme for the remainder of 2019/20 and the indicative work programme for 2020/21.

The Assistant Director – Finance (Interim), highlighted the meeting entry for 24 June 2020, explaining that this would only take place if the accounts for 2019/20 were ready for sign off.

Resolved

- (1) That, having given due consideration the Work Programme 2019/20 and 2020/21 be noted.

58 **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(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.

59 **Progress of Counter Fraud Service**

The Senior Investigation Officer - Corporate Fraud Team submitted a report which provided an overview of the progress of the counter fraud response following the delegation of authority in July 2018 to Oxford City Council.

Resolved

- (1) That the exempt report be noted.

60 **Closure of Account 2018/19 Update**

The Executive Director of Finance (Interim) provided an exempt verbal update on the Closure of Accounts 2018/19.

Resolved

- (1) That the exempt verbal update be noted.

61 **Executive Director Finance (Interim)**

The Chairman advised the Committee that this was the last meeting of the Committee that the Executive Director, Finance (Interim) would be attending as she was leaving Cherwell District Council at the end of February to take up a new role at another local authority.

The Chairman also advised the Committee that the Engagement Partner, Ernst & Young, External Audit was moving roles within the company and therefore this would be his last meeting.

Members thanked both the Executive Director, Finance (Interim) and the Engagement Partner, Ernst and Young for their hard work supporting the Committee and wished them well in their new posts

The meeting ended at 7.33 pm

Chairman:

Date:

Cherwell District Council

Accounts, Audit and Risk Committee

18 March 2020

<p>Monthly Performance, Risk and Finance Monitoring Report – December 2019</p>

Report of Acting Assistant Director: Performance and Transformation and Interim Assistant Director: Finance

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 2019-20 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 2019-20 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 two appendices to this report:

- Appendix 1 - 2019/20 Business Plan
- Appendix 2 - Leadership Risk Register

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 2019-20 business plan (see Appendix 1) and the priorities of the Council.

3.2 The 2019-20 business plan set out three strategic priorities:

- Clean, Green and Safe.
- 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 Business Plan Measures	Meaning for 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.

Priority: Clean, Green and Safe.

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:

Supporting Community Safety during the party season.

The community safety team continued to work with partners to prevent crime and reduce antisocial behavior; during December the team prioritised attending seasonal events to promote safe nights out in advance of Christmas. They also undertook late night town centre patrols with the Police and engaged with town centre visitors at our Departure Zone events. The Cherwell Community Safety Partnership met in December with a focus on the review of the partnership priorities and plans.



Protect the Built Heritage is reporting Amber for December and Year to date. The Conservation team continue to work closely with Development Management on cases of heritage interest. The Conservation Area Appraisal programme is ongoing. Nine Conservation Area Appraisals are in progress, six have been subjected to public consultation and one is presently being consulted on (Ardley); a further two are being drafted. A number of heritage guidance notes are also being prepared. The Team intend to complete as many as possible by the end of March while maintaining its service to Development Management.

% Waste Recycled & Composted is reporting Amber for December and Green for Year to Date, delivering 51% against a target of 56%. The monthly target for this measure is a static 56%, due to the growth across the district we were unable to provide accurate forecasted targets. Recycling rate up by 1.28% compared to this time last year. If this continues it will give a recycling rate at the end of the year of 55.6%.

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.

Overview of our performance against this strategic priority:

Delivering affordable homes - A total of 41 new affordable homes were completed in December 2019, against a target of 10. Comprised by 25 affordable homes for rent (1 x one bed maisonette, three one bedroom flats, 12 two-bed flats, two two-beds houses, five three-bed houses and two four-bed houses), and 16 shared ownership homes (six two-bed houses and 10 three-bed houses). Delivering ahead of the 337 Year to Date target with 339 homes delivered so far, this financial year.



Age Friendly Banbury - Two Age Friendly Banbury pop up engagement and consultation events were held at Banbury and Woodgreen libraries to get the opinions and thoughts of Banbury residents around the proposed Age Friendly pledge that will be adopted by the initiative, to get groups, businesses and organisations to sign to in Banbury moving forward, making Banbury a great place to grow old.

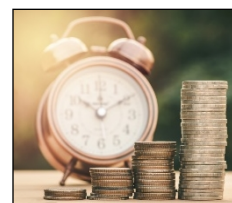


up

Homes improved through enforcement action - Following a review of properties improved as a result of our new targeted work on Minimum Energy Efficiency Standards, the housing team was able to record 11 homes improved this month, making a total of 80 for the year to date against a year to date target of 81. Enforcement action remains a priority and the team continues working hard to achieve their target for the Financial Year.

Average time taken to process Housing Benefit New Claims – The revenues and benefits team continues to develop and build on the changes in procedures and work flow management introduced in November 2019. Performance on new claims has stabilised well and is performing ahead of the 15 days target at 9 days, compared to the national average of 20 days.

Average time taken to process Housing Benefit change events – The team has recorded a performance of 2.33 days against a target of 8 days in average to process change events. Ensuring that changes are processed quickly and accurately is vital to the team in order to ensure that overpayments are minimised, and additional benefit is awarded as soon as possible to avoid any financial hardship for customers.



% of Business Rates collected, increasing NNDR Base - Is reporting Amber for December and Year to Date. Whilst in month collection slightly dropped in December this was mainly due to the payments team closing for the Christmas period thus making chasing outstanding balances more difficult. However, there are plans in place to commence proactive debt chasing at the beginning of January to boost collection rates.

% of Council Tax collected, increase Council Tax Base - Is reporting Amber for December and Green for Year to Date. The amount of Council Tax collected has increased by more than £2.3m since April 2019 bringing the total amount, the team needs to collect to nearly £105m, this is mainly down to new builds as well as a review on exemptions and student discounts to ensure customers are still entitled to the reduction they are claiming. The amount collected in December decreased slightly due to the enforcement agents not proactively chasing debts over the Christmas period, however this arrangement has now stopped, and full recovery has commenced again. The team is reviewing all debts at liability order to reduce outstanding Council Tax debt as well as starting a Council Tax Reduction uptake campaign to proactively contact customers on universal credit who are entitled to a reduction on their Council Tax bill that they haven't yet claimed.

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:

Young Enterprise Trade Fair - On Saturday 7th December, the stalls at the Young Enterprise trade Fair at Banbury market were run by companies made up of pupils from local schools including Cooper School, Bicester Technology Studio, Bloxham, and Tudor Hall. They were judged on the day by a team of dignitaries and mystery shoppers. The pupils had the opportunity to build their sales and marketing skills at the annual event, before they make the move into further or higher education, or the world of work.



Maintain 5 Year Land Supply - Is reporting Amber for December and Year to Date. The new 2019 Annual Monitoring Report (AMR) reports a dip below 5 years (to 4.6 years). However, housing delivery in 2018/19 was high (1489 homes) and the Government has provided the Oxfordshire authorities with a 3 year flexibility while the Oxfordshire Plan is produced.

Net Additional Housing Completions - Is reporting Red for December and Green for Year to Date, delivering 204 homes against a target of 286. Quarterly housing completions are provisional and verified at the end of the year. Although 204 homes is not as high as the Quarter 1 or Quarter 2 returns (373 & 293), a reasonably good level of housing delivery has continued across the district in quarter 3. The 'red' performance status indicates that provisional delivery is below the indicative quarterly target of 286. However, a quarter 4 return of 272 would enable the local plan annual requirement (1142) to be met; this number is achievable given the results from previous quarters, always taking into consideration market conditions.

Supporting Banbury BID – The Council continues to support Banbury BID (Business Improvement District) in the delivery of its Year Two business plan. During December, a new business centre - Guardian House - was opened in central Banbury, not only bringing a new business to an empty building but providing a new space for small businesses to have the opportunity to establish themselves and thrive in the Town Centre.



Deliver the Local Plan - Is reporting Amber for December and Year to Date. On 10 July 2019, the appointed Planning Inspector gave his preliminary views. While he is content with the Plan's overall strategy, he recommended the deletion of a proposed strategic housing allocation (land south east of Woodstock) and requested additional work for the redistribution of the affected 410 homes. On 30 September 2019, officers informally submitted proposed modifications to the Inspector supported by associated evidence. On 29 October the Inspector advised that he was happy for the Council to formally publish the information and progress the modifications to consultation. Consultation ended on 20 December. Officers are processing the representations received and will report to members on the modifications and the outcome of the consultation in the first quarter of 2020.

Summary of Performance

- 3.10 The Council reports on performance against 21 business plan measures monthly and 17 key performance indicators on a quarterly basis. 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 (38)					
Status	Description	December	%	YTD	%
Green	On target	31	81.5%	33	87%
Amber	Slightly off target	6	16%	5	13%
Red	Off target	1	2.5%	0	-

Risk Update

- 3.11 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.
- 3.12 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			L09		
	4 - Major		L12	L01, L04, L07, L10 & L11		
	3 - Moderate		L16 & L18	L02, L05, & L14	L08 & L15	
	2 - Minor		L17			
	1 - Insignificant					

- 3.13 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	12 Medium risk	↔	Risk reviewed 07/01 – No changes.
L02 Statutory functions	9 Low risk	↔	Risk Reviewed 10/01 – No changes.
L04 CDC Local Plan	12 Medium risk	↔	Risk Reviewed 07/01 – Risk reviewed, controls, control assessment, mitigating actions and comments updated.
L05 Business Continuity	9 Low risk	↔	Risk Reviewed 07/01 – Comments updated.
L07 Emergency Planning	12 Medium risk	↔	Risk Reviewed 07/01 – Comments updated.
L08 Health & Safety	12 Medium risk	↔	Risk Reviewed 07/01 – Mitigating actions and commentary updated.
L09 Cyber Security	15 Medium risk	↔	Risk Reviewed 31/12 – Mitigating actions updated.
L10 Safeguarding the Vulnerable	12 Medium risk	↔	Risk Reviewed 09/01 – Comments updated.
L11 Sustainability of Council owned companies and delivery of planned financial and other objectives.	12 Medium risk	↔	Risk Reviewed 07/01 – Comments updated

L12 Financial sustainability of third-party suppliers including contractors and other partners	8 Low risk	↔	Risk Reviewed 02/01 – No changes
L14 Corporate Governance	9 Low risk	↔	Risk Reviewed 10/01 – No changes
L15 Oxfordshire Growth Deal	12 Medium risk	↔	Risk Reviewed 03/01 – No changes.
L16 Joint Working – New Risk	6 Low risk	↔	Risk Reviewed 30/12 – Comments updated.
L17 Separation – New Risk	4 low risk	↔	Risk Reviewed 30/12 – Comments updated.
L18 Workforce Strategy	12 Medium risk	↔	Risk Reviewed 02/01 – No changes.

During December the leadership risk didn't have any score changes. Closed risks have been removed from the above table.

3.14 Finance Update (Revenue and Capital)

3.15 Revenue Position

The Council's forecast financial position up to the end of September, is set out in the table below, following a review across the Council's service areas. Overall, for the financial year 2019/20 Cherwell District Council is projecting a small underspend across the directorates of £16k, which has improved from a small overspend of £48k at the end of August. The directorates continue to manage their under and overspends looking to produce a balanced position by the year end. The Council continues to benefit from favourable interest rates earlier in the year which has generated a one-off underspend of £1.4m, resulting in an overall underspend of £1.42m for the Council. Currently all funding is shown on target as we are not expecting any significant variations to date and are not aware of any significant risks to our in-year funding at this stage of the financial year.

For more detail on the movements across all budgets please see the table below showing the main reasons for the variances in 2019/20.

Revenue Monitoring (Brackets denotes an Underspend)	Budget £000	Forecast £000	Current Month Variances £000	Prior Month Variances £000
Communities	1,689	1,664	(25)	(20)
Leisure & Sport	791	841	50	30
Housing	2,047	1,927	(120)	(140)
Environmental Services	4,648	5,214	566	553
Environmental Health & Licensing	1,364	1,204	(160)	(160)
WELLBEING TOTAL	10,539	10,850	311	263

Communities: (£25k) underspend. The overspend is made up of small savings across the department, of which £10k relates to the Health bus, which is being provided in a more cost-effective way in the future.

Sport & Leisure: £50k overspend. The overspend is attributable to the FAST programme where insufficient expenditure budget was built in for this financial year. This has been corrected for 20/21. There has been savings across the department to mitigate this however due to an unexpected fault with the biomass heater, we are expecting to incur repair costs and receive less RHI income (renewable heat incentive) as a consequence.

Housing: (£120k) underspend. The underspend is a combination of salary savings due to long term vacancies and savings against the Cherwell Bond Scheme due to a low level of claims made. Also contributing to the overall underspend is higher than anticipated fee income as a subsequent result of administering Disabled Facilities grants and Discretionary grants.

Environmental Services: £566k overspend. £352k Agency Staff, Overtime & SNC Recharge costs (Admin & Waste & Recycling), £37k reduction in recycling credit and materials income, £25k Bulking & Haulage charge tonnage increase, £75k Gate Fees Increase, £44k increase in business waste tonnage but reduction in anticipated income, (£90k) Additional income for street scene repairs, S106 & Grants for Country Park, £25k Increase in Management Fees & Reduction in Car Park Income, £37k Increase in National Domestic Rates & Business Improvement District charges, £56k increase in contractor costs - Oxfordshire Waste & Recycling Partnership Contribution, Waste Analysis by Oxfordshire County Council, Montagu Evans & other small overspends and £5k reduction in income

Environmental Health & Licensing: (£160k) underspend. The underspend relates to salary savings due to changes in service delivery and vacancies. Plus, higher than anticipated discretionary income has been generated.

Planning & Development	1,313	1,648	335	210
Economy & Regeneration	1,892	1,862	(30)	(20)
Build! Programme	(345)	(285)	60	50
PLACE & GROWTH TOTAL	2,860	3,225	365	240

Planning & Development: £335k - Overspend in Building Control staffing relating to agency costs plus a slight deficit in income than budgeted. Development Management overspend of £430k due to under recovery of Planning fee income and higher than anticipated legal fees due to 2 planning appeals. Some may be potentially offset by Local Plan savings if secured at year end.

Economy & Regeneration: (£30k) underspend mainly as a result of long-term vacancies within the Economic Growth team

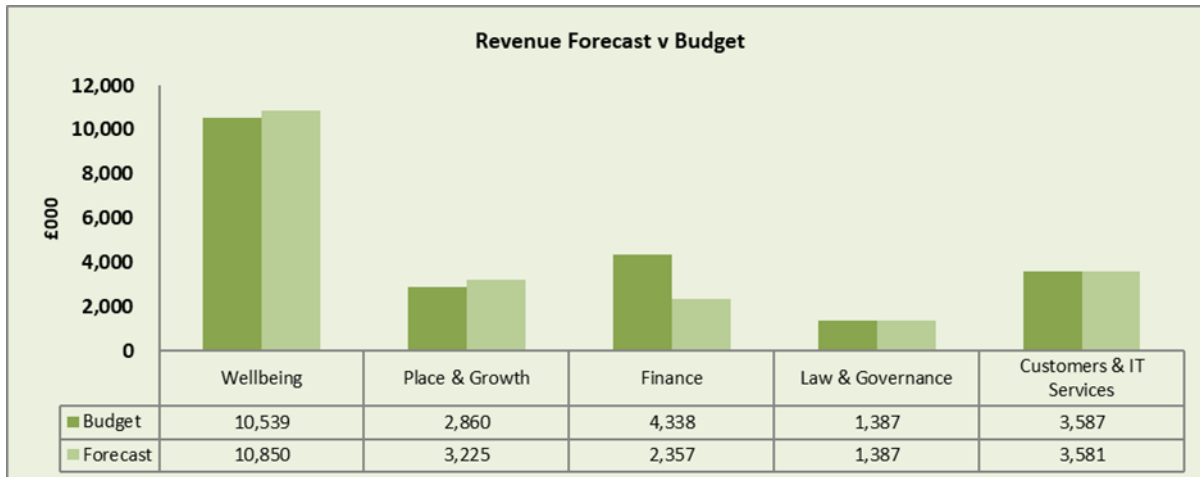
Build! Programme: £60k overspend. The overspend mainly lies within the Affordable Rents sector due to expenditure not budgeted. The budget has been corrected for 20/21. Also, within Shared Ownership there is an under recovery of income due to a delay in the opening of Hope Close and lower than anticipated service charge income as Gardeners Close has only been occupied part of the year.

Finance	3,143	3,184	41	(61)
Property	(950)	(1,125)	(175)	(175)
Finance Total	2,193	2,059	(134)	(236)

Finance (£61) K : £141k overspend due to external audit fee, recruitment costs and contractor fees, (£100k) underspend in Revs & Bens due to Universal Credit Introduction
Property: (£175k) underspend on a variety of functions, such as security, maintenance and vacancies. Variance to previous month due to unforeseen repairs (diesel kits & emergency lighting)

TOTAL INCOME	(22,711)	(22,711)	-	-
Reserve management			0	
(Surplus)/Deficit			(1,311)	(1,286)

The graph below shows the overall variance by Directorate and compares the budget to the forecast end of year position.



3.16 Capital Programme

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

The budget for 2019/20 is £93m. Overall, we are projecting an underspend in year of (£144k), further detail can be found within the capital programme schedule

Directorate	Budget £000	Forecast £000	Re- profiled beyond 2019/20 £000	Current Period Variances £000	Prior Period Variances £000
Wellbeing, Environmental & Regulatory	5,233	3,771	1,291	(171)	(141)
Place & Growth	30,155	17,043	13,477	365	4
Customers & Service Development	869	871	0	2	34
Finance Services	56,673	26,796	29,825	(52)	(54)
Total	92,929	48,480	44,593	144	(157)

Current Period Variances:

Wellbeing, Environmental & Regulatory Services: (£171k) Budgets no longer required for Sunshine Centre (£22k) and Biomass Heating Bicester Leisure Centre (£14k). Forecast saving of (£135k) Discretionary Grants Domestic Properties.

Finance Services: (£52k) relating to: New E-tendering Portal for procurement no longer required (£30k), Tramway site small additional works required amounting to £15k, (£27k) Retained Land budget no longer required, (£2k) Condition works Survey works project complete. Franklins House Travelodge (£25k). £3k over on BYHP Separation. £16k over on The fairway Garage Demolition and (£2k) on Thorpe Way Industrial Units.

Customers & Service Development: £34k relating to: HR/Payroll System. This is **£57K** over but is being offset by (**£27K**) u/s in IT. However, the IT u/s will be needed for Phase 2 next year.

Re-profile beyond 2019/20:

Wellbeing, Environmental & Regulatory Services:

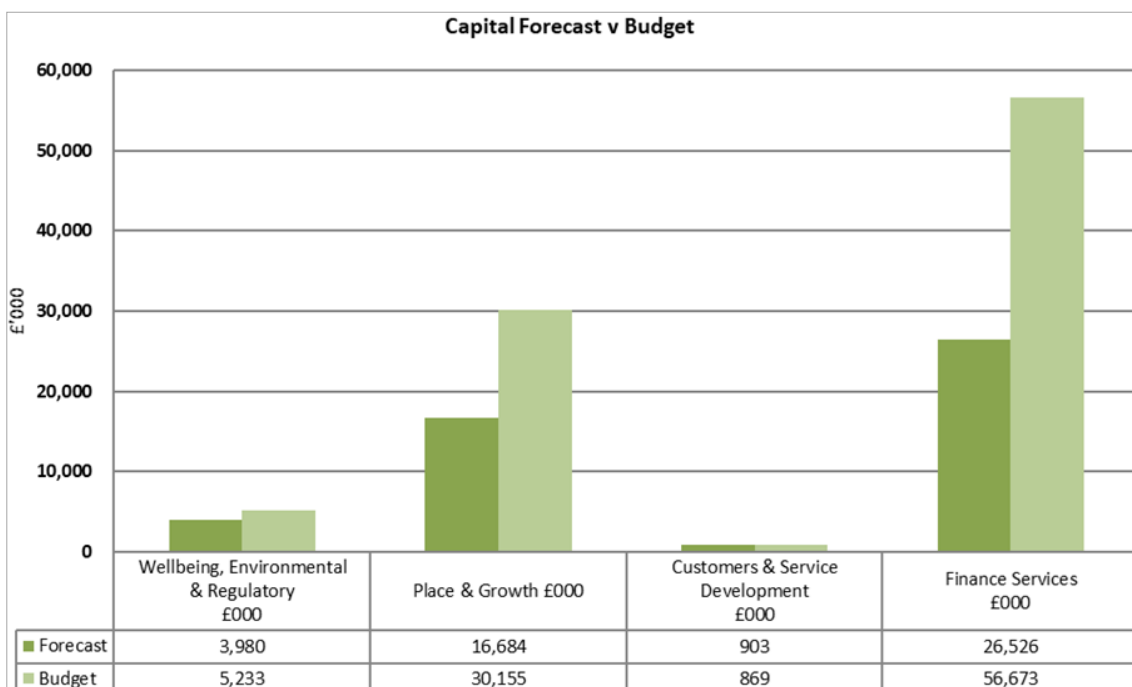
- £30k Spiceball Leisure Centre Bridge Resurfacing is part of the CQ2 project and will roll into 20/21.
- £122k Bicester Leisure Centre extension, due to prioritisation this will roll into 20/21.
- £183k North Oxfordshire Academy Astroturf due to ongoing discussion with ULT and their contribution around the project, the scheme will be rolled into 20/21
- £12k Physical Activities and Inequalities Insight feasibility study to commence in Q4
- £542k disables facilities Grants - will roll forward what is not used as is better care fund money and can't be used for anything else.
- £50k of unspent Discretionary Grant budget to be rolled into 20/21 to retain the level of budget at the agreed £200k.
- £43k Solar Photovoltaic scheme to be rolled into 20/21 to set up a Climate emergency fund.
- £42k Car park refurbishment to roll into 20/21.
- £60k works to the Corporate Booking system to be slipped into 20/21

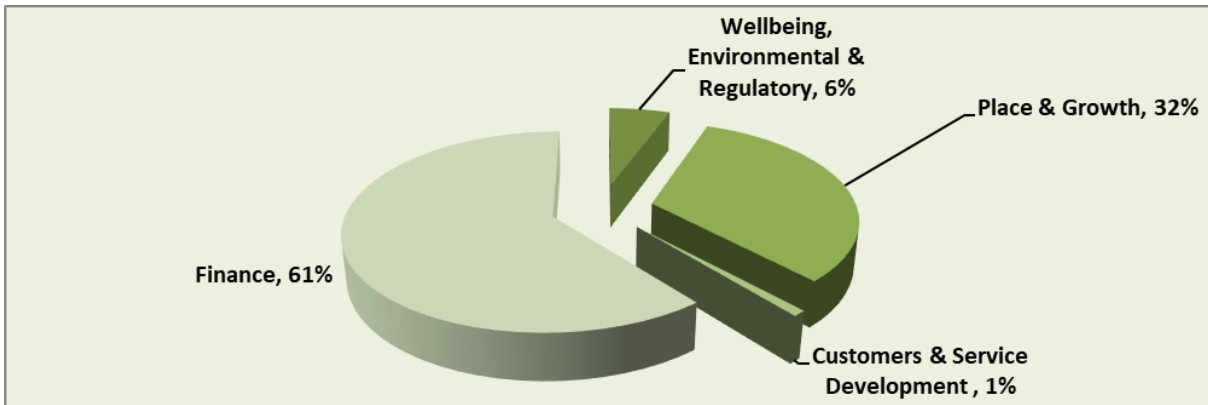
Place & Growth:

- £1,250k Phase 1b Bicester Library plans are currently on hold.
- £10,775k Phase 2 majority of works to commence in 20/21.
- £1,450k East Western Railway work balance of capital to be rolled into 20/21

Finance Services:

- £25,798k for CQ2
- £153k Banbury Health Centre, project currently paused as lease discussions with tenants.
- £3,300k for CQ1 ongoing.
- £100k for CDC feasibility, nothing forecast in current year.
- £250k for The Mill
- £79k for Bodicote House Fire Compliance Works
- £105k Works on compliance surveys.
- £30k reprofiling for asbestos surveys
- £10k Corporate Fire risk Assessment





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 2019-20 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 Financial implications are detailed within section 3.15 to 3.18 of this report.

Comments checked by:

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

Legal Implications

7.2 There are no legal implications from this report.

Comments checked by:

Nick Graham, Monitoring Officer: Law and Governance

Nick.Graham@cherwell-dc.gov.uk

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:

Celia Prado-Teeling, Performance Team Leader

01295 221556

celia.prado-teeling@cherwell-dc.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 Illott – Lead member for Finance and Governance

Document Information

Appendix No	Title
Appendix 1 Appendix 2	2019/20 Business Plan Leadership Risk Register
Background Papers	
None	
Report Author	Louise Tustian – Head of Insight and Corporate Programmes
Contact Information	Tel: 01295 221786 Louise.tustian@cherwell-dc.gov.uk

Cherwell District Council Business Plan 2019-20



DISTRICT COUNCIL
NORTH OXFORDSHIRE



Organisational Plan

Operational Excellence

- Rigorous Financial Management
- Efficient and Effective Governance
- Commercial and Procurement excellence
- Continuous Improvement

Customer Focus

- Excellent Customer Services
- Efficient and Effective Services
- Accessible services – Enabled through digitisation
- Consultation and Customer Insight

Best Council to work for

- Employer of choice
- Employee Engagement and Wellbeing
- Culture of Learning and Development
- Sustainable relationships with key partners

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Appendix 3 – Leadership Risk Register as at 07/01/2020

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
Impact 21	5 - Catastrophic			L09		
	4 - Major		L12	L01, L04, L07, L10 & L11		
	3 - Moderate		L16 & L18	L02, L05, & L14	L08 & L15	
	2 - Minor		L17			
	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				
2019/20																	
L01 -	Financial resilience – Failure to react to external financial impacts, new policy and increased service demand. Poor investment and asset management decisions.	Reduced medium and long term financial viability	4	4	16	Medium Term Revenue Plan reported regularly to members.	Fully	Councillor Tony Illot	Adele Taylor	Dominic Oakeshott	4	3	12	↑	Key staff recruited to and review of workload and capacity across the team. Additional resilience and resource for financial accounting and reporting engaged through external partners and agencies. Assessment of national picture undertaken and being reported through senior managers and members highlighting the medium term challenges.	Maintaining focus in this area with ongoing review, staff and member training and awareness raising.	Risk reviewed - 07/01/2020 - No changes.
		Reduction in services to customers				Balanced medium term and dynamic ability to prioritise resources	Fully								Investment strategy approach agreed and operating and all potential investments now 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.		
		Increased volatility and inability to manage and respond to changes in funding levels				Highly professional, competent, qualified staff	Fully								Timeliness and quality of budget monitoring particularly property income and capital improving. Financial Systems replacement project underway. LEAN review of budget monitoring undertaken with significant engagement from within the wider business.		
		Reduced financial returns (or losses) on investments/assets				Good networks established locally, regionally and nationally	Partially								Asset Management Strategy being reviewed and refreshed.		
		Inability to deliver financial efficiencies				National guidance interpreting legislation available and used regularly	Fully								Review of BUILD! to ensure procurement and capital monitoring arrangements are in place and development of forward programme - work still underway.		
		Inability to deliver commercial objectives (increased income)				Members aware and are briefed regularly	Fully								Finance support and engagement with programme management processes continuing.		
		Poor customer service and satisfaction				Participate in Oxfordshire Treasurers' Association's work streams	Fully								Further integration and development of Performance, Finance and Risk reporting		
		Increased complexity in governance arrangements				Review of best practice guidance from bodies such as CIPFA, LGA and NAO	Fully								Regular involvement and engagement with senior management across County as well as involvement in Regional and National finance forums.		
		Lack of officer capacity to meet service demand				Treasury management and capital strategies in place	Fully								Regular member meetings, training and support in place and regularly reviewed. Briefings provided on key topics to members with particular focus on key skills for specific committees such as audit committee.		
		Lack of financial awareness and understanding throughout the council				Investment strategies in place	Fully								New approach to budget setting introduced linked to service planning. Additional challenge added into the process to ensure robustness of estimates		
						Regular financial and performance monitoring in place	Fully								Regular utilisation of advisors as appropriate.		
						Independent third party advisers in place	Fully								Internal Audits being undertaken for core financial activity and capital as well as service activity		
						Regular bulletins and advice received from advisers	Fully								Assessment of national picture via Pixel and LG Futures has identified that the funding available in later years is likely to be significantly reduced, adding longer term resilience challenges.		
						Property portfolio income monitored through financial management arrangements on a regular basis	Partially										
	Asset Management Strategy in place and embedded.	Partially															
	Transformation Programme in place to deliver efficiencies and increased income in the future	Fully															
L02 -	Statutory functions – Failure to meet statutory obligations and policy and legislative changes are not anticipated or planned for.	Legal challenge	3	4	12	Embedded system of legislation and policy tracking in place, with clear accountabilities, reviewed regularly by Directors	Partially	Councillor Barry Wood	Yvonne Rees	Nick Graham	3	3	9	↔	Establish corporate repository and accountability for policy/legislative changes	Service plans for 2019-20 received and currently being reviewed. Performance framework for 2019-20 to be agreed.	Risk reviewed 10/01/20 - Risk reviewed, no changes.
		Loss of opportunity to influence national policy / legislation				Clear accountability for responding to consultations with defined process to ensure Member engagement	Fully								Review Directorate/Service risk registers		
		Financial penalties				National guidance interpreting legislation available and used regularly	Fully								Ensure Committee forward plans are reviewed regularly by senior officers		
		Reduced service to customers				Risks and issues associated with Statutory functions incorporated into Directorate Risk Registers and regularly reviewed	Partially								Ensure Internal Audit plan focusses on key leadership risks		
						Clear accountability for horizon scanning, risk identification / categorisation / escalation and policy interpretation in place	Partially								Develop stakeholder map, with Director responsibility allocated for managing key relationships		
						Robust Committee forward plans to allow member oversight of policy issues and risk management, including Scrutiny and Audit	Partially								Standardise agendas for Director / PFH 1:1s		
						Internal Audit Plan risk based to provide necessary assurances	Partially								New NPPF published 05/03/18 will guide revised approach to planning policy and development management.		
						Strong networks established locally, regionally and nationally to ensure influence on policy issues	Fully								Allocate specific resource to support new projects/policies or statutory requirements e.g. GDPR		
	Senior Members aware and briefed regularly in 1:1s by Directors	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				
2019/20																	
L04 -	CDC Local Plan - Failure to ensure sound, up to date local plan remains in place for Cherwell resulting in poor planning decisions such as development in inappropriate locations, inability to demonstrate an adequate supply of land for housing and planning by appeal	Poor planning decisions leading to inappropriate growth in inappropriate place. Negative (or failure to optimise) economic, social, community and environmental gain Negative impact on the council's ability to deliver its strategic objectives, including its commitments within the Oxfordshire Housing & Growth Deal increased costs in planning appeals Reputational damage with investor community of Cherwell as a good place to do business created by uncertainty/ lack of policy clarity	4	4	16	Local Development Scheme (LDS) is actively managed and reviewed, built into Service Plan, and integral to staff appraisals of all those significantly involved in Plan preparation and review Team capacity and capability kept under continual review with gaps and pressures identified and managed at the earliest opportunity. Arrangements in place to source appropriate additional, time-bound resource if needed Delegations to Chief Exec agreed to ensure timely decisions On-going review of planning appeal decisions to assess robustness and relevance of Local Plan policies	Partially Partially Partially Fully Partially	Councillor Colin Clarke	Simon Furlong	David Peckford	3	4	12	↔	Regular review meetings on progress and critical path review Regular Portfolio briefings and political review LDS updated as required with programme management approach adopted to ensure progress against plan LDS timeline built into Directorate level objectives (e.g. via Service Plans) and incorporated into SMART targets within staff appraisals Authority Monitoring Reports continue to be prepared on a regular annual basis.	The latest Local Development Scheme is that approved by the Executive in December 2018. It includes the programmes for the Partial Review of the Local Plan, the Oxfordshire Plan 2050, a Local Plan Review, the Banbury Canalside Supplementary Planning Document and work on a Community Infrastructure Level (CIL). The residual risk score of '12' reflects delay with the Oxfordshire Plan and the review of the Local Plan. A review of the Local Development Scheme, containing revised timetabling for the preparation of planning policy documents, is scheduled to be presented to the Executive in March 2020. The 2019 Annual Monitoring Report was approved by the Executive on 7/1/2020	Risk reviewed 07/01/2020 - Risk reviewed, controls, control assessment, mitigating actions and comments updated.
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	Fully Fully Fully Partially Fully Partially	Councillor Andrew McHugh	Graeme Kane	Richard Webb	3	3	9	↔	Business Continuity Statement of Intent and Framework agreed by CEDR BC Improvement Plan agreed with CEDR ICT transition to data centre and cloud services have reduced likelihood of ICT loss and data loss Corporate ownership and governance sits at senior officer level BC Impact assessments and BCPs in place for all teams and peer reviewed by OCC's Emergency Planning team Progress report was provided to CEDR in March BC assurance framework under development	A cross-council programme to update all business continuity plans commenced in September to ensure all plans are up to date following separation of the councils. This update process was due for completion by the end of December and progress will be reviewed in January 2020 by the Business Continuity Steering Group. The Business Continuity Steering Group are developing an incident response plan and an assurance framework. The Business Continuity pages on the Intranet have been updated to provide more resources and information to assist in the development of robust BC plans.	Risk Reviewed 07/01/2020 - Comments updated
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. Emergency Planning Lead Officer defined with responsibility 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-ordinators Active participation in Local Resilience Forum (LRF) activities	Fully Partially Fully Fully Fully Fully	Councillor Andrew McHugh	Graeme Kane	Richard Webb	3	4	12	↔	Emergency plan contacts list being updated monthly and reissued to all duty managers. OCC Emergency Planning providing expert advice and support under a partnership arrangement. Chief Operating Officer meets with ACO Oxfordshire Fire and Rescue quarterly to oversee shared EP arrangements. Supporting officers for incident response identified in the emergency plan and wallet guide Drop in training session now taking place monthly (from June) covering a range of topics. Senior managers have attended multi-agency exercises and duty manager training with OCC senior managers. On-call rota being maintained Authority represented at the Local Resilience Forum	Active plans are in place to ensure the authority is prepared for a variety of emergencies. Continual improvements are being made as a result of a review of these plans and in partnership with the Local Resilience Forum. An 'on-call' system ensures there is a senior manager available to lead a response to an incident 24/7. Cherwell now has a stand-alone plan following separation from SNC. The council also has a pool of trained loggists to assist in recording actions and decisions. OCC are providing expert advice and support. The LRF Brexit planning arrangements are now on hold but a local decision will be made in January whether some Brexit readiness work is still required.	Risk Reviewed 07/01/2020 - Comments updated.

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			Probability	Impact	Rating						Probability	Impact	Rating					
2019/20																		
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	Adele Taylor	Ceri Harris	4	3	12	↔	A new Corporate Health, Safety and Wellbeing Policy was ratified BPM meeting on 17th June. The Corporate arrangements are in the process of being updated. These are now being uploaded onto the intranet.	The Executive Leadership Team (ELT) receives a quarterly report from the 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 TI. Corporate Health and Safety Team to ensure all departments to respond to the Departmental Risk Assessment Checklist and to follow up with departments on areas of concern. Responses are being collated on a central spreadsheet which will become the database of all risk assessments across the Council.	Risk reviewed 07/01/2020 - Mitigating actions and commentary updated.	
		Criminal prosecution for failings				Clearly identified accountability and responsibilities for Health and Safety established at all levels throughout the organisation	Partially								Following the ratification of the new Corporate Health, Safety and Wellbeing Policy all Assistant Directors have been asked to complete a Departmental Risk Assessment Checklist. The Checklist identified the areas of risk within the department and whether there is a risk assessment in place to cover the risks. So far 9 departments have responded.			
		Financial loss due to compensation claims				Corporate H&S Manager & H&S Officer in post to formalise the H&S Management System & provide competent H&S advice & assistance to managers & employees.	Partially								A new 2 year schedule has been developed to replaced the existing schedule. The health and safety internal inspection cover all elements of our overall H&S management system to ensure compliance with our standards.			The H&S team are conducting health and safety inspections internally across all services and teams. To date a total of 15 audits have been carried out across the Council.
		Enforcement action – cost of regulator (HSE) time				Proactive monitoring of Health & Safety performance management internally	Partially								Management of H&S training will now be included within the new eLearning programme which is in the process of being procured. A central list of risk assessments is to be created to enable more proactive monitoring of risk assessment across the council. Risk Assessment Workshop training is being developed. Robust training already in place in Environmental Services. Corporate Arrangements are being updated.			Final sign off from the HR/Training Manager for training procurement and implementation due. Final tweaks being made prior to launch of eLearning package
		Increased sickness absence				Proactive monitoring of Health & Safety performance management externally	Fully								Good awareness in higher risk areas of the business, e.g. Environmental Services. However other areas need improved awareness of risk assessment process.			
		Increased agency costs				Effective induction and training regime in place for all staff	Partially								Reviews of leases and performance monitoring to be reviewed to satisfy the Councils providers/ contractors are managing significant risks.			A review has been undertaken of all CDC owned properties to ensure that fire risk assessments, water hygiene surveys and asbestos surveys have been completed where required. A compliance review of tenanted properties leased by CDC is also under way to ensure that the tenants are managing the property in accordance with legislative requirements.
		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											A proposal for the formation of a Health and Safety Committee to report to the ELT will be submitted to ELT in February 2019. The purposed of this committee, if ratified, will monitor the activities of the Corporate Health and Safety Team and to act as a scrutiny committee for the Corporate Arrangements.
						Assurance that third party organisations subscribe to and follow Council Health & Safety guidelines and are performance managed where required	Partially											Currently the Council has no formal committee structure in place for the consultation of health safety with staff.

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				
2019/20																	
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 Financial loss / fine Prosecution – penalties imposed Individuals could be placed at risk of harm Reduced capability to deliver customer facing services Unlawful disclosure of sensitive information Inability to share services or work with partners Loss of reputation	4	5	20	File and Data encryption on computer devices Managing access permissions and privileged users through AD and individual applications Consistent approach to information and data management and security across the councils Effective information management and security training and awareness programme for staff Password security controls in place Robust information and data related incident management procedures in place Appropriate robust contractual arrangements in place with all third parties that supply systems or data processing services Appropriate plans in place to ensure ongoing PSN compliance Adequate preventative measures in place to mitigate insider threat, including physical and system security Insider threat mitigated through recruitment and line management processes	Fully Fully Fully Fully Fully Fully Fully Fully Fully Fully	Councillor Ian Corkin	Claire Taylor	David Spilsbury	3	5	15	↔	The cyber-essentials plus certification has now been passed. Accounts, Audit & Risk Committee Members updated and given a presentation on Cyber Security November 2019 The Regional Police Cyber Security Advisor gave the IT management team two training sessions (full cyber awareness Oct18 and table top DR exercise Nov18) followed by a series of all-Council staff awareness sessions in January 2019. Mop-up on e-learning options now being explored by IT and HR. Implemented an intrusion prevention and detection system. Agreed Terms of Reference and re-implementation of the security forum as the Information Governance Group, with meetings to be held on a minimum quarterly basis chaired by the Information Governance Manager. Information Governance support is now provided to Cherwell as part of a joint working relationship with Oxfordshire County Council. An action for the next month will be to ensure there are effective partnership working arrangements in place under this new service. Cyber Awareness e-learning available and will be part of new starters induction training. Cyber Security issues regularly highlighted to all staff. External Health Check undertaken April 2019, executive summary gives us a high security posture and no critical security issues.	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.	Risk Reviewed 31/12/19 - Mitigating actions updated.
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	4	4	16	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 Mandatory training and awareness raising sessions are now in place for all staff. 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 Data sharing agreement with other partners Attendance at Children and Young People Partnership Board (CYPPB) Annual Section 11 return compiled and submitted as required by legislation. 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	Partially Fully Fully Fully Partially Fully Fully Fully Fully	Councillor Barry Wood	Graeme Kane	Nicola Riley	3	4	12	↔	Ongoing internal awareness campaigns Ongoing external awareness campaigns Annual refresher and new training programmes including training for new members Continue to attend groups focused on tackling child exploitation	A new Safeguarding Officer has been appointed to fill a vacancy and is anticipated to start in February. This post will work closely with the adult safeguarding team at OCC to ensure robust policy and procedures are in place for Cherwell and to improve the link into social care. Cherwell teams will continue to escalate their own referrals and send notifications to the Safeguarding inbox to maintain a corporate record. The new HR payroll system (expected in April 2020) will hold training records. The new officer will ensure there is appropriate take-up of training across the organisation.	Risk Reviewed 09/01/2020 - Commentary updated.

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				
2019/20																	
L11 -	Sustainability of Council owned companies and delivery of planned financial and other objectives - failure of council owned companies to achieve their intended outcomes or fail to meet financial objectives	Unclear governance leading to lack of clarity and oversight in terms of financial and business outcomes Non achievement of business and finance outcomes directly or indirectly impacting on other council services Lack of understanding at officer and member level about the different roles of responsibilities required when managing council owned companies	3	4	12	Annual business planning in place for all companies to include understanding of the link between our objectives being delivered and financial impact for the council Financial planning for the companies undertaken that will then be included within our own Medium term financial plan Ensure strong corporate governance mechanisms are in place Sound monitoring in place of both business and financial aspects of the companies and the impact on overall council performance Training in place for those undertaking roles relating to the companies	Fully Fully Partially Fully Partially	Councillor Tony Illot	Adele Taylor	Dominic Oakeshott	3	4	12	↔	Changes in the shareholder support side line management been put in place. Additional oversight and capacity from senior managers including performance dashboards at CEDR Resilience and support being developed across business to support and enhance knowledge around council companies Skills and experience being enhanced to deliver and support development, challenge and oversight. Work with one company to ensure long term support arrangements are put in place.	Knowledge and experience building take place with training and support as required. Company dashboard now being reviewed by CEDR to understand the impact of what is happening at company level on the council. Review of company governance being undertaken to ensure that we are adhering to best practice Will support future year governance and financial management Company closure processes discussed and timetables agreed which is helping to build the relationship between the Council and the Council owned companies.	Risk reviewed - 07/01/2020 - Comments updated.
L12 -	Financial sustainability of third party suppliers including contractors and other partners - the failure of a key partner of supplier impacting on the business of the council	The financial failure of a third party supplier or partner results in the inability or reduced ability to deliver a service to customers. Failure to ensure the necessary governance of third party relationships (council businesses, partners, suppliers) are in place to have sufficient oversight of our suppliers	3	4	12	Ensure contract management in place review and anticipate problems within key service suppliers and partners Business continuity planning arrangements in place in regards to key suppliers Ensuring that proactive review and monitoring is in place for key suppliers to ensure we are able to anticipate any potential service failures	Partially Partially Partially	Councillor Tony Illot	Adele Taylor	Wayne Welsby	2	4	8	↔	Meetings take place when required with suppliers to review higher risk areas. Some review of appropriate information in regards to key supplier performance through trade press, information from networks in place.	The Council continues to monitor suppliers financial stability and meets with suppliers when required. Financial company insight being gained through use of monitoring tools and financial advice. Work is currently underway to incorporate CDC supplier financial risk reporting together with the tools in place for OCC.	Risk reviewed - 02/01/2020 - Risk reviewed 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 Partially	Councillor Barry Wood	Yvonne Rees	Nick Graham	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	S113 Agreement terminates on 16 January 2019. Collaboration Agreement being developed. Executive and Cabinet will consider its adoption on 7 and 14 January 2019 respectively. Service schedules are being developed for all services that require ongoing joint working - and these are programmed to be in place by 16 January 2019.	Risk reviewed 10/01/20 - Risk reviewed, 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				
2019/20																	
L15 -	Oxfordshire Growth Deal (contract with HMG) As a result of a lack of experience of this scale and nature of partnership delivery there is a risk that inadequate levels of control will be applied by the Partnership to Oxfordshire Housing and Growth Deal governance, resourcing and delivery and that CDC (and its partners) will fail to meet its publicly stated Contractual commitments to its Partners and Government over the 5-year term.	Failure to meet its obligations as a partner within the Growth Deal could see Cherwell as a factor in Government holding back some or all of its funding and/or cease to extend the arrangement beyond 2023. Infrastructure milestone delivery late (for infrastructure linked to accelerated housing) Accelerated housing numbers delivered to plan late Cost of infrastructure to accelerate circa 6500 homes within 5-year term significantly beyond 2018 budget cost estimate DC GVA: no defined metrics in HGDDP but linked to homes accelerated/infrastructure/affordable homes delivered/JSSP progress and delivery JSSP Affordable Houses Productivity	5	5	25	Appointment of an interim advisor to guide and support delivery of the GD programme and risk management controls Recognition of issues in CDC GD arrangements and delivery of a 6-week review to identify and propose an action plan to manage and bring the issues within control (see 6-week plan) Establish CDC organisational fit of GDC GD as a programme capability reporting to CEDR through the Place Board Secured approval for CDC GD next stage plan at CEDR 17/12/18 which targets setting up CDC GD programme board, work stream capability and leadership supported by CDC Transformation PMO by end March 19 (see Board paper and Next stage Plan Proposal) Built on CDC PMO RAID principles and developed initial RAID logs for each work stream (capture risks, issues, dependencies and assumptions) to help define "gives and gets" as a basis for holding all to account for defined and transparent baseline delivery.	Fully Partially Fully Fully	Councillor Barry Wood	Robert Jolley	Jonathan MacWilliam	4	3	12	↔	A CDC GD programme and programme board capability Work stream plans of work (work stream brief, schedule, RAID log) Appropriate engagement with members in support of their advisory/scrutiny at GD Board level Governance and performance management Improved collaboration working with partners to hold them to account for their part of delivery Securing approval of a resourced GD Y2 plan to be delivered in a collaborative partnership environment Extending support from interim advisor to end March 19	Progress is being made across all workstreams evidenced by more detailed monthly reports to the CDC Programme Board. The improving maturity of the Programme is resulting in more sophisticated engagement at all levels including through specific member roles. The current focus of work is on what additional schemes can be included in the infrastructure programme.	Risk reviewed - 03/01/2020 - No changes.
L16 -	Joint Working That the challenges and risks associated with joint working outweigh the benefits and impacts on the provision of services to residents and communities.	Opportunities for joint working take longer to develop than planned delaying potential service improvements for residents and communities. Resources are allocated to the development of proposals, reducing the capacity of the Council to deliver on its priorities and plans, impacting on quality of services delivered to residents and communities. Uncertainty around joint working could lead to reduced staff morale and potentially increase staff turnover. Benefits to be realised from joint working business cases do not materialise or take longer to deliver than planned.	3	3	9	S113 agreement in place with Oxfordshire County Council Partnership Working Group established with OCC to oversee the development of joint working proposals. Robust programme and project management methodologies in place.	Fully Fully Fully	Councillor Ian Corkin	Yvonne Rees	Claire Taylor	2	3	6	↔	Regular reporting on joint working proposals to the senior management team.	Joint senior appointments in the customers and organisational development directorate have been completed. The business case for a joint strategy and communications service is in its implementation phase. The partnership working group will review a schedule of projects for the next phase of development at their next meeting. The Audit plan for 2020/21 will ensure joint working arrangements are included.	Risk reviewed - 30/12/19 - commentary updated.
L17 -	Separation That the separation of joint working arrangements with South Northamptonshire Council impacts on the provision of services to residents and communities.	Separation of joint working arrangements result in reduced capacity and resilience to deliver services. Services being delivered to SNC are impacted by re-organisation in Northamptonshire, impacting on the quality of services delivered to residents and communities	3	3	9	On-going service delivery arrangements to SNC set out clearly and underpinned by the Collaboration Agreement with protocols in place for dealing with any emerging issues. Robust programme and project management frameworks in place.	Fully Fully	Councillor Ian Corkin	Yvonne Rees	Claire Taylor	2	2	4	↔	Regular reporting on joint working proposals to the senior management team.	All services apart from Customer Services have now separated or been moved into a service delivery arrangement. Customer service is on track for an April separation after council tax billing has been completed, This will ensure customer service capacity is not impacted during the busy period.	Risk reviewed - 30/12/19 - Commentary updated.
L18 -	Workforce Strategy The lack of effective workforce strategies could impact on our ability to deliver Council priorities and services.	Limit our ability to recruit, retain and develop staff Impact on our ability to deliver high quality services Overreliance on temporary staff Additional training and development costs	3	4	12	Analysis of workforce data and on-going monitoring of issues Key staff in post to address risks (e.g. strategic HR business partners) Weekly Vacancy Management process in place	Partially effective Fully Fully	Councillor Ian Corkin	Claire Taylor	Karen Edwards	2	3	6	↔	Development of relevant workforce plans . Development of new L&D strategy, including apprenticeships. Development of specific recruitment and retention strategies. New IT system is being implemented to improve our workforce data.	Training on workforce planning for the HR team planned to start in Jan/Feb 2020.	Risk reviewed 02/01/2020 - no changes.

L04 - Local Plan Risk

The latest Local Development Scheme is that approved by the Executive in December 2018. It includes the programmes for the Partial Review of the Local Plan, the Oxfordshire Plan 2050, a Local Plan Review, the Banbury Canalside Supplementary Planning Document and work on a Community Infrastructure Level (CIL). A revised LDS is scheduled to be presented to Executive in March 2020.

Partial Review

A Partial Review of the Local Plan, to assist Oxford with its unmet housing need, was submitted to Government for Examination on 5 March 2018. A preliminary public hearing was held on 28 September 2018 and main hearings in February 2019. On 13 July 2019, the Council received the Inspector's Post-Hearing Advice Note setting out his preliminary conclusions. In principle, the Inspector is satisfied that the Plan's housing requirement and strategy are appropriate and that there are exceptional circumstances for alterations to the Green Belt. However, he has concerns about proposed development next to Woodstock and suggested that the Council prepare Main Modifications to address this. On 30 September 2019, officers informally submitted proposed modifications to the Inspector supported by evidence. On 29 October the Inspector advised that the Council could progress to consultation on the modifications. Consultation commenced in November and will end on 20 December. Consultation commenced in November and ended on 20 December. Officers will next report to Councillors on the outcome and seek approval for the submission of modifications to the Inspector.

Oxfordshire Plan 2050

A Growth Deal commitment. The Plan is being prepared by a central Plan team appointed through the Oxfordshire Growth Board.. The Council contributes to the plan-making process as a partner with a view to it being adopted as part of the Development Plan upon completion.

Public consultation on an Issues Paper ended on 25 March 2019. A public 'call for location ideas' ended on 12 April. The central Plan team is evidence gathering and scoping 'spatial options' for Plan development. On 24 September 2019 the Oxfordshire Growth Board agreed a new timetable for completion of the Plan. This allows for further stakeholder engagement in Autumn/Winter 2019/20; public consultation on a formal Options Paper in June/July 2020; and, consultation on a proposed Plan at the end of 2020. The intention is to submit the Plan for Examination in March 2021.

Local Plan Review

Work programming and initial preparatory work commenced in Spring 2019 but had to be put on hold while further work on the Partial Review was pursued. There is a statutory requirement to review Local Plans within five years from adoption (the adopted Local Plan having been adopted in July 2015). The Plan will need to take account of the Oxfordshire Plan 2050 and consequently there are dependencies between the two work programmes. Work on the new Local Plan will need to progress in the new year, particularly as work on the Partial Review draws to a conclusion.

Banbury Canalside SPD

Work has been stalled due to the need the review the work undertaken to date, particularly in the context of wider business plan objectives, and due to capacity issues within the Planning Policy team. However, in October 2019 the Planning Policy and Regeneration and Estates teams commenced internal scoping work focusing on issues of site delivery.

Community Infrastructure Levy

Not a Local Development Document but a potential means of securing funding for infrastructure to assist overall delivery (should the Council decide to implement CIL). Work on a potential charging levy was paused due to a Government review of how CIL operates but could be recommenced subject to resourcing.

Cherwell District Council

Accounts Audit and Risk Committee

18 March 2020

Housing Benefit Subsidy

Report of Director of Finance

This report is public

Purpose of report

To provide members of this Committee with an update on the Housing Benefit subsidy claim audit for the financial year 2018-2019.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of this report.

2.0 Introduction

- 2.1 Housing Benefit (HB) is a means tested benefit, administered by local authorities on behalf of the Department for Work and Pensions (DWP). HB is intended to help claimants meet housing costs for rented accommodation both in the private and the social rent sector. The administration of HB is now very complex due to the ever-changing regulations. During recent years there have been over 100 changes to the scheme making it increasingly difficult to train officers and to make accurate assessments. The introduction of the full Digital Service for Universal Credit is also impacting on the workload within the Benefits team. The caseload for working age customers is expected to reduce in Cherwell from 3233 in May 2019 to 2324 by the end of March 2021 as people transfer to Universal Credit. However, Councils will retain the more complex cases for working age customers such as temporary and supported accommodation, Housing Benefit for those of pension age and Discretionary Housing Payments for Housing Benefit and Universal Credit.
- 2.2 Local authorities reclaim HB that has been paid to claimants by submitting annual subsidy claims to the DWP. The subsidy claim details the HB expenditure which is recorded in various cells on the form. The claim divides the total caseload into various claim types. Within the Cherwell claim one item of data collection accounts for over £30m in HB expenditure.
- 2.3 There are complex subsidy rules that determine how much of the HB expenditure by the Council is recouped from the Government. Where HB has been correctly

paid, DWP will normally provide 100% subsidy to the Council. However, where HB has been overpaid, DWP provides different rates of subsidy.

- Claimant error overpayments attract 40% subsidy
- Local authority error overpayments are more complex and the DWP offers an incentive to encourage local authorities to be pro-active in reducing the level of local authority errors. The level of subsidy that local authorities may claim for local authority error is determined by thresholds, expressed as a percentage of the value of correct payments made. The thresholds are 0.48% (lower threshold) and 0.54% (upper threshold). Where the local authority error overpayments are less than or equal to the lower threshold local authorities receive 100% subsidy. Where they are more than the lower threshold but less than the upper threshold, local authorities receive 40% subsidy. No subsidy is payable on the value of overpayments that are above the upper threshold.

- 2.4 Each local authority's appointed external auditor is required to certify that the annual claim is fairly stated and to report any errors to the DWP in a covering letter that accompanies the claim. Where there are errors, the claim is qualified and the DWP will seek to reduce subsidy payments to the Council. 80% of councils have been qualified on their subsidy claim. Although the value of any errors may be low the DWP method of extrapolation means that the value will be substantially increased. Although it is widely recognised that the extrapolation method is unfair there is no opportunity to challenge this with Government
- 2.5 This report is to provide members with an update on the Housing Benefit subsidy claim and the audit of the claim for 2018-2019.

3.0 Report Details

Background

- 3.1 Cherwell District Council (CDC) outsourced the transactional back office functions of its Revenues and Benefits service in February 2010 to Capita. In September 2015 CDC Executive approved a business case for insourcing the Revenues and Benefits service. At the same time, it was agreed that the Cherwell Revenues and Benefits data be migrated from the legacy Northgate system to the Capita Academy system so harmonising systems across Cherwell and South Northants Councils. These huge changes had an impact on performance during 2017-2018 and whilst performance is much improved for 2018-2019 the impact of both the insourcing and the system migration are still being realised in the audit for 2018-2019.

Housing Benefit Subsidy

- 3.2 For the financial year 2018-2019 CDC submitted a Housing Benefit claim with a total value of £30,655,296. The audit of the subsidy claim was undertaken by Ernst and Young using a methodology determined by the DWP.
- 3.3 Initial testing is undertaken and if this testing identifies any error and the auditor is unable to conclude that the error is isolated the DWP methodology requires that an additional sample of 40 cases is tested which is focused on the error.
- 3.4 The DWP methodology also requires auditors to extrapolate the results of the initial

and additional testing by multiplying the subsidy cell total by the proportion of the sample value that is found to be in error. For example: a cell has a total value of £642,134. The cases selected for checking from the cell have a total value of £9,450. Errors are found totalling £574 (6.1% of the sample selected). The adjustment to the claim would be 6.1% of the total cell value so £39,003.

3.5 Testing of the initial sample of 40 claims for CDC identified the following problems:
Non-Housing Revenue Account

- incorrect application of earnings on 1 claim

Rent Allowances

- Incorrect calculation of self-employed earnings on 2 claims one of which resulted in an underpayment, one resulted in an overpayment
- Incorrect rent and effective date impacting on 3 claims one resulting in an underpayment and 2 in overpayments.
- Family Premium incorrectly applied on one claim. Not all the errors had a negative impact on the subsidy claim but resulted in 40 plus additional testing.

3.6 In line with the requirements of the subsidy audit additional testing was also carried out based on the preceding audit findings (known as cumulative assurance knowledge and experience or CAKE). This resulted in additional testing on overpayments (claimant error and earned income calculation) and private pension calculations

3.7 As per DWP methodology an additional sample of claims was selected for each of the problem areas: 40 rent allowance claims with income, 40 rent allowance claims with eligible overpayments, 40 temporary accommodation claims with eligible overpayments and 40 temporary accommodation claims with income. A summary of the errors found is shown below:

Sample	Number of errors	Type of error
40 rent allowance self-employed income cases	21	The errors were mostly the same, 11 claims had an underpayment of benefit and 10 claims were overpaid.
40 rent allowance claims with rent and effective dates of rent change	3	Rent incorrectly calculated. One of the incorrect claims was as a result of an incorrect assessment (100% rent included on claim which should have been based on 50%) by Capita prior to system conversation
40 rent allowances with family premium	0	
40 Rent allowances overpayments	2	Miscalculation of earnings

3.8 The value of the original errors found were relatively low but the DWP extrapolation process means that the values are much increased. A summary of the financial impact is shown below:

Area	Error	Financial impact	Comments
Rent Allowances: self-employed earnings	Incorrect income calculation	£54,141	Original cell and error rate 3.32%
Rent Allowances incorrect rent and effective dates	Wrong rent used and incorrect date of change resulting in overpayment on 2 claims one due to system conversion	£150,159	Original cell and error rate 0.49%
Rent Allowances Family Premium	Premium incorrectly applied on 1 claim	£1,219	Original cell and error rate 0.02%
Rent Allowances overpaid benefit	Income incorrectly calculated on 2 claims	£3,225	Original cell and error rate 0.048%

3.9 When the original subsidy claim was submitted in April 2019 the value of the local authority error overpayments was between the lower threshold and the upper threshold and therefore the 'additional' subsidy incentive was claimed. As a result of the additional testing and the resulting call adjustments it is likely that the value of the local authority error overpayments will increase, and it is likely that the additional subsidy will no longer be payable. This decision will be made by the Secretary of State

Future plans.

3.10 The overall value of the subsidy claim for 2018-2019 was in excess of £30m. Putting the errors further into context the value of the original errors was £9,332. However, the DWP method of extrapolation means that the value increased to around £208,000. Although it is widely recognised that the extrapolation method is unfair there is no opportunity to challenge this with Government and the Council has no choice but to repay the sum if this is the decision made by the DWP. Every effort will be made to prevent further loss of HB subsidy in the future although it is impossible to accuracy check all HB assessments carried out which total around 23,000 per year for CDC alone. An analysis has been carried out on the errors found during the 18-19 subsidy audit process and the largest financial impact was arising from incorrect rent calculations on just two claims one of which was attributable to a system conversion error

3.11 Following the subsidy audit for 17-18 a new performance framework was introduced for the Benefits team from April 2019. Under the new framework a total of 2,864 claims (for both Cherwell and South Northants Councils) have been accuracy checked from April to December from a total of 19,357 claims assessed so around 14%. Results from the checking are given to officers each month and training needs

identified. A considerable amount of training has also been undertaken from April 2019 including sessions on self-employed assessments, income and earnings.

- 3.12 Work is also underway to mitigate some of the risk from the 2019-2020 subsidy claim. A subsidy action plan was launched in November 2019 immediately following the initial feedback from this year's audit. A copy of the plan is shown at Appendix A of this report. The plan includes additional checking on claims in the 'problem' areas (although it is recognised that the sheer number of assessment means that not all of the claims will be checked), and the correction of any errors found (in advance of end of year). A Subsidy Improvement Officer will also be working on a more preventative approach as we move into 2020-2021
- 3.13 The subsidy claim for 2019-2020 will be submitted in April 2020. The auditors will then undertake a detailed audit in Summer/Autumn 2020. We have no way of knowing which claims will be reviewed in the auditor's sample which will again include additional testing on the areas identified during the 2019-2020 audit process and this makes it very difficult to offer any assurances on the level of subsidy that may be payable for 2020-2021.

4.0 Conclusion and Reasons for Recommendations

- 4.1 Members are requested to note the contents of this report.

5.0 Consultation

- 5.1 None.

6.0 Alternative Options and Reasons for Rejection

- 6.1 None

7.0 Implications

Financial and Resource Implications

- 7.1 The financial implications are as outlined within the report, with the repayment of 2018/19 subsidy being accounted for within the Councils outturn and reserves estimations.

Comments checked by: Dominic Oakeshott Assistant Director Finance (Interim),
0300 003 0110, dominic.oakeshott@cherwell-dc.gov.uk

Legal Implications

- 7.2 There are no legal implications directly related to this information report.

Comments checked by: Chris Mace, Solicitor, 01327 322125,
Christopher.mace@cherwell-dc.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

This links to the Council's priorities of a district of opportunity and sound budgets and a customer focused council

Lead Councillor

Councillor Tony Ilott, Lead member for Financial Management and Governance

Document Information

Appendix No	Title
A	<i>Subsidy Action Plan</i>
Background Papers	
None	
Report Author	Belinda Green Operations Director CSN
Contact Information	Belinda.green01327 322182 Belinda.green@csnresources.co.uk

Housing Benefit Subsidy

Action Plan 2020

Background

Housing Benefit (HB) is a means tested benefit, administered by local authorities on behalf of the Department for Work and Pensions (DWP). HB is intended to help claimants meet housing costs for rented accommodation both in the private and the social rent sector. The administration of HB is now very complex due to the ever-changing regulations. During recent years there have been over 100 changes to the scheme making it increasingly difficult to train officers and to make accurate assessments.

The introduction of the full Digital Service for Universal Credit is also impacting on the workload within the Benefits team. The caseload for working age customers is expected to reduce in Cherwell from 3233 in May 2019 to 2324 by the end of March 2021 as people transfer to Universal Credit. However, Councils will retain the more complex cases for working age customers such as temporary and supported accommodation, Housing Benefit for those of pension age and Discretionary Housing Payments for Housing Benefit and Universal Credit.

Local authorities reclaim HB that has been paid to claimants by submitting annual subsidy claims to the DWP. The subsidy claim details the HB expenditure which is recorded in various cells on the form. The claim divides the total caseload into various claim types. Within the Cherwell claim one item of data collection accounts for over £30m in HB expenditure.

There are complex subsidy rules that determine how much of the HB expenditure by the Council is recouped from the Government. Where HB has been correctly paid, DWP will normally provide 100% subsidy to the Council. However, where HB has been overpaid, DWP provides different rates of subsidy.

Each local authority's appointed external auditor is required to certify that the annual claim is fairly stated and to report any errors to the DWP in a covering letter that accompanies the claim. Where there are errors, the claim is qualified and the DWP will seek to reduce subsidy payments to the Council. 80% of councils have been qualified on their subsidy claim. Although the value of any errors may be low the DWP method of extrapolation means that the value will be substantially increased. Although it is widely recognised that the extrapolation method is unfair there is no opportunity to challenge this with Government

Audited claim for 2018-2019

For the financial year 2018-2019 CDC submitted a Housing Benefit claim with a total value of £30,655,296. The audit of the subsidy claim was undertaken by Ernst and Young using a methodology determined by the DWP

Testing of the initial sample of 40 claims for CDC identified the following problems:

Non-Housing Revenue Account

- incorrect application of earnings on 1 claim

Rent Allowances

- Incorrect calculation of self-employed earnings on 2 claims one of which resulted in an underpayment, one resulted in an overpayment
- Incorrect rent and effective date impacting on 3 claims one resulting in an underpayment and 2 in overpayments.
- Family Premium incorrectly applied on one claim. Not all the errors had a negative impact on the subsidy claim but resulted in 40 plus additional testing.

In line with the requirements of the subsidy audit additional testing was also carried out based on the preceding audit findings (known as cumulative assurance knowledge and experience or CAKE). This resulted in additional testing on overpayments (claimant error and earned income calculation) and private pension calculations

As per DWP methodology an additional sample of claims was selected for each of the problem areas: 40 rent allowance claims with income, 40 rent allowance claims with eligible overpayments, 40 temporary accommodation claims with eligible overpayments and 40 temporary accommodation claims with income. A summary of the errors found is shown below:

Sample	Number of errors	Type of error
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40 rent allowance claims with rent and effective dates of rent change	3	Rent incorrectly calculated. One of the incorrect claims was as a result of an incorrect assessment (100% rent included on claim which should have been based on 50%) by Capita prior to system conversation
40 rent allowances with family premium	0	

40 allowances overpayments	Rent	2	Miscalculation of earnings
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Subsidy Improvement plans

1. Subsidy audit for 2019-2020

An analysis has been carried out on the errors found during the 2018-2019 subsidy audit process. This information has been used to formulate an action plan to mitigate some of the risk from the 2019-2020 audit which will be carried out from May 2020. The following actions have been agreed and progress will be monitored

Area	CDC Case numbers	Method	Who will check	Timescales	Update Dec 19	Update Jan 20	Update 29.1.20 and RAG rating
Earnings – historical	1121	To be compared to spreadsheet	Ali	Ali to start 9 th December to estimate work/timescales	11 checked 55% accuracy rate duplications in sheet. Numbers reduced to 264 10 a week	33 cumulative – 13 financial errors. 61% accuracy rate	61 checked in total. 23 errors 62% accuracy.

Earnings – on-going		Identified via VEP	Craig	On-going until 31 st March 2020		289 checked since Nov 93% accuracy	Checking to be lifted – low risk
Self-employed - historical	226	Already identified	Nick K and Hayley T	On-going until 31 st March 2020		CDC checked 37 14 errors SNC 14 checked 6 errors on course	CDC 50 checked 22 errors 20% done 19 checked 9 errors 14% done
Self-employed – on-going		Claims to be passed to SPS by dedicated officers after assessment	Nick and Hayley	On-going until 31 st March 2020		Common error year. Needs to continue and need to establish clear guidelines.	CDC 2 and both errors SNC 6 and all correct
Rent historical and on-going	5,290	assessors to check rents on all claims assessed as matter of course	All officers and to be recorded on notebook (excluding GUH)	Immediate and on-going		CH has spot checked and yes have been done. Not confident being done	Ongoing but low risk
Modified schemes	11	Identified	Tracey to check	On-going until 31 st March 20		On radar for TH	Madeleine to pick up

Eligible overpayments	1178	No impact from audit so prevention main aim	Training to be offered - Denise	Training to be arranged in January 20 If Senior capacity eligible overpayments high value to be checked		Outstanding	Arranged for Feb 20
Private pensions	31		Tracey to check	On-going		On radar for TH	CDC 22 left to do SNC 38 checked 45 left to check 74% accuracy rate.
PRP and occ pens		218	Mandy	On-going		SNC: 31 checked over 4 days (2/3 an hour) 71% accuracy rate . CDC: 13 checked 4 errors 69%	CDC 199 169 outstanding and checked 30. 7 incorrect SNC 122 left to check 18% error rate.

						Mainly effective dates	
Family premium		New claims to be checked	TBC			SQL	Madeline

2. Subsidy improvement for 2020 onwards

- Following the subsidy audit for 17-18 a new performance framework was introduced for the Benefits team from April 2019. Under the new framework a total of 2,864 claims (for both Cherwell and South Northants Councils) have been accuracy checked from April to December from a total of 19,357 claims assessed so around 14%. Results from the checking are given to officers each month and training needs identified. This will continue in 2020-2021.
- A considerable amount of training has also been undertaken from April 2019 including sessions on self-employed assessments, income and earnings.
- A temporary Subsidy Improvement Officer will be in place from 17th February 2020. The officer who has vast experience in the area of subsidy will be reviewing the results from the audits of the 2017-2018 and 2018-2019 claims. Plans include working with officers on an individual basis to offer training and support as well as identifying subsidy high risk areas for scrutiny throughout the year.

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Cherwell District Council

Accounts Audit and Risk Committee

18 March 2020

<p style="text-align: center;">Housing Benefit and Council Tax Reduction Risk Based Verification</p>

Report of Director of Finance

This report is public

Purpose of report

To provide members of this Committee with an update on the Risk Based Verification (RBV) module and the online application form that were introduced for Housing Benefit and Council Tax Reduction new claims from November 2017, including any impact on the service; and to seek approval for some minor changes to the RBV policy.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of this report.
- 1.2 To approve some minor changes to the RBV policy for the financial year 2020-2021.

2.0 Introduction

- 2.1 Risk Based Verification is a method of applying different checks to new claims for Housing Benefit and Council Tax Reduction according to the risk associated with these claims. The aim is to reduce the burden on customers to provide excessive evidence and enable low risk claims to be assessed and put into payment more quickly. Efforts can then be concentrated on those claims with a high-risk category where there is an increased chance of fraud and error.
- 2.2 This report is to provide members with an update on the impact of RBV and to seek member approval for some small changes to the Policy.

3.0 Report Details

Risk Based Verification

- 3.1 The RBV module was introduced in November 2017. An online application form is available for Housing Benefit and Council Tax Reduction new claims. This offers our customers the option of applying for help online and to have immediate

confirmation of the verification required to complete their claim. For customers who cannot apply online, the Customer Services Team continue to offer hard copy forms and/or appointments to assist with the online application. This has also helped to prepare our customers for Universal Credit Full Service which is an online process.

Impact of RBV

- 3.2 Historically Cherwell District Council adopted the DWP Verification Framework which meant obtaining substantial evidence before determining claims for Housing Benefit and Council Tax Reduction. The introduction of RBV claims requires officers to adopt a new approach to claim verification. It is also important that the overarching policy is applied as future subsidy audits will be based on this.
- 3.3 The impact of the introduction of RBV has been carefully monitored. The table below shows the number of new claims for Housing Benefit and Council Tax Reduction received in the period 1st April 2019 to 31 December 2019* and the risk score allocated to each claim. A further 205 new claims were received but due to technical issues and claims for Council Tax Reduction where a claim for Housing Benefit has already been received a risk score could not be calculated. These claims were assessed based on medium risk.

Month	Total number of new claims*	High Risk		Medium Risk		Low Risk	
		Number of High Risk Cases	Percentage of High Risk Cases	Number of Medium Risk Cases	Percentage of Medium Risk Cases	Number of Low Risk Cases	Percentage of Low Risk Cases
Apr-19	152	16	10.5	45	29.6	91	59.9
May-19	120	18	15	30	25	72	60
Jun-19	96	14	14.6	21	21.9	61	63.5
Jul-19	47	8	17	6	12.8	33	70.2
Aug-19	138	14	10.1	32	23.2	92	66.7
Oct-19	154	24	15.6	35	22.7	95	61.7
Nov-19	142	24	16.9	29	20.4	89	62.7
Dec-19	95	14	14.7	18	18.9	63	66.3

*no management data available for Sept 2019 due to a systems issue

Performance Indicators and the impact of RBV on service delivery

- 3.4 The performance in Benefits is measured, in part, by two national indicators. The performance indicator for new claims is based on the number of claims assessed and the average number of days taken to assess the claims. For changes in circumstances the indicator measures the number of changes and the average number of days taken to assess the change. As at 31 January 2020 the average time taken to process new claims is 11.78 days against a target of 15 days and a national average for Q3 of 2019-2020 of 20 days. The average time taken to process changes is 6 days against a target of 8 days and a national average for Q3 of 2019 – 2020 of 8 days.

Year	Average time taken to process new claims (days)	Average time taken to process changes (days)	Combined average time to process new and changes	National average Time taken to process new claims	National average time taken to process changes
17/18	24.87	9.3	10.4	22	8
18/19	13.63	7.82	8.31	21	8
19/20 to date	11.73	6	6.4	20	8

(The above national average time taken to process new claims and changes is derived from taking an average of the processing times for quarters one to four for each financial year.)

- 3.5 The performance data shown above indicates that RBV continues to have a positive impact on performance, taking into consideration the national average figures.
- 3.6 The impact on fraud and error is also being monitored against a robust baseline figure. The baseline figure measures the detection of fraud and error on claims found after assessment. On the introduction of RBV the baseline figure was 2.4%. Based on the period April 2019 to December 2019 that baseline figure is now 31%. We are currently working with the software suppliers to investigate why this may be. It looks likely that the risk model is generating a higher than expected level of low risk scores on Universal Credit claims where upon further investigation there are earnings and/or other income.

RBV Policy

- 3.7 An updated RBV policy was approved by both members and the S151 Officer in March 2019. This policy must be reviewed each year but cannot be amended in-year as this would complicate the subsidy audit process.
- 3.8 The Policy for Cherwell District Council has now been reviewed (copy at Appendix one of this report) and some minor amendments have been made:
- The policy has been updated to reflect that evidence of earnings can be obtained via a DWP application called Verification of Earnings and Pensions (VEP). VEP alerts provide real time identification of changes in earnings and pensions so that claims can be processed more accurately. These have replaced Real Time Information files (RTI).
 - The policy has also been updated to allow for Universal Credit information to be obtained using DWP data systems such as Searchlight.
 - Those claims in the high risk group are subject to additional checks. The Policy has been updated to include the option of a telephone call, a home visit or a credit check.

4.0 Conclusion and Reasons for Recommendations

- 4.1 Risk Based Verification is an approach to verifying new claims for Housing Benefit and Council Tax Reduction.

- 4.2 Members are now requested to note the contents of this report and to endorse some small changes to the RBV Policy.

5.0 Consultation

- 5.1 Consultation was carried out with officers and the original policy was agreed by members and the S151 Officer. Although no formal consultation took place with members of the public or stakeholders the change was fully communicated, and the updated policy will be placed on the website.

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: As RBV is a voluntary scheme the alternative would be to not adopt the scheme and for the verification procedure to remain “as is”. This has been rejected as it is anticipated that it will become increasingly difficult to meet service demands based on current resources if the verification requirements remained as onerous as they previously were.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications directly related to this information report.

Comments checked by:

Joanne Kaye, Strategic Finance Business Partner, 01327 221545

Legal Implications

- 7.2 There are no legal implications directly related to this information report.

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious, 01295 221695

richard.hawtin@cherwell-DC.gov.uk

Equality Implications

Risk Based Verification Policy applies to all new claims for Housing Benefit and Council Tax Reduction. The mathematical model used to determine the Risk Score does not consider any of the protected characteristics within the Equalities Act. As such there should not be any equalities impact. An equalities impact assessment has been carried out.

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious, 01295 221695

richard.hawtin@cherwell-DC.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

This links to the Council's priority of sound budgets and customer focused council

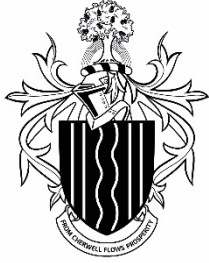
Lead Councillor

Councillor Tony Ilott, Lead Member for Financial Management and Governance

Document Information

Appendix No	Title
One	<i>Risk Based Verification Policy April 2020</i>
Background Papers	
None	
Report Author	Belinda Green Operations Director CSN
Contact Information	Belinda Green 01327 322182 Belinda.green@csnresources.co.uk

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Cherwell District Council

Risk Based Verification Policy

Background

It is estimated that the overall spend on Housing Benefit in 2018-2019 was £23.4 billion with 4.6 million recipients (statistics taken from Office for Budget Responsibility website). Ensuring that the right help is awarded is crucial both to the customers and the taxpayers. Combating fraud and reducing error is a key component of this.

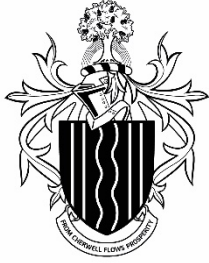
The Verification Framework Policy was introduced by the Department for Work and Pensions (DWP) as guidance, in line with the Social Security Administration Act 1992, for administering Housing and Council Tax Benefit claims. This policy recommended that local authorities should obtain substantial evidence before determining claims for benefit. Although voluntary it was adopted by most Councils (including South Northants Council) to ensure that the correct amount of benefit was paid, that subsidy was maximised, and that fraud was minimised

In 2011, the DWP allowed a limited number of Councils to pilot a scheme to try to reduce the cost of the verification process and, at the same time, reduce fraud and error based on risk-based verification principles. It is an approach used by Job Centre Plus and underpins Universal Credit.

The pilots were successful and the DWP have confirmed that Councils can now adopt this approach for Housing Benefit and Council Tax Reduction claims. This is summarised in circular S11/2011.

Cherwell District Council currently administers 7,300 claims for Housing Benefit and Council Tax Reduction. This Risk Based Verification Policy has been developed to underpin a regime of preventing fraud and error from entering the system whilst continuing with live caseload intervention.

The policy considers that Cherwell District Council must adhere to Housing Benefit and Council Tax Reduction legislation. The regulations do not specify what information and evidence the Council should obtain from a customer. However, it does require an authority to have information which allows an accurate assessment



of a claimant's entitlement, both when a claim is made and renewed because of a change in circumstances.

The Council's legal obligation to verify information for Housing Benefit claims is defined in Housing Benefit Regulation 86 which states:

"a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person's entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable."

Risk Based Verification was implemented for new Housing Benefit and Council Tax Reduction claims with effect from 1st November 2014.

What is Risk Based Verification (RBV)

RBV is a method of applying different levels of checks to new claims for Housing Benefit and Council Tax Reduction dependent upon a complex risk profile given to each customer. The profile is determined by specific software using statistical information and experience about what type of claim represents what type of risk. The higher the risk, the greater the checks used to establish that the claim is genuine.

This approach allows the targeting of resources and is very effective in identifying higher levels of fraud and error, reducing the overall cost of verifying claims and improving processing times for some low risk claims.

In adopting RBV there is still an obligation to get all the facts and make an accurate assessment but there is not the need to gather documentary evidence in all cases.

Implementing Risk Based Verification at Cherwell District Council

Pursuant to DWP circular S11/2011 Cherwell District Council (hereafter referred to as 'the Council') will apply RBV to new claims for HB and CTRS with effect from 1st November 2017. The Council will use an on-line application form offered by Capita and a solution offered by Xantura to carry out the risk scoring. Customers may also



apply on a hard copy form. The software will be integrated into the Academy Revenues and Benefits system to produce risk scores in real time.

Each new claim will be allocated a risk score – Low, Medium or High. The evidence requirements will differ based on the risk score assigned. The evidence requirements are contained at Appendix A of this policy. Circular S11/2011 confirms that local authorities have discretion to determine their own risk groups. Circular G1/2016 gives updated advice on the evidence standards required,

It should be noted that original documentation of a National Insurance Number and confirmation of identity must be provided in all cases regardless of the risk score, in order to comply with legislation. This verification is only required on the first claim and will not be requested again in support of any future claims.

Low Risk

The claimant's identity will be verified in accordance with sections 1(1a) and 1(1b) of the Social Security Administration Act 1992. The evidence required will be original documents to prove identity and National Insurance Number, photocopies or original evidence of self-employed earnings and student income and status. A LAREV1 (valuation form) is also required for any other properties.

Medium Risk

Cases in this group must have the same checks as low risk plus copies (emails will be accepted as copies), scans, or original documentation to prove all declared income and capital. Verification of Earnings and Pensions (VEP) can also be used to obtain evidence of earnings. Please note: all evidence for identity must be original documentation.

High Risk

All high-risk cases must have the same checks as low and medium groups, but the documentation must be original or obtained from VEP. In addition, further checks may be carried out which could include a telephone call, home visit or a credit check via the National Anti-Fraud Network (NAFN).

Monitoring RBV



DWP suggest that around 55% of cases will be low risk, 25% medium risk and 20% high risk. For Cherwell District Council for the period 1st April 2019 to 31 December 2019 64% of cases were low risk, 22% were medium risk and 14% were high risk.

Once a risk group has been allocated, individual claims cannot be downgraded by an officer to a lower risk group. They can, however, be upgraded to a higher risk group with approval from a Senior Officer or a Team Leader, if the officer has good reason to think this is appropriate. All cases which are upgraded will be recorded along with the reason for doing so.

All risk scores are recorded by the RBV software and will show on the customer's account within the Academy system or within the notes if the score is taken from e-store. This will enable the Auditors to check the level of verification needed to support the assessment of each claim type for the purposes of subsidy so protecting the Council from financial risk.

Failure to apply the verification standards as stipulated in the RBV policy may have an impact on the subsidy claimed and could result in a loss of revenue for the council.

As suggested by the DWP there will be a robust baseline against which to record the impact of RBV. The baseline figure for the Council on the introduction of RBV was 2.4%. Following the introduction of RBV, the level of fraud and error identified is expected to increase as the resources are focussed on the high-risk group cases. The current baseline figure for the period 1st April 2019 to 31 December 2019 is 30%.

Xantura records all risk score requests and an audit log of requests is generated which the Council will use to ensure that the new claims process is being followed and reduced verification applied. There will be a blind sample of cases by Xantura where the risk group will be adjusted, and level of verification applied will be checked.

Xantura will provide monthly reports detailing the percentage of cases falling into each risk group, the fraud and error identified in each risk group and the level of fraud and error detected in the sample of blind cases.

Review of the policy

The RBV policy will be reviewed annually and any changes will be referred to the Audit Committee for approval. In accordance with DWP guidance changes will not be made in-year as this would complicate the audit process.



Training and awareness

Training will be provided to all staff within the Benefits and Council Tax Reduction team and to the Customer Services Team on the use of RBV, including refresher training and training for new entrants. This will ensure that the processes and procedures are agreed and understood. Discussions will take place with all internal and external stakeholders.

Business Continuity

The Capita RBV solution is web-based and the ability to obtain a risk group in real time is dependent on an internet connection. In the event of the officers being unable to generate a risk score for any claim, the claim will be treated as medium risk and the appropriate level of verification will be applied.

Audit requirements

External audit has been consulted on the implementation of RBV and on this policy. Auditors will carry out their duties against the terms of the RBV policy and, provided cases have been assessed correctly against the requirements of the policy, this shall meet audit requirements.

Policy approval

This Policy has been produced in line with Department for Work and Pensions guidance on the use of Risk-Based Verification as detailed in HB/CTS circular S11/2011 and G1/2016.

This policy is approved by:

Accounts, Audit and Risk Committee

Date:

(Section 151 Officer)



Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

Name:

Signed



Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

Cherwell District Council RBV Evidence Checklist

Evidence Type	Subcategory	Low Risk	Medium Risk	High Risk
Identity & NINO	Claimant's ID/NINO	Passported/qualifying benefits: Searchlight Standard claims: 2 items of ID and 1 NINO originals	Passported/qualifying benefits: Searchlight Standard claims: 2 items of ID and 1 NINO originals	Passported/qualifying benefits: Searchlight Standard claims: 2 items of ID and 1 NINO originals
Residency & Rent	> Private Tenants		Originals or Photocopies;	Originals Required
	> Social Landlords		Originals, photocopies or electronic files from landlord.	Originals Required or electronic files from landlord
	> Registered		Originals or Photocopies	Originals Required
Household	> Partner's ID/ NINO	Originals or Searchlight where identity has been verified for a qualifying benefit	Originals or Photocopies Searchlight check	Originals Required or Searchlight check
	> Dependents (responsibility for not ID of)		Originals or Photocopies or Searchlight check	Originals Required or searchlight check
	> Non-Dependent Working		Originals or Photocopies of wage slips, P45, P60 or VEP	Originals Required of wage slips, P45 or P60 or VEP
	> Non-Dependent (PB) Non-Dependent no income		Searchlight check P45 or statement	Searchlight Check P45 or statement



Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

	>	Non-Dependent Student	>		>	Originals or Photocopies	>	Originals Required
	>	Non-Dependent Not Working					>	Originals Required
	>	2AR: Non-Dependents Not Working			>	Originals or Photocopies	>	Originals Required
Income	>	State Benefits or Universal Credit	>	Searchlight	>	Searchlight Check	>	Searchlight or original or photocopies of documents
	>	Earnings, SSP, SMP & SPP	>		>	Originals, Photocopies of wage slips, P45, P60 or VEP	>	Originals Required of wage slips, P45, P60 or VEP
	>	Self Employed	>	or original or non-original audited accounts, profit and loss statements	>	SE proforma original or non-original audited accounts, profit and loss statements	>	SE form or self employed proforma or Originals Required – Receipts and Invoices
Child Care Costs					>	Originals or Photocopies	>	Originals Required
Students	>	(Income + Status Required)	>	Originals or photocopies	>	Originals or Photocopies	>	Originals Required
Capital	>	Working Age			>	Originals or Photocopies	>	Originals Required; must include last 2 months' transactions
	>	Working Age & > £6,000			>	Originals or Photocopies	>	Originals Required; must include last 2 months' transactions
	>	Elderly			>	Originals or Photocopies	>	Originals Required; must include last 2 months' transactions
	>	Elderly & > £10,000			>	Originals or Photocopies	>	Originals Required; must include last 2 months' transactions
	>	Property	>	LAREV1	>	Originals, Photocopies or LAREV1	>	Originals Required and LAREV1

Cherwell District Council

Accounts Audit and Risk Committee

18 March 2020

Internal Audit – Progress Report 2019/20

Report of the Director of Finance

This report is public

Purpose of report

To receive CWAS's progress report summarising their internal audit work to date.

1.0 Recommendations

The meeting is recommended to:

- 1.1 Note the contents of the 2019/20 progress report from CWAS.

2.0 Introduction

- 2.1 CWAS provide the Council's Internal Audit Service for 2019/20 and undertake their work in line with their Audit Plan originally agreed in March 2019.

3.0 Report Details

- 3.1 The Internal Audit Service progress report for 2019/20 is presented at Appendix 1.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The progress report summarises the progress of internal audit's work for 2019/20.

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: No alternative options have been identified as this report is for information only, however, members may wish to request further information from the Chief Internal Auditor.

7.0 Implications

Financial and Resource Implications

- 7.1 The cost of the Internal Audit Service is within the approved budget and there are no further financial implications arising directly from any outcome of this report.

Comments checked by:

Dominic Oakeshott, Interim Assistant Director of Finance, 0300 003 0110

dominic.oakeshott@cherwell-dc.gov.uk

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, 01295 221695

richard.hawtin@cherwell-dc.gov.uk

Risk Management Implications

- 7.3 There are no risk management issues arising directly from this report.

Comments checked by:

Louise Tustian, Acting Assistant Director Performance and Transformation, 01295 221786, louise.tustian@cherwell-dc.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

Councillor Tony Ilott – Lead Member for Financial Management and Governance

Document Information

Appendix No	Title
Appendix 1	CWAS Progress Report 2019/20.
Background Papers	
None	
Report Author	Lorna Baxter, Director of Finance
Contact Information	Lorna.baxter@cherwell-dc.gov 0300 003 0103

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Cherwell District Council

Internal Audit Progress Report

March 2020

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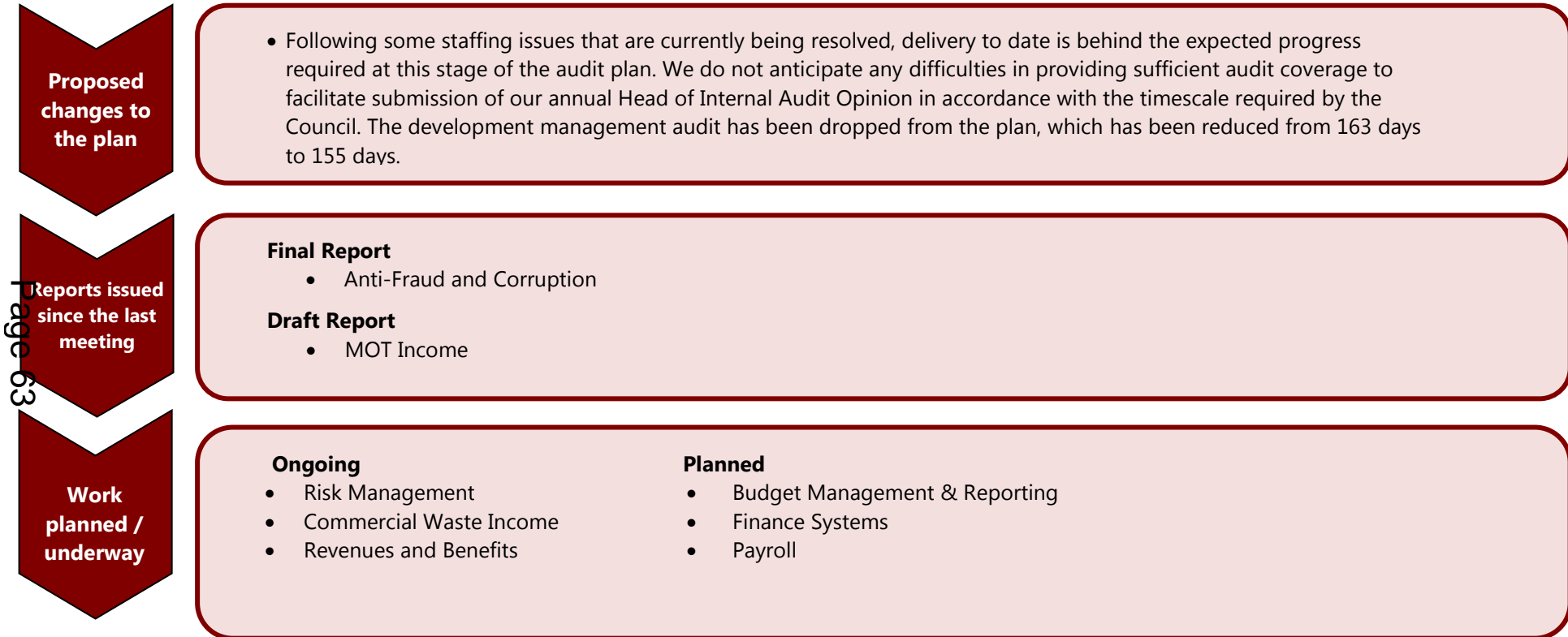
cw audit
internal audit services

Section	Page
1. Progress against our agreed audit plan	3
2. Summary of final report issued.....	4
2. Implementation of agreed actions	5
3. Internal Audit Plan and Profile	6

Appendix 1: Summary of recommendations	
Appendix 2: Definition of our assurance levels and risk rankings	

1. Progress against our agreed audit plan

The purpose of this report is to update the Audit Committee on progress made in delivering the 2019/20 audit plan to the end of February 2020. Section 3 provides details of the audit assignments included in the plan and an update on progress relating to them.



2. Summary of final report issued

Review	Key issues arising from audit	Level of assurance
Anti-Fraud and Corruption	<p>Our review has identified areas where improvements are required to the system. Recommendations have been made as follows:</p> <ul style="list-style-type: none"> • Demonstrable compliance with fraud reporting procedures. • Confirmation that all managers are actively ensuring compliance with the Councillors and Officers Codes of Conduct. • Review of the adequacy of anti-fraud training to staff and ensuring attendance records of counter fraud training are retained. • Review of the adequacy of information distribution on learning lessons and emerging issues and initiatives relating to fraud, thereon. • Consideration of the acquisition of software to improve data matching procedures. • Timely completion of the review of the Whistleblowing Policy. • Renewal of the counter fraud contract due in July 2020. 	Moderate

System control objectives	Level of assurance				
	Full	Significant	Moderate	Limited	No
1. The Council acknowledges and understands fraud risks and commits support and resource to tackling fraud in order to maintain a robust anti-fraud response.			✓		
2. The Council prevents and detects more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.			✓		
3. The Council punishes fraudsters and recovers losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a collaborative and supportive law enforcement response.		✓			

3. Implementation of agreed actions

Recommendations arising from finalised Internal Audit reports are uploaded to a web-based tracking database. The Council has access to this system allowing recommendation 'owners' to view their recommendations and perform a self-assessment of the status of these recommendations (e.g. provide status updates, revise implementation dates or mark them as implemented once agreed action has been taken). The table below shows the status of recommendations that were due to be implemented by the **28 February 2020**.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due for implementation by 28 February 2020	-	12	54	8	74
Implemented	-	7	34	4	45
Outstanding	-	5	20	4	29
Of these:					
- Overdue based on revised deferral date set	-	1	5	1	7
- Deferred to future date (date not yet due)	-	4	15	3	22

We have reviewed the supporting explanations and ongoing actions associated with the deferred recommendations and consider these to be reasonable and valid. A summary of the overdue/deferred recommendations is shown in Appendix One.

4. Internal Audit Plan and Profile

Area	Assignment	Scheduled				Status	Level of assurance
		Qtr1	Qtr2	Qtr3	Qtr4		
Governance and Risk	Risk Management			✓	✓	Draft report imminent	
	MoT Income			✓	✓	Draft report	
	Commercial Waste Income			✓	✓	Fieldwork ongoing	
	Development Management					Removed from plan	N/a
Financial Assurance	Budget Management & Reporting				✓	Scoping meeting requested	
	Payroll				✓	Scoping meeting requested	
	Financial Systems				✓	Scope to be agreed	
	Revenues and Benefits				✓	Fieldwork ongoing	
	Anti-Fraud & Corruption			✓	✓	Final Report	Moderate
	Disabled Facilities Grant Certification		✓			Final	N/a
	Homes England Grant Certification	✓				Audit Compliance Checklist submitted.	N/a
Follow up	Follow up and recommendation tracking	✓	✓	✓	✓	Throughout year	

Appendix 1: Summary of recommendations

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
Revenues & Benefits	Council Tax suspense account - The Council Tax suspense account should be cleared of all prior year transactions.	4	Belinda Green 07/08/19	31/03/20	In progress
Cyber Security	Security Governance (1) - Agree Terms of Reference and re-implement the security forum as the Information Governance Group, with meetings to be held on a minimum quarterly basis.	3	Nick Graham 12/08/19	31/03/2020	
	Physical Security (1) - Develop and publish a clear desk policy and supporting procedures at CDC, which should include logging out of computers when not in use and the provision of lockable storage facilities. The policy should be rolled out formally, with acknowledgements obtained from staff and spot checks undertaken for compliance monitoring purposes.	3	Nick Graham 07/08/19	30/06/20	Caroline Parker will meet with HR to consider implementing a Clear Desk Policy
Legal Compliance	Legislative changes - Consideration should be given by the Councils as to how best they can strengthen the trail to demonstrate that all legislative changes that could impact on the Councils are identified and acted on.	3	Nick Graham 07/08/19	31/03/2020	
Payroll	Establishment Checks - The current exercise for Assistant Directors to check the current staffing establishment should be fully completed and used to confirm the accuracy of staff and grades currently on the payroll.	3	G Kent 30/09/19	01/03/20	Resolved in new system going live in February 2020
	Scanned documents - A formal, evidenced reconciliation should be introduced to confirm that the all prime documents have been successfully scanned into the system before they are destroyed.	3	G Kent 30/09/19	31/03/2020	
Human Resources	Recruitment agency - Review the effectiveness of the current recruitment agency and value that could be obtained from an HR driven process and supplier. Statistical information should be obtained to ensure that the effectiveness of advertising strategies can be evaluated.	3	Karen Edwards 31/12/19	30/06/20	Scoping possibilities to join OCC managed service.

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	Contract of employment content - Review and amend the standard contract of employment for both Councils to provide greater clarity on terms and conditions and move to compliance with best practice by referencing / producing other standard policies.	2	Karen Edwards 31/12/19	30/06/20	Work in progress and links with external legal made.
	Recruitment training - Devise a programme of centralised training to ensure that recruitment managers can appropriately undertake their recruitment and selection duties.	2	Karen Edwards 06/08/19	30/06/20	Itrent is due to go live Feb 2020 with payroll it is anticipated implementation of E-recruitment will commence no later than June 2020
	Essential shortlisting criteria - Recruitment managers should comply with shortlisting guidance and only select for interview applicants who meet the criterion.	2	Karen Edwards 06/08/19	30/06/20	Recruitment training is currently being planned for Managers and scoped.
	Job descriptions and person specifications - Ensure it is clear in documentation that job descriptions and personal specifications have been written or reviewed by appropriate officers.	3	Karen Edwards 06/08/19	01/02/20	Business Partners will check that the JD has been signed off appropriately
	Recruitment advertising - The Councils should have a policy and procedures in relation to the advertising of vacancies. The advertising budget should be corporately coordinated. TBD by CEDR to ascertain if this recommendation is supported.	3	Karen Edwards 06/08/19	31/08/20	Still under discussion and WIP.
	Recruitment Policy - The Councils should have a recruitment policy in place to ensure that recruitment occurs within a standard controlled and monitored framework with clear aims and objectives.	3	Karen Edwards 04/08/19	31/01/20	This implementation is in progress and should be in place.
	Qualifications - Ensure that there is evidence retained that at least the highest level qualification of an applicant has been checked.	3	Karen Edwards 04/08/19	30/06/2020	

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
GDPR	Data sharing procedures -The Councils should produce procedures and guidance to all staff that clearly set out when it is appropriate to share or disclose data.	3	Nick Graham 31/12/19	31/03/20	Identification of where data is shared will be collected as part of the IAR. Data sharing guidance will be produced.
	Confidential information storage -All paper records containing personal data should be secured when not being used.	3	Nick Graham 31/12/19	31/01/20	Include as part of the DPE training.
	Resources for improvement -The resources required to implement the action plan and to adequately resource the ongoing GDPR activity need to be reviewed.	2	Nick Graham 07/12/19	31/01/20	The amount of additional resource required to provide a full service to CDC will be assessed.
	Information asset register. -Complete the production of a comprehensive Information Asset Register and ensure it covers all key systems used across the Councils.	3	Nick Graham 31/08/19	31/03/20	Produce an Information Asset Register (IAR) for CDC using the OCC template. Team managers to be responsible for completing the IAR for their team with assistance from IM Team.
	Personal data -The Councils should confirm that all departments have ensured that there is a legitimate purpose for using personal data prior to collecting it.	4	Nick Graham 31/08/19	31/03/20	This will be collected as part of the IAR's This will be produced

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	Monitoring and reporting -When the data mapping process has been completed there should be a process established to undertake periodic checks on records security. Regular reporting to management team should be undertaken to enable the outcomes of records security checks and compliance monitoring to be reported and provide strategic oversight to those with overall responsibility for records management.	3	Nick Graham 31/08/19	31/03/20	following the creation of the IAR and the data mapping process.
	Data flow mapping - complete the mapping out the various types of data processing carried out and ensure that legal basis for carrying each is clearly documented.	4	Nick Graham 12/08/19	31/01/20	Check this is complete
	Data sharing policy and agreements -Complete the Data Flow Mapping process and then produce a Data Sharing Policy. The Councils need to ensure that there are Information Sharing Agreements in place with all third parties that the Councils share personal data with and that these agreements are compliant. This will need the legal team to be involved and potentially additional legal support.	2	Nick Graham 12/08/19	31/03/20	Review the status of this action and produce a plan for completion based on the outcome of the review.
	Legal basis for sharing information - officers should identify and be aware of the legal basis for processing or distributing sensitive personal data and only distribute the information required.	3	Nick Graham 12/08/19	31/03/20	Identification of legal basis will be collected as part of the IAR.
	Staff training - a reconciliation of staff trained to current staff in post should be undertaken to ensure that all staff have had appropriate data protection awareness training, including those previously booked that did not end up attending.	3	Nick Graham 07/08/19	31/01/20	Work with HR/OD to ensure data protection training is included in induction for CDC staff Review CDC DPE e-learning and implement annual mandatory e-learning for all staff. If CDC training does not exist use OCC developed DPE e-learning.

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	Document retention policy -a document retention policy should be put in place that is periodically reviewed and updated as required. An officer should be nominated to carry out spot-checks to ensure that the document retention policy is being complied with.	3	Nick Graham 07/08/19	28/02/20	Check this has been completed, if not resurrect the previous work, review and publish.
	Consent to process personal and sensitive data - the Councils need to conduct a review or sampling of consents where these are required.	3	Nick Graham 07/08/19	31/03/20	Identification of areas where consent is needed and whether appropriate management of consent is in place will be collected as part of the IAR.
Procurement & Contract Management	Procurement Strategy - the procurement strategy should be reviewed and updated as necessary.	3	Wayne Welsby 31/12/19	31/03/20	This will be reviewed alongside the new partnership with OCC.
	Contract procedure rules -consider producing a flowchart or toolkit that will take non-specialist officers through the procurement process. The contract procedure rules should be dated and a date for review included.	4	Wayne Welsby 31/12/19	30/06/20	Will consider as part of resetting processes alongside the partnership with OCC.
	Performance indicators -The Councils should consider introducing a range of KPI's. These normally include a target for savings to be achieved and a target for year on year reduction in waived tender.	3	Wayne Welsby 11/08/19	31/03/20	The development of the 2020/21 Service Plan will consider the appropriate PIs and KPIs for the Procurement Team.

Appendix 2: Definition of our assurance levels and our risk rankings

Opinion	Assessment rationale
No	The audit highlighted weaknesses in the design or operation of controls that have not only had a significant impact on the delivery of key system objectives, they have also impacted on the delivery of the organisation's strategic objectives. As a result, no assurance can be given on the operation of the system's internal controls to prevent risks from impacting on achievement of both system and strategic objectives.
Limited	The audit highlighted some weaknesses in the design or operation of control that have had a serious impact on the delivery of key system objectives, and could also impact on the delivery of some or all of the organisation's strategic objectives. As a result, only limited assurance can be given on the operation of the system's internal controls to prevent risks from impacting on achievement of the system's objectives.
Moderate	The audit did not highlight any weaknesses that would in overall terms impact on the achievement of the system's key objectives. However, the audit did identify some control weaknesses that have impacted on the delivery of certain system objectives. As a result, only moderate assurance can be given on the design and operation of the system's internal controls to prevent risks from impacting on achievement of the system's objectives.
Significant	The audit did not highlight any weaknesses that would materially impact on the achievement of the system's key objectives. The audit did find some low impact control weaknesses detailed in section four of this report which, if addressed, would improve the overall performance of the system. However these weaknesses do not affect key controls and are unlikely to impair the achievement of the system's objectives. As a result, significant assurance can be given on the design and operation of the system's internal controls to prevent risks from impacting on achievement of the system's objectives.
Full	The audit did not highlight any weaknesses that would impact on the achievement of the system's key objectives. It has therefore been concluded that key controls have been adequately designed and are operating effectively to deliver the key objectives of the system. As a result, full assurance can be given on the operation of the system's internal controls to prevent risks from impacting on achievement of the system's objectives.

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Risk ranking	Assessment rationale
1	The system has been subject to high levels of risk that have, prevented the system from meeting its objectives and also impacted on the delivery of the organisation's strategic objectives.
2	The system has been subject to high levels of risk that has, or could, prevent the system from meeting its objectives, and which may also impact on the delivery of some or all of the organisation's strategic objectives.
3	The system has been subject to medium levels of risk that have, or could, impair the system from meeting its objectives.
4	The system has been subject to low levels of risk that has, or could, reduce its operational effectiveness.

Cherwell District Council

Accounts, Audit and Risk Committee

18 March 2020

Treasury Management Report – Q3 2019/20

Report of the Director of Finance

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 2019/20 as required by the Treasury Management Code of Practice.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the December 2019 Treasury Management Report.

2.0 Introduction

- 2.1 In 2012 the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.
- 2.2 The Council's treasury management strategy for 2019/20 was approved at a meeting on 25 February 2019. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk is therefore central to the Council's treasury management strategy.
- 2.3 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; the local authority specific Guidance Notes for the Codes were published in July 2018. In England MHCLG published its revised Investment Guidance which came into effect from April 2018.
- 2.4 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's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 25 February 2019.

3.0 Report Details

2019/20 Performance

- 3.1 As at the end of December 2019 the Council had borrowing of £123m and investments of £41m – a net borrowing position of £82m. Appendix 1 details the schedule of borrowing and investments as at 31 December 2019.

Strategy

- 3.2 The Treasury Management Strategy for 2019/20 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 2019/20.
- 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 the Council's 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 chief 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, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.
- 3.6 In furtherance of these objectives new borrowing was kept to a minimum, whilst options for securing lower rates for longer term borrowing were reviewed, as part of an ongoing process. This strategy enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
- 3.7 All treasury management activities undertaken during the first 9 months of 2019/20 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.

Investment performance for 9 months ended 31 December 2019:

- 3.8 Investment rates available in the market have continued at low levels, with the Bank of England Base rate remaining at 0.75% since August 2018.

Funds available for investment are 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.

- 3.9 The table below shows the investment position during and at the end of the reporting period:

	Investment Amount £	Interest Rate	Interest Budget £	Interest Actual £	Variance £
Apr-Dec 2019	£33.2m (average)	0.69% (annualised)	115k	172k	57k
As at 31/12/19	£41.1m	0.66%	-	-	-

Rate Benchmarking	Overnight	7-day	1-month
LIBOR	0.67%	0.69%	0.72%
SONIA (Mid-rate)	0.71%	0.77%	0.75%

Interest receivable is currently ahead of target, and is forecast to remain above budget at the end of the year. Cash balances are higher than expected due to recent new borrowing, offsetting the lower than forecast interest rates.

The Council's cash investments are held primarily for liquidity purposes and therefore only available for relatively short term deposits in a restricted selection of high quality instruments, which often generate sub-LIBOR/SONIA returns. In particular, a large proportion of cash funds at the report date were held with the UK Debt Management Office (part of HM Treasury) which is highly secure but only pays a low rate of interest (0.50%).

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

Borrowing performance for 9 months ended 31 December 2019:

- 3.10 The Council requires external borrowing to fund its capital programme, and had total debt of £123m at the report date; 61% 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 remains, we will closely monitor the interest rate situation, and may seek to take a higher proportion of the debt at medium-long term fixed rates. This may cost more in the short term but will provide certainty of cost and savings in the longer term.

It should be noted that the PWLB interest rates (which are linked to UK Gilt yields) were increased by an additional 1% across the board from 9 October 2019, making them relatively expensive and uncompetitive compared to other sources of funding

3.11 The table below shows the borrowing position as at 31 December 2019:

	Borrowing Amount £	Interest Rate	Interest Budget* £	Interest Actual^ £	Variance £
Apr-Dec 2019	£116.5m (average)	1.54% (annualised)	1,885k	1,345k	540k
As at 31/12/19	£123m	1.58%	-	-	-

* Original interest budget reduced by £250k

^ Interest payable relates to external loans only, excluding finance lease interest of £139k

Borrowing Benchmarking	3-year	5-year	10-year	20-year
Average PWLB Maturity rate Apr-Dec 2019	1.96%	1.96%	2.20%	2.69%

Interest payable for the full year is forecast to remain significantly under budget, due in part to lower interest rates than forecast, 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 Appendix 1.

3.12 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 31 December 2019, the Council holds £64.3m of investments in the form of shares (£22.9m) and loans (£41.4m, excluding accrued interest) to subsidiary companies and other organisations, primarily Graven Hill and Crown House.

The loan elements of these non-treasury investments generate, or are expected to generate, a higher rate of return than earned on treasury investments, but this reflects the additional risks to the Council of holding such investments.

3.13 Overall performance

The overall performance for the 9 months to 31 December 2019 is as follows:

	Budget £k	Actual £k	Variance £k
Borrowing costs*	2,029	1,485	544
Treasury income	(115)	(172)	57
Non-treasury income	(2,252)	(3,079)	827
Total cost/(income)	(338)	(1,766)	1,428

*Borrowing costs include finance lease interest of £139k

The full year forecast is expected to achieve savings against budget of approximately £1.8m.

- 3.14 Our Treasury advisers, Arlingclose, provided the following economic commentary and interest rate forecast outlook. The report is dated 10 January 2020 so does not take into account the latest developments and events, particularly regarding coronavirus and its effects on the economy.

The global economy continues to slow on the back of ongoing geopolitical issues, primarily the trade policy stance of the US and its spat with China. However, it has been reported that Phase I of a trade deal between the two countries will be signed on 15th January 2020.

The UK economy continues to slow due to both post-Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased. Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets over the period, including bond markets.

Parliament passed Prime Minister Boris Johnson’s Withdrawal Agreement Bill and the UK will now exit the EU on 31 January 2020. The bill also rules out an extension to the transition period for agreeing a trade deal which means a no-deal Brexit cannot be entirely ruled out for 2020.

Arlingclose expect the Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit/trade deal outcomes as well as the evolution of the global economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future and judges the risks to be weighted to the downside.

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

4.0 Conclusion and Reasons for Recommendations

This report details the Treasury Performance for the Council for the period ending 31 December 2019.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

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: Dominic Oakeshott, Assistant Director - Finance (Interim)
Dominic.oakeshott@cherwell-dc.gov.uk, 01295 227943

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@cherwell-dc.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

Comments checked by: Louise Tustian, Head of Insight and Corporate Programmes
louise.tustian@cherwell-dc.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 December 2019 - EXEMPT
Background Papers	
None	
Report Author	Ian Robinson – Finance Business Partner
Contact Information	Direct Dial: 01295 221762 ian.robinson@cherwell-dc.gov.uk

Accounts, Audit and Risk Committee Work Programme 2019/20 and 2020/21

Date	Agenda Items
Early May 2020	Appointment of Chair and Vice Chair
27-May-20	Performance, Finance and Risk Monitoring Report - Q4 - March 2020 Internal Audit Annual Report 2019/20 Internal Audit Plan 2020/21 External Audit Update External Audit Fees - 2020/21 Draft Statement of Accounts 2019/20 Draft Report of Those Charged with Governance
24-Jun-20	Additional meeting pending accelerated Closure of Accounts 2019/20 sign off (see * items below)
29-Jul-20	Performance, Finance and Risk Monitoring Report - Q1 - May 2020 * Report of Those Charged with Governance 2019/20 * External Audit - Annual Audit Opinion 2019/20 * Final Statement of Accounts and Letter of Representation 2019/20 Treasury Management Annual Report Work Programme Update
23-Sep-20	Meeting date, content to follow.
18-Nov-20	Meeting date, content to follow.
20-Jan-21	Meeting date, content to follow.
17-Mar-21	Meeting date, content to follow.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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