

# Public Document Pack



**Cherwell**

DISTRICT COUNCIL  
NORTH OXFORDSHIRE

**Committee:** Accounts, Audit and Risk Committee

**Date:** Wednesday 17 March 2021

**Time:** 6.30 pm

**Venue:** Virtual meeting

## Membership

**Councillor Mike Kerford-Byrnes (Chairman)**

Councillor Hannah Banfield  
Councillor Conrad Copeland  
Councillor Tom Wallis

**Councillor Hugo Brown (Vice-Chairman)**

Councillor Nathan Bignell  
Councillor Nicholas Mawer  
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 5 - 8)

To confirm as a correct record the Minutes of the meeting of the Committee held on 20 January 2021.

### 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 - January 2021** (Pages 9 - 50)

Report of Director of Finance, and Head of Insight and Corporate Programmes

### **Purpose of report**

This report summarises the Council's Performance, Risk and Finance monitoring position as at the end of January 2021. The Committee will focus on the risk elements of the report.

### **Recommendations**

The meeting is recommended:

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

## 8. **Housing Benefit and Council Tax Reduction Risk Based Verification** (Pages 51 - 64)

Report of Director of Finance

### **Purpose of report**

To provide members with an update on the Risk Based Verification (RBV) module including any impacts on the service and to seek approval for the RBV Policy for 2021-2022.

### **Recommendations**

The meeting is recommended:

- 1.1 To note the contents of this report.
- 1.2 To approve the Risk Based Verification (RBV) policy for the financial year 2021-2022.

## 9. **Internal Audit Progress Report 2020/21** (Pages 65 - 76)

Report of the Director of Finance

### **Purpose of report**

The report presents the Internal Audit Progress report for 2020/21

### **Recommendations**

The meeting is recommended:

- 1.1 To note the progress with the 2020/21 Internal Audit Plan and the outcome of the completed audits.

**10. External Audit Update**

Verbal Update by the Director of Finance.

**11. Treasury Management Report - Q3 2020-21 (Pages 77 - 86)**

Report of the Director of Finance

**Purpose of report**

To receive information on treasury management performance and compliance with treasury management policy for 2020-21 as required by the Treasury Management Code of Practice.

**Recommendations**

The meeting is recommended:

- 1.1 To note the contents of the Quarter 3 2020/21 Treasury Management Report.

**12. Changes to Accounts, Audit & Risk Committee Terms of Reference (Pages 87 - 94)**

Report of the Director of Law & Governance and Monitoring Officer

**Purpose of report**

The report recommends changes to the terms of reference for the Accounts, Audit & Risk Committee.

**Recommendations**

The meeting is recommended:

- 1.1 To agree the proposed terms of reference for the Accounts, Audit & Risk Committee, as set out at Appendix 1 to this report.

**13. Draft Annual Report of Accounts, Audit and Risk (Pages 95 - 106)**

Report of the Director of Finance

**Purpose of report**

The report presents the draft report of the Accounts, Audit & Risk Committee.

## **Recommendations**

The meeting is recommended:

1.1 To review the draft report, agree any amendments and finalise in preparation for presentation to Council by the Chairman of the Accounts, Audit & Risk Committee.

### **14. Work Programme (Pages 107 - 108)**

To consider and review the Work Programme.

## **Information about this Meeting**

### **Apologies for Absence**

Apologies for absence should be notified to [democracy@cherwell-dc.gov.uk](mailto:democracy@cherwell-dc.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.

### **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@cherwell-dc.gov.uk](mailto:democracy@cherwell-dc.gov.uk), 01295 221554

**Yvonne Rees**  
**Chief Executive**

Published on Tuesday 9 March 2021

## **Cherwell District Council**

### **Accounts, Audit and Risk Committee**

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Virtual meeting, on 20 January 2021 at 6.30 pm

#### Present:

Councillor Mike Kerford-Byrnes (Chairman)  
Councillor Hugo Brown (Vice-Chairman)  
Councillor Hannah Banfield  
Councillor Conrad Copeland  
Councillor Tom Wallis  
Councillor Sean Woodcock  
Councillor Barry Wood

#### Substitute Members:

Councillor Barry Wood (for Councillor Mawer)

#### Also Present:

Councillor Tony Illott; Lead Member for Financial Management and Governance  
Maria Grindley, Associate Partner, Ernst & Young (external audit)  
Sue Gill, Ernst & Young (external audit)

#### Apologies for absence:

Councillor Nathan Bignell  
Councillor Nicholas Mawer

#### Officers:

Lorna Baxter, Director of Finance & Section 151 Officer  
Anita Bradley, Director Law and Governance & Monitoring Officer  
Michael Furness, Assistant Director Finance  
Sarah Cox, Chief Internal Auditor  
Gillian Douglas, Assistant Director: Social Care Commissioning and Housing  
Ian Dyson, Assistant Chief Finance Officer  
Rob Ducker, Senior Investigation Officer  
Joanne Kaye, Strategic Business Partner  
Shaista Moughal, Strategic Business Partner  
Sharon Hickson, Democratic and Elections Officer

43

### **Declarations of Interest**

There were no declarations of interest.

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

There were no petitions or requests to address the meeting.

45 **Minutes**

The Minutes of the meeting of the Committee held on 18 November 2020 were agreed as a correct record and signed by the Chairman.

46 **Chairman's Announcements**

There were no chairman's announcements.

47 **Urgent Business**

There were no items of urgent business.

48 **Progress of Counter Fraud Service**

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

**Resolved**

- (1) That the current performance of the work of the Corporate Fraud team be noted.
- (2) That the future work plans as described and the impact that this will have on future performance and income to the authority be noted.

49 **Internal Audit 2020/21 Progress Report**

The Director of Finance submitted a report which presented the Internal Audit Progress for 2020/21.

The Chief Internal Auditor highlighted the significant reduction of outstanding management actions for 2018/19 and 2019/20, informing Members that the remaining outstanding actions would continue to be reviewed and followed up with senior management.

The Chief Internal Auditor and Assistant Director Social Care Commissioning and Housing responded to all questions regarding the Disabled Facilities Grants (DFG) Processes 2020/21 raised by the Committee. The Committee

requested updates to be given at future meeting on the progress on the new Disabled Adaptations Policy currently being drafted.

**Resolved**

- (1) That the progress with the 2020/21 Internal Audit Plan and the outcome of the completed audits be noted
- (2) That, having given due consideration the recommended best practice within CIPFA Audit Committee Guidance (2018) and additions to the Accounts, Audit and Risk Committee work programme be agreed.

50

**Capital, Investment and Treasury Management Strategies 2021-22**

The Director of Finance submitted a report which presented the draft Capital and Investment Strategy and the Treasury Management Strategy for 2021-22.

The Assistant Director Finance provided an overview of each strategy and proposed changes within:

Capital Strategy;	table 1, correction of column heading dates. mitigation table, alteration of text in upward only rent reviews to rent reviews to maximise income.
Investment Strategy;	paragraph B3.5, additional bullet point. paragraph B5.4, be removed.

**Resolved**

- (1) That, subject to the inclusion of the amendments, full Council be recommended to adopt the draft Treasury Management Strategies 2021-2022.

51

**2019/20 Accounts**

The Director of Finance advised the Committee that due to uncertainty of whether a revised set of accounts would be available for the meeting this item has been listed as a verbal update on the agenda. A written report had subsequently been submitted requesting that the Committee consider changes to be incorporated to the draft statement of accounts.

The Director of Finance highlighted the most significant change, which was due to the adjustment of an asset and it now being classed as a different type of asset which meant it had a different valuation.

Ernst & Young, the council's external auditor updated members on the status of the audit, advising that two areas requiring third party responses remained before the audit could be completed.

**Resolved**

- (1) That the Statement of Accounts 2019/20 be endorsed and once the final audit opinion was received the Director of Finance (S151 Officer), in consultation with the Chairman of the Accounts, Audit and Risk Committee (or Vice Chairman in case the Chairman was unavailable) be authorised to sign the accounts and it be noted that if any material changes to the accounts were required, then an additional committee meeting would be convened to consider the changes.
- (2) That it be agreed that the Director of Finance, in consultation with the Chairman of the Accounts, Audit and Risk Committee (or Vice Chairman in their absence), can make any further changes to the letters of representation that may arise during completion of the audit.

52 **Work Programme**

The Committee considered the workplan for the coming year.

**Resolved**

- (1) That the work programme be noted.

The meeting ended at 7.38 pm

Chairman:

Date:



## **Cherwell District Council**

### **Accounts, Audit and Risk Committee**

**17 March 2021**

### **Monthly Performance, Risk and Finance Monitoring Report – January 2021**

#### **Report of Director of Finance, and Head of Insight and Corporate Programmes**

This report is public

#### **Purpose of report**

This report summarises the Council's Performance, Risk and Finance monitoring position as at the end of January 2021. The Committee will focus on the risk elements of the report.

#### **1.0 Recommendations**

The meeting is recommended:

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




#### **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 January 2021 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 2020-21 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 As part of monthly reporting the Insight Team provides the Senior Management Team with a corporate complaints report, complaints received during the month are monitored and analysed. The mandatory lessons learned data have been implemented for more than a year now and we are starting to see a decrease in the number of upheld complaints. Lessons learned are reported to CEDR (Chief Executive Direct Reports) and progress is monitored to ensure actions are implemented to avoid the same complaint being reported.

- 2.5 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.
- 2.6 The report details section is split into three parts:
- Performance Update
  - Leadership Risk Register Update
  - Finance Update
- 2.7 There is one appendix to this report:
- Appendix 1 – CDC Leadership Risk Register January 2021

### 3.0 Report Details

- 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 2020-21 business plan (see Appendix 1) and the priorities of the Council.
- 3.2 The 2020-21 business plan sets out four strategic priorities:
- Housing that meets your needs.
  - Leading in environmental sustainability.
  - An enterprising economy with strong and vibrant local centres.
  - Healthy, resilient and engaged communities.
- 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	Tolerances for Business Plan Measures	Tolerances 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: Housing that meets your needs**

3.4 The Council is committed to deliver affordable housing, raising the standard of rented housing and find new and innovative ways to prevent homelessness. Also, to promote innovative housing schemes, deliver the local plan and supporting the most vulnerable people in the District.

3.5 **Overview of our performance against this strategic priority:**

**Number of people helped to live independently through use of DFG & other grants/loans** is reporting Red for January and Amber for Year to Date (36 against a target of 45). The team provided help to 36 households this month; 12 by means of major adaptations and 24 by means of smaller works. The service continues to be disrupted by COVID-19 which is restricting access to clients' homes for survey and works.

**Preventing homelessness** - The Housing Options Team is still offering a prevention focused service, with most cases open to the service being supported to retain accommodation or secure alternative accommodation, before they reach crisis. However, there is an increase in clients presenting in crisis, dominated by single people. The funding secured, under the Next Steps Accommodation Programme grant, is being used to secure up to 17 new units of accommodation in Cherwell, for those with a history of rough sleeping or homelessness. A Cold Weather service has also been procured to provide emergency winter beds and additional support for anyone placed as a result of severe weather or COVID-19.



**Homes improved through enforcement action** is reporting Red for January and Red for Year to Date (7 against a target of 9). The team's interventions have resulted in 7 homes being improved through works completed this month, against a target of 9. This month's figure, again, reflects the continuing restrictions on inspections imposed because of COVID-19. The monthly average, for the year to-date, is 8.1.

**Number of affordable homes delivered including CDC and Growth Deal targets** is reporting Red for January and Green for Year to Date (9 against a target of 25). There were 9 affordable rented units completed in January 2021. Whilst this figure is below the monthly target for affordable housing delivery, it follows a high number of completions in the previous month (in excess of the Dec 2020 target) and keeps us on track to deliver the expected yearly outturn.

**Average time taken to process Housing Benefit New Claims** - The average time taken to assess new claims for benefits is 13.79 days, against our local target of 15 days and a national performance figure of 20 days. This is an improvement, on December's performance, of 14.6 days. The year to date figure is 13.13 days. This performance continues to be good despite the general impact on workloads from the COVID-19 pandemic.

**Number of Housing Standards interventions** is reporting Red for January and Amber for Year to Date (37 against a target of 55). We have recorded 37 interventions this month against our target of 55. Our ability to carry out, both, responsive and proactive visits to rented properties continues to be significantly restricted by COVID-19, which reduces our ability to implement formal enforcement activity.

**Average time taken to process Housing Benefit change events** is reporting Amber for January and Green for Year to Date (8.14 against a target of 8). The average time taken to assess change events is slightly above target, for the month of January, at 8.14 days



against a target of 8 days. Performance has been impacted slightly during January, as a new workplan was introduced to clear some of the outstanding work. The year to date performance figure is good, at 5.32 days.

### **Priority: Leading in environmental sustainability**

3.6 The Council is committed to deliver on our commitment to be carbon neutral by 2030, to promote the Green Economy and increase recycling across the district. This priority includes the protection of our natural environment and our built heritage, working in partnership to improve air quality in the district and the reduction of environmental crime.

### 3.7 **Overview of our performance against this strategic priority:**



**Community Nature Plan approved for future generations** - The plan, which sets out aims, actions and targets relating to key council services in terms of their impact on the health of the natural environment, was reviewed by an Executive meeting of Cherwell District Council on Monday evening (4 January). The importance the environment has played in supporting people's wellbeing during the coronavirus pandemic was particularly highlighted. Cherwell's Community Nature Plan aims to enhance the natural environment for its intrinsic value; the services it provides; the health and wellbeing of people; its contribution to action on climate change and the economic prosperity that it brings.

**% Waste Recycled & Composted is reporting Red** for January and Green for Year to Date (48.12% against a target of 56%). Recycling rate, currently, 0.6% and up on 2019/20, which will give a recycling average rate of approximately 56%, at year end. The lower results for the month of January, as per the previous month, are due to the seasonality in the collection rates, during the winter months the percentage of garden waste is considerably smaller than the rest of the year.

**Reduction of fuel consumption used by fleet** is reporting Green for January and Amber for Year to Date. Slightly less fuel used during the month in comparison with this time last year, even when they're more vehicles in the road. This reduction is a result of a combination of several factors such as improved driving, due to telematics changing driver behaviour, less idling and the use of night heaters.



**Protect the Built Heritage** is reporting Amber for January and Year to Date. The team continues working on Conservation Area Appraisals (in Bloxham and Grimsbury) and consultation for Grimsbury is to be undertaken in due course. Also, officer reports, on completed Conservation Area Appraisals, require finalisation. Heritage advice continues to be provided to inform Development Management decision making.

### **Priority: An enterprising economy with strong and vibrant local centres**

3.8 The Council is committed to support business retention and growth, developing skills and generating enterprise; also, securing infrastructure to support growth in the district and securing investment in our town centres. This priority also contributes towards making communities thrive and businesses grow promoting the district as a visitor destination, committing to work with businesses to ensure compliance and promote best practice.

#### **3.9 Overview of our performance against this strategic priority:**

**% of Business Rates collected, increasing NNDR Base** is reporting Green for January and Amber for Year to Date (8.30% against a target of 7.75%). The team has achieved an in-month collection of 8.30% and accumulative collection rate of 91.19%, against a target of 93.75%. The shortfall equates to approximately £1.2m. Formal recovery action is still taking place with reminder and final notices being issued and, should debts remain unpaid, then liability orders will be granted. We are proactively chasing all outstanding balances by telephoning debtors and, during these conversations, are discussing any entitlement to a reduction in rates payable. The pandemic had a huge impact on collection rates, as this time last year we achieved a collection of 92.79%.

**% of Council Tax collected, increase Council Tax Base** is reporting Red for January and Amber for Year to Date (9.03% against a target of 10.75%). The team have achieved an in-month collection of 9.03% and a cumulative collection rate of 91.56%, at end of January 2021. The shortfall between what we have collected, so far, against the target equates to approximately £4.6m. The pandemic had a huge impact on Council Tax collection rates, despite our best efforts and despite issuing reminder notices, final notices, summonses and obtaining liability orders through the Magistrates Court, as well as, outbound calls. Collection rates remain lower this year, compared to same time last year, by 1.35%. During January, we issued more than 3,600 reminder notices, to increase collection rates, of which, only 1,600 reminders were paid in full. Due to limitations set down by the Magistrates Court during this pandemic, numbers of reminders and final notices have been limited to the number of cases that could be heard at the Magistrates Court.



**Develop Our Town Centres** - Cherwell continues to progress with early work on the 'Meanwhile in Oxfordshire' countywide partnership project, a Government-funded scheme for the refurbishment and reoccupation of vacant retail units in urban centres. Also, the team continues to provide support to Banbury BID (Business Improvement District) in the delivery of projects to support town centre vitality, whilst working closely with officer groups and external partners, during the COVID-19 pandemic, to ensure continued safety on the high streets within the district.

### **Priority: Healthy, resilient and engaged communities**

3.10 The Council is committed to enable all residents to lead an active life, improving and developing the quality of local sports and leisure facilities, promoting health and wellbeing in our communities. Also, supporting community and cultural development; working with our partners to address the causes of health inequalities and deprivation, and to reduce crime and anti-social behaviour.

### 3.11 Overview of our performance against this strategic priority:

**Winter Support Grant scheme** - Cherwell District Council has been working with Oxfordshire County Council and other district councils to distribute nearly £1.4m, given to Oxfordshire by the Department for Work and Pensions in December to address food and fuel poverty. The main part of this grant has been used to make sure children in the county have access to free school meals over the school holiday periods of Christmas, February half-term and Easter. The remaining funds have been allocated to councils to offer support to households that struggling to afford food or pay their fuel bills because of the coronavirus pandemic. The distribution of the grant is being managed by the council in partnership with Citizens Advice. Cherwell has been allocated £118,000. Citizens Advice is delivering the support as part of a wider assessment of residents' needs. Support will be offered in the form of help with food and fuel costs alongside advice to ensure that residents are aware of any other help they may be able to access. The Winter Support Grant scheme launched on Monday 11 January and will close on 31 March 2021.



**Number of visits/usages of District Leisure Centre** is reporting Red for January and Green for Year to Date (0 against a target of 33,333). All Leisure Centres and joint use facilities were closed during January.



**Winter Warmer initiative** – Working in partnership with The Hill, Royal Voluntary Service centre and Age UK; the initiative will deliver a hot meal to isolated older people in Banbury and information to support them to access food and the options available locally for delivery.

## Summary of Performance

3.12 The Council reports monthly on performance against 39 Business Plan Measures, with 22 Programme Measures and 17 Key Performance Indicators. The full details, including commentary against each measure and key performance indicator can be found in Appendix 2.

### Programme Measures and Key Performance Indicators (39)

Status	Description	January	%	DoT	YTD
Green	On target	29	75%	↓	30
Amber	Slightly off target	2	5%	↑	7
Red	Off target	7	18%	↑	1
	No data	1	2%	NA	1

Please note that the KPI measure “High risk food businesses inspected” will no longer be relevant this year due to the Food Standards Agency changing the national food law enforcement programme as a consequence of COVID-19. Food safety will be assured through alternative, targeted measures.

**Risk Update**

3.13 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.

3.14 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
<b>IMPACT</b>	5 - Catastrophic			L09		
	4 - Major			L04, L07, L11, L12, L21 & L22	L01, L17, L19 & L20	
	3 - Moderate		L16	L02, L05, L14, L15 & L18	L08	
	2 - Minor				L10	
	1 - Insignificant					

3.15 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
<b>L01</b> Financial Resilience	16 High risk	↔	Risk reviewed 10/02 – No changes
<b>L02</b> Statutory functions	9 Low risk	↔	Risk Reviewed 17/02 – Risk owner, mitigating actions and comments updated
<b>L04</b> CDC Local Plan	12 Medium risk	↔	Risk Reviewed 09/02 – No changes
<b>L05</b> Business Continuity	9 Low risk	↔	Risk Reviewed 09/02 – Mitigating actions and comments updated
<b>L07</b> Emergency Planning	12 Medium risk	↔	Risk Reviewed 09/02 – Comments amended
<b>L08</b> Health & Safety	12 Medium risk	↔	Risk Reviewed 09/02 – Mitigating Actions updated
<b>L09</b> Cyber Security	15 Medium risk	↔	Risk Reviewed 10/02 – No changes

<b>L10</b> Safeguarding the Vulnerable	8 Low risk	↔	Risk Reviewed 03/02 – No changes
<b>L11</b> Sustainability of Council owned companies and delivery of planned financial and other objectives.	12 Medium risk	↔	Risk Reviewed 08/02 – Comments updated
<b>L12</b> Financial sustainability of third-party suppliers including contractors and other partners	12 Medium risk	↔	Risk Reviewed 11/02 – Comments updated
<b>L14</b> Corporate Governance	9 Low risk	↔	Risk reviewed 04/02 – Comments updated
<b>L15</b> Oxfordshire Growth Deal	9 Low risk	↔	Risk Reviewed 03/02 – Comments updated
<b>L16</b> Joint Working	6 Low risk	↔	Risk Reviewed 15/02 – Mitigating actions and Comments updated
<b>L17</b> Separation	16 High risk	↔	Risk Reviewed 09/02 – Controls, mitigating actions and comments updated
<b>L18</b> Workforce Strategy	9 Low risk	↔	Risk reviewed 10/02 – No changes
<b>L19</b> Covid19 Community and Customers	16 High risk	↔	Risk reviewed 04/02 – Comments updated.
<b>L20</b> Covid19 Business Continuity	16 High risk	↔	Risk reviewed 09/02 – Mitigating actions updated
<b>L21</b> Post Covid19 Recovery	12 Medium risk	↔	Risk reviewed 09/02 – Comments updated
<b>L22</b> Elections May 2021	12 Medium risk	New	Risk reviewed 17/02 - New risk – Comments updated

During January the leadership risk had no score changes, a new risk has been added **L22 Elections May 2021** (see Appendix 3 for details).

## Finance Update

3.16 The Council's forecast financial position up to the end of January shows a forecast breakeven position after assuming use of reserves of £0.143m. The £3.800m overspend related to Covid-19 costs (para 3.19), is offset by a £3.800m underspend on business as usual costs (para 3.17).

3.17 Before taking into account funding held for Covid costs, the directorate revised budgets have forecast a net overspend of £1.025m. This is partly driven by a £0.684m forecast overspend in Wellbeing. There is £0.465m budget available within Executive Matters to offset costs when they are incurred. In addition, loss of income from Planning Application fees and Car Park income are driving the forecast overspend in Environment and Place. Taking this and the latest assessment of interest costs into account, there is an overall overspend of £0.518m across the services.



3.18 The following assumptions have been made in assessing the costs of Covid-19 to the Council:

- The national lockdowns and subsequent business restrictions have a significant effect until the end of the financial year
- Car parking income will be significantly impacted as will Planning Application fee income
- Support for leisure services will continue until the end of the financial year

3.19 Applying these assumptions gives a forecast cost of Covid-19 of £7.494m for 2020/21. This is a combination of additional costs and loss of income arising from the impact of the Covid-19 pandemic on Council services. This is partially met by Covid-19 support grant funding of £2.073m and an estimated income of £1.621m to partially meet income losses. This reduces the net in-year Covid-19 pressure to £3.800m.

3.20 For more detail on the movements across all budgets please see Table 1 showing the forecast variances by Directorate in 2020/21.

3.21 On 7 September 2020, Council approved a revised 2020/21 budget to help it meet an expected funding shortfall for this financial year after government funding is taken into consideration.

3.22 The Council introduced a new structure in December 2020. This report has been prepared on the basis of the new permanent structure that has been put in place.

### 3.23 Report Details

Table 1: Forecast Revenue Outturn

<b>Revenue Monitoring</b>	<b>Revised Budget £m</b>	<b>BAU £m</b>	<b>Covid £m</b>	<b>Total Forecast Outturn £m</b>	<b>Variance to Budget £m</b>	<b>Prior Month Forecast £m</b>	<b>Change in Forecast £m</b>
Environment and Place	10.558	8.831	2.424	11.255	0.697	11.038	0.217
Customers and Org. Dev. And Resources	6.966	6.359	0.652	7.011	0.045	6.983	0.028
Adults and Housing Services	3.025	2.512	0.343	2.855	-0.170	2.975	-0.120
Public Health and Wellbeing	3.584	2.496	1.772	4.268	0.684	4.365	-0.097
Comm. Dev. Assets and Inv.	2.284	-0.250	2.302	2.052	-0.232	2.157	-0.105
<b>Total Directorates</b>	<b>26.416</b>	<b>19.948</b>	<b>7.494</b>	<b>27.441</b>	<b>1.025</b>	<b>27.518</b>	<b>-0.077</b>

<b>Executive Matters</b>	<b>2.364</b>	<b>1.857</b>	<b>0.000</b>	<b>1.857</b>	<b>-0.507</b>	<b>1.987</b>	<b>-0.130</b>
<b>Total Cost of Services</b>	<b>28.780</b>	<b>21.805</b>	<b>7.494</b>	<b>29.298</b>	<b>0.518</b>	<b>29.505</b>	<b>-0.207</b>
<b>Total Income</b>	<b>-28.780</b>	<b>-25.604</b>	<b>-3.694</b>	<b>-29.298</b>	<b>-0.518</b>	<b>-29.102</b>	<b>-0.196</b>
<b>(Surplus)/Deficit</b>	<b>0.000</b>	<b>-3.800</b>	<b>3.800</b>	<b>-0.000</b>	<b>0.000</b>	<b>0.403</b>	<b>-0.403</b>

## Environment and Place

Environment and Place predict an overspend of £0.697m against a revised budget of £10.558m (6.6%).

Environment and Waste	The £0.388m overspend is mainly due to pressures in employment costs due to sickness and the requirement of agency staff cover £0.421m.
Variation £0.388m overspend	Offsetting this (£0.050m) reduction in transport/contractor costs for gate & transfer fees and a reduction in tonnage of waste recycling/disposal costs. Car park, premises and supplies and services costs are expected to be higher by £0.070m. An additional (£0.053m) in income is anticipated as a result to car parks income not as low as expected in lockdown 3 and additional recycling tonnage collected due to residents working from home.
Variance to last month's forecast -£0.011m	
	This forecast also includes a budget virement of £0.100m for the Bicester Depot Redevelopment from reserve.
Planning & Development	There is a forecast £0.309m overspend against the revised budget which has increased by £0.268m from last month. The whole movement this month is due to reforecasting planning application fee income which has been reduced and is directly related to Covid. Other movements within the service this month have a net effect of zero. The forecast £0.309m overspend is mostly due to the £0.268m of Covid-19 related income loss and
Variation £0.309m overspend	

Variance to last month's forecast £0.268m	£0.094m Agency costs in Development Management. These are offset in part by salary savings of (£0.065m) across Planning Policy and Development management with the other £0.012m costs spread over the service.
Growth & Economy  Variation £0.000m overspend  Variance to last month's forecast -£0.040m	Growth & Economy are forecasting on target this month. This forecast assumes a carry forward request to 2021/22 of £0.033m to fund a required post is approved.

## **Customers and Organisational Development**

Customers & Organisational Development predict an overspend of £0.045m against a revised budget of £6.966m (0.6%).

HR/IT/Comms/Cultural Services  Variation -£0.130m underspend  Variance to last month's forecast -£0.038m	All are on target with the exception of Land Charges which is showing a £0.130m underspend as income recovers faster than expected.
Finance  Variation £0.175m overspend  Variance to last month's forecast £0.066m	The January forecast for Finance predicts an overspend of £0.143m. This is mainly due to finance staffing and agency costs linked to developing capacity for the closure of accounts and anticipated additional work linked to the national lockdown.  Revs and Bens are forecasting an overspend of £0.032m. An increase in income due to new burdens grant and DHP receipts of (£0.179m) are offset by reduction in anticipated court cost income of £0.102m, £0.079 Contractor payments and £0.030m other minor overspends including computer software/licences.  The movement this month can mainly be put to the reduction in expected court cost income offset in

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part by savings in other areas.

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## **Adults and Housing Services**

Adults and Housing Services predict an underspend of £-0.170m against a revised budget of £3.025m, (-5.6%).

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Housing & Social Care	January's underspend of £0.170m is mostly due to £0.120m additional income for the Next Steps Accommodation Programme, following a successful Government grant application for this amount. The remaining forecast underspend is made up of £0.030m saving on Growth Deal Consultants fees, £0.010m saving as a result of a new contract for the Debt and Money advice service, £0.010m saving against a storage contract.
Variation -£0.170m underspend	
Variance to last month's forecast -£0.120m	

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## **Public Health & Wellbeing**

Public Health & Wellbeing predict an overspend of £0.684m against a budget of £3.584m (19.1%).

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Wellbeing	The forecast overspend of £0.684m is a direct result of Covid-19. The main cost is the contractual relief payments made to support the survival of the leisure operator during the pandemic and a loss of income from holiday hubs and hiring of sports facilities. Remaining budget to cover £0.465m of this cost is held in Executive matters and will be transferred when costs are realised.
Variation £0.684m overspend	
Variance to last month's forecast -£0.087m	

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Healthy Place Shaping	Healthy Place Shaping is forecasting to be on budget taking in to account a request to carry forward £50k unspent budget to a reserve to continue the funding of the Wayfinding scheme in 2021/22 due to Covid delays
Variation £0.000m overspend	
Variance to last month's forecast -£0.010m	

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## **Commercial Development, Assets and Investments**

Comm. Dev. Assets and Invests. predicts an underspend of £0.232m against a revised budget of £2.284m (-10.2%).

<p>Property</p> <p>Variation -£0.220m underspend</p> <p>Variance to last month's forecast -£0.080m</p>	<p>Property are forecasting a (£0.220m) underspend against the revised budget. This is made up of Castle Quay shopping centre forecasting an under recovery of commercial income of £0.300m as a result of the current economic climate but conversely there is a saving of £0.178m on professional fees resulting in a net overspend of £0.122m. Offsetting this is a more favourable recovery of rental income from other CDC owned properties of (£0.060m) as well as forecast savings of (£0.193m) as a result of reduced occupancy of Council premises and remote working. Staff vacancies have resulted in a (£0.039m) underspend, alongside underspends on operational budgets of (£0.041m) on equipment purchasing and (£0.009m) saving on Professional fees.</p> <p>The movement from last month is explained by increased savings on Castle Quay management fees (£0.137m) offset in part by other costs spread over the service area.</p> <p>£0.261m of budget for 'cost of dilapidations work if cannot recharge to outgoing tenants' is proposed to be transferred to reserves at year end to offset anticipated pressures in 2021/22</p>
<p>Procurement</p> <p>Variation £0.090m overspend</p> <p>Variance to last month's forecast £0.00m</p>	<p>The overspend relates to consultant costs.</p>
<p>Law and Governance</p> <p>Variation £0.018m overspend</p> <p>Variance to last month's forecast £0.000m</p>	<p>£0.018m overspend is due to use of agency staff covering vacant posts</p>

Growth and Commercial	The £0.020m underspend is due to a vacant post.
Variation -£0.020m underspend	
Variance to last month's forecast £0.000m	
Regulatory Services	Regulatory Services and Community Safety are forecasting an underspend of £0.100m made up of £0.025m underspend on vacant posts, £0.040m higher than forecast income and cost recovery for some discretionary services and £0.035m on reduced spending on contractor costs.
Variation -£0.100m underspend	
Variance to last month's forecast -£0.025m	

## **Executive Matters**

Executive Matters predicts an underspend of £0.507m against the budget of £2.364m (-21.4%).

Corporate	£0.465m budget is remaining from the original £1.163m being held to cover costs of Leisure Management and will be drawn upon when required to meet the costs relating to Covid-19
Interest	There is an adverse variance of £0.101m due to a further delay in drawing down £4m loan funds, originally expected in October and includes a potential of £0.025m additional interest.
Use of Reserves	There is a £0.143m use of reserves required to balance the budget for 2020/21

## **Income**

Income: £0.518m underspend - The underspend is due to additional Covid related Sales, Fees and Charges loss of income than forecast that CDC has been able to recover.

### 3.23 Capital

Against the budget of £105.956m, there is a forecast in-year underspend of £33.468m, of which £22.291m is anticipated to be reprofiled in future years. There is an overall forecast reduction in the total cost of schemes of £11.177m. A review of the capital programme will be undertaken as part of the budget process to consider what schemes the Council will progress in the future.

**Table 2: Forecast Capital Outturn**

Directorate	Budget £000	Outturn £000	Re- profiled beyond 2020/21 £000	Variance to Budget £000	Prior Month Variance £000
Housing	2,252	1,083	790	(379)	(379)
Comm Dev, Assets & Investments	62,745	46,811	15,137	(797)	(727)
Customers, Org Dev & Resources	4,255	4,146	0	(109)	(109)
Environment and Place	35,987	20,134	6,012	(9,841)	(9,872)
Public Health Wellbeing	717	314	352	(51)	(18)
<b>Total</b>	<b>105,956</b>	<b>72,488</b>	<b>22,291</b>	<b>(11,177)</b>	<b>(11,105)</b>

### 3.24 Current Period Variances

#### Housing:

Housing are forecasting (£0.379m) underspend due to reduced activity in delivering Disabled Facilities Grant works during the pandemic (£0.375m), plus a small projected underspend (£0.004m) against the Civica Arbritas upgrade project.

#### Commercial Development, Assets & Investments:

Property are forecasting (£0.797m) underspend across the various projects, some as a result of the pandemic and others as a result of more effective working. One of the largest savings is the refurbishment of Banbury Health Centre (£0.153m). Due to ongoing discussions with the tenant regarding the extension of the lease, the scope of the project has been affected and as a result the full budget allocation may not be required. The Joint Housing & Asset IT system (£0.100m) has been put on hold due to a possible harmonisation project implementation and this budget may be redeployed to fund the new scheme. A (£0.090m) saving has also been achieved on works relating to the roofing of Ferriston parade due to more efficient delivery of the project, including merging contracts with a similar project (Orchard Exterior Redecoration) resulting in savings on professional fees, preliminaries and more efficient scope for delivering the work. A (£0.070m) saving on the Banbury Museum AHU upgrade has also been achieved because original plans suggested replacement of the plant but on further investigation, this was not

necessary, and refurbishment was carried out. General savings of £0.384m) across the remaining capital schemes.

### **Customers Organisational Development & Resources:**

Human Resources: are forecasting £0.001m overspend for the HR/Payroll system with no more costs expected.

ICT: are forecasting £0.110m underspend £0.100m no longer required for Legacy iworld system migration due to project no longer being required, £0.010 no longer required for Bodicote House meeting room Audio Visual.

### **Environment and Place:**

Growth and Economy Build Phase 1 is reporting unbudgeted spend of £0.094m. Build Phase 1b is forecasting an overspend of £0.145m after reprofiling the remaining budget into 2021/22 to complete the programme. Build Phase 2 as a result of certain schemes no longer progressing or have been pipelined an underspend of (£9.895m) is forecast. The Hill Community centre project is now complete with only retention payments owing of £0.045m. This is an underspend of (£0.184m).

Environmental Services: are forecasting (£0.001m) underspend as a result of energy efficiency projects which were committed in late 2019/20.

### **Public Health & Wellbeing:**

Wellbeing are forecasting a saving of (£0.051m). This is made up of underspends across various projects including North Oxford Academy Facilities Upgrade (£0.026m), an underspend of (£0.008m) against the Sunshine Centre programme for the extension to the front of the site, (£0.015m) underspend against the Corporate Booking System and finally a small saving of (£0.002m) against Community Grants with £0.126m forecast spend.

## **3.25 Re-profile beyond 2020/21**

### **Housing:**

£0.790m Disabled Facilities Grant capital – Covid-19 significantly reduced activity in the first 6 months of the year and despite activity increasing throughout the summer months, due to recent national restrictions the service is once again heavily constrained. As a result, the full allocation will not be spent in this financial year and will be reprofiled into 2021/22.

### **Commercial Development, Assets & Investments:**

The following schemes are expected to slip in part into 2021/22

£0.050m Spiceball Riverbank Reinstatement - works are now part of CQ2 which will take place in 2021/22

£1.949m Castle Quay Shopping Centre - delayed works due to COVID-19

£12.465m Castle Quay Waterside - ongoing scheme over several years

£0.141m Bodicote House Fire Compliance Works - on hold due to project viability

£0.100m Corporate Asbestos Survey - Works progressing and will complete in 2021/22.

Anticipated spend of £0.160m in total releasing a (£0.050m) saving



£0.036m Corporate Fire Risk Assessments - Works progressing but will complete in to 2021/22. Full spend anticipated

£0.147m Works from Compliance Surveys - Works progressing but will complete in to 2021/22. Full spend anticipated.

£0.100m CDC Feasibility of Utilisation of Proper Space - Project on hold

£0.055m Horsefair, Banbury - delayed works on paving outside Horsefair, Banbury Cross due to Covid-19

£0.094m Corporate Asbestos Survey - Works progressing and will compete in 2021/22. Anticipated spend of £0.160m in total releasing a (£0.050m) saving

## **Environment and Place:**

### **Environmental Services**

£0.125m Thorpe Lane Depot Capacity Enhancement - anticipating slippage in to 2021/22 as a result of awaiting approval of other capital schemes.

£0.080m Bicester Country Park – Covid-19 resulted in a delay in the purchasing and progression of the country park, remaining spend to be reprofiled into 2021/22.

£0.304m Vehicle replacement Programme - currently under review, further investigation needed into larger electric vehicles before committing to diesel equivalents. Remaining spend to be reprofiled into 2021/22.

£0.035m Car Park Refurbishments – Covid-19 significantly delayed progression on the installation of pay on exit barriers. Remaining spend will take place in 2021/22.

£0.012m On Street Recycling Bins - purchases are expected in 2020/21 but delivery and installation is anticipated in early 2021/22.

£0.125m Car Park Action Plan - there are no costs anticipated in this financial year but spend is anticipated in 2021/22.

£0.050m Depot Fuel System Renewal - commitments are expected in 2020/21 but installation is anticipated in early 2021/22.

### **Growth and Economy**

£1.726m EWR2 - comprises the introduction of direct passenger and freight services between Oxford/Aylesbury and Milton Keynes/Bedford by reconstructing and upgrading the railway between Bicester-Bletchley-Bedford and Aylesbury-Claydon Junction routes, approval for which was originally agreed in October 2013 of a contribution of £4.35m towards the scheme. It was agreed that this could be paid over a 15 year period.

£0.956m Phase 1b - Bicester Library is in the early stages of development with actual site work commencing early 2021 with likely completion by the end of 2021. Admiral Holland works formally completed end of September 2020 but CDC will have to budget for retention payments due in September 2021 of £0.061m along with £0.006m retention payment owing for Creampot Crescent

£2.500m Garden Town Capital Funding - The funding is for feasibility and design work on three major infrastructure schemes in Bicester. OCC and Graven Hill Development Company are incurring costs on the initial feasibility work. Once the financial agreements are signed, they will

begin invoicing Cherwell for the costs incurred. The majority of the spend will therefore take place in 2021/22 and for a further 2 -3 years.

£0.160m BUILD! Essential Repairs & Improvement (Town Centre Affordable Rent roof repairs) - Loss adjustor negotiations still ongoing but hopeful the repairs are covered by warranty. However, reprofiling of budget in case this is not the case.

### **Public Health & Wellbeing:**

£0.183m North Oxfordshire Academy Astroturf capital scheme - currently under discussion with United learning Trust.

£0.043m Energy Efficiency schemes at leisure centres - there are no costs anticipated in this financial year but spend is anticipated in 2021/22.

£0.084m Bicester Leisure Centre extension capital scheme - spend to date on a feasibility study. Remaining spend will take place in 2021/22.

£0.030m Spiceball Leisure Centre bridge resurfacing capital scheme - No spend is expected this financial year but will take place in 2021/22 on completion of Castle Quay Waterside and reinstatement of the bridge.

£0.012m Physical Activity & Inequalities Insight - evaluation funding for Active Reach project paused due to Covid-19 national restrictions

## Annex

### COVID Funding

#### Specific Funding

Date	Dept.	Grant Name	Schemes	Funding £
March	MHCLG	Business Grants	Main scheme & discretionary scheme - Forecast	27,655,250
March	MHCLG	Hardship Fund	To provide £150 reduction to Council Tax bills for those in receipt of Council Tax Support.	818,000
March		Emergency Response for Rough Sleeper		8,250
July	DEFRA	Emergency Assistance Grant for Food and Essential Supplies	Allocation from OCC	116,326
September		Next Steps Accommodation Programme		120,400
September	DHSC	Test & Trace Isolation Payments	Main scheme	59,500
			Discretionary Scheme	81,500
October	MHCLG	Compliance & Enforcement Fund	£60m national fund of which £30m allocated to district & unitary authorities to spend on C-19 compliance & enforcement activity	65,251
November	MHCLG	Business Support (Additional Restrictions Grant)	£20 per head of population for discretionary business grant scheme – funding for 2020/21 and 2021/22 – including one-off payments	4,347,029

November	MHCLG	Local Restrictions Support Grant (Closed) Addendum - Lockdown 2	Mandatory business grants scheme distributed to business premises forced to close due to lockdown restrictions <ul style="list-style-type: none"> <li>• rateable value £15k or under, grants to be £1,334 per four weeks;</li> <li>• rateable value between £15k-£51k grants to be £2,000 per four weeks;</li> <li>• rateable value £51k or over grants to be £3,000 per four weeks.</li> </ul>	2,664,504
	BEIS	Local Restrictions Support Grant (Closed) Addendum - Lockdown 3	As above	3,996,756
December	MHCLG	New Burdens Grant	Business Rate	11,700
			Council Tax	11,788
December	MHCLG	New Burdens Grant 2	To support making grant payments	58,500
	BEIS	Christmas Support Payment	Wet Led Pubs including off-setting payment	166,400
	BEIS	Local Restrictions (Open)	Discretionary Grant for period 2-18 December 2020 + 20 December - 4 Jan	481,280
	BEIS	Local Restrictions (Closed)	Mandatory business grants scheme for period 2-18 December 2020 + 20Dec - 4 Jan distributed to business premises forced to close Tiers 2 - 4 <ul style="list-style-type: none"> <li>• rateable value £15k or under, grants to be £667 per 2 weeks;</li> <li>• rateable value between £15k-£51k grants to be</li> </ul>	1,001,012

			£1,000 per 2 weeks; •rateable value £51k or over grants to be £1,500 per 2 weeks.	
	BEIS	Closed Business Lockdown - Mandatory Lockdown 3	Funding received TBC One off grants awarded to be RV below £15k: £4,000 RV £15k - £51k: £6,000 RV above £51k: £9,000	7,992,000
	OCC	Winter Support	From OCC	59,004
	OCC	COMF (Control Outbreak Management Fund)	To fund ongoing public health and outbreak management costs	912,000
<b>TOTAL</b>				<b>50,626,450</b>

## General Funding

Description	£
Tranche 1	67,257
Tranche 2	1,459,014
Tranche 3	229,391
Tranche 4	316,992
Total	2,072,654
Forecast Sales, Fees & Charges compensation	1,621,000
<b>Total General Grant Funding</b>	<b>3,693,654</b>

## **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 for the first quarter of this financial year 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 2020-21 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 3.16 to 3.25 of this report.

Comments checked by:

Lorna Baxter, Executive Director Finance, 07393 001218, [Lorna.Baxter@cherwell-dc.gov.uk](mailto:Lorna.Baxter@cherwell-dc.gov.uk)

### **Legal Implications**

7.2 There are no legal implications from this report.

Comments checked by:

Sukdave Ghuman, Head of Legal and Deputy Monitoring Officer, [Sukdave.Ghuman@cherwell-dc.gov.uk](mailto:Sukdave.Ghuman@cherwell-dc.gov.uk)

### **Risk Implications**

7.3 This report contains a full update with regards to the Council's risk position at the end of January 2021. 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](mailto:Celia.prado-teeling@cherwell-dc.gov.uk)

## **8.0 Decision Information**

**Key Decision** (Executive reports only; state N/A if not Executive report)

Financial Threshold Met: No

Community Impact Threshold Met: No

**Wards Affected**

All

**Links to Corporate Plan and Policy Framework**

All

**Lead Councillor**

Councillor Richard Mould – Lead member for Performance Management

Councillor Tony Ilott – Lead member for Finance and Governance

**Document Information**

**Appendix number and title**

Appendix 1 Leadership Risk Register

**Background papers**

None

**Report Author and contact details**

Louise Tustian – Head of Insight and Corporate Programmes

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Appendix 3 – Leadership Risk Register as at 17/02/2021

Level of risk	How the risk should be managed
<b>High Risk</b> (16-25)	<b>Requires active management</b> to manage down and maintain the exposure at an acceptable level. Escalate upwards.
<b>Medium Risk</b> (10 -15)	<b>Contingency Plans</b> - a robust contingency plan may suffice together with early warning mechanisms to detect any deviation from the profile.
<b>Low Risk</b> (1 – 9)	<b>Good Housekeeping</b> - 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	5 - Catastrophic			L09		
	4 - Major			L04, L07, L11, L1, L21 & L22	L01,L17, L19 & L20	
	3 - Moderate		L16	L02, L05, L14,L15 & L18	L08	
	2 - Minor				L10	
	1 - Insignificant					

Risk Definition	
<b>Leadership</b>	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
<b>Operational</b>	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				
2020/21						Fully effective Partially effective Not effective											
L01 -	<b>Financial resilience –</b> 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	Lorna Baxter	Michael Furness	4	4	16	Review of workload and capacity across the team. Interim Capital Accountant post recruited to. Interim Accountant recruited and beginning process of permanent recruitment. 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. Looking to recruit to a further interim accountant post to support with the new business grant schemes that have been introduced as a result of lockdown restrictions.	Maintaining focus in this area with ongoing review, staff and member training and awareness raising. Moving to a risk based approach to budget monitoring in order to address workload issues and vacancies in the team, as well as exploring joint working opportunities with OCC New interim capital accountant started phased introduction in November and begins full time in December. New interim Accountant began in November to bring capacity to assist with anticipated additional test and trace and business grants workload	Risk reviewed - 10/02/21 - 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.	Investment options considered as and when they arise, MTF5 and budget setting being developed to enhance the scrutiny and quality of investments.		
	Increased volatility and inability to manage and respond to changes in funding levels	Highly professional, competent, qualified staff				Partially								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.	Financial System Solution Project continuing to consider future finance system options, incorporating budget management via Lean, extension of Civica and new procurement.		
	Reduced financial returns (or losses) on investments/assets	Good networks established locally, regionally and nationally				Fully								Asset Management Strategy being reviewed and refreshed.	Review underway		
	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.	Review in hand.		
	Inability to deliver commercial objectives (increased income)	Members aware and are briefed regularly				Fully								Finance support and engagement with programme management processes continuing.	Finance business partners involved with reflection locally on outcomes.		
	Poor customer service and satisfaction	Participate in Oxfordshire Treasurers' Association's work streams				Fully								Further integration and development of Performance, Finance and Risk reporting.	Integrated reporting has been embedded		
	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.	Engagement with a number of national and regional networks to ensure we are as up-to-date as we can be in relation to potential funding changes from 2020/21 and impact on our		
	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.	Regular training will be undertaken.		
	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. 2021/22 Budget Consultation will begin on 8 December. BPC will consider the revenue budget pressures and savings proposals on 15 December 2020.	Budget setting for 2020/21 underway.-Budget and Business Planning Process Report considered by BPC on 29 September and Executive on 5 October.		
		Regular financial and performance monitoring in place				Fully								Regular utilisation of advisors as appropriate.	Review of borrowing approach being considered alongside our financial advisors.		
		Independent third party advisers in place				Fully								Internal Audits being undertaken for core financial activity and capital as well as service activity.	Regular reporting of progress on internal audits considered by the committee.		
		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.	Medium/long term position assessed as significantly worse, increasing risk alongside the capacity needed to work on activity to reduce spending levels. The ongoing impact of Covid on business rates and council tax income will be carefully monitored. When the Spending Review is announced this will be analysed to assess what implications this may have for the Council.		
		Property portfolio income monitored through financial management arrangements on a regular basis	Partially		Financial forecasts of resources for 2021/22 have assumed a reduction in resources that will be available from business rates compared to February 2020 assumptions. The budget consultation identifies possible savings proposals to mitigate this. If resources fell significantly below the 2021/22 forecast level then a review of which reserves could be made available to mitigate this would be required (e.g. due to greater ongoing impact of Covid-19 or due to further economic shocks in the short-term). A similar approach to reviewing reserve availability could be adopted if the cost of goods we purchase were to increase.	The impact of Covid19 has changed the financial outlook for the Council, with regular updates helping to outline the impact on the Council both in the short, medium and longer term. The Council currently anticipates a significant, short, medium and long term funding shortfall in overall terms. Set alongside the anticipated funding reductions due to start from 2021-22 the financial resilience of the Council could be severely impacted. The Council agreed a revised budget for 2020/21 to address the short term impacts of Covid-19 and provided its Budget and Business Planning Process 2021/22 - 2025/26 report to Executive on 5 October 2020. Chancellor's Spending Review confirmed the delay of the business rates reset. Only a 1 year SR so no additional certainty of funding and any additional Covid related funding is likely to be for one year only. Provisional local government finance settlement has announced some one-off funding to support local government in 2021/22.											
		Asset Management Strategy in place and embedded. Transformation Programme in place to deliver efficiencies and increased income in the future	Partially Fully		A business rates reset is assumed from 2022/23 which will significantly reduce the resources available to the Council. Should resources from business rates fall much below this (e.g. due to any further ongoing impacts to the economy) then resources would be supplemented by a "safety net" payment from the Government under the current regime. The budget process for 2022/23 will need to begin shortly after setting the 2021/22 budget to identify further savings necessary to operate within this level of resources.												

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2020/21																	
L02 -	<b>Statutory functions –</b> 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	Anita Bradley	Sukdave Ghuman	3	3	9	↔	Establish corporate repository and accountability for policy/legislative changes.	Corporate Performance framework for 2020-21 to be agreed.  Review of Leadership Risk Register and Risk Strategy for 2021-22 in progress.  Planning for statutory changes resulting from EU transition. Legal advice provided upon emerging issues. Following withdrawal from EU, development in legislation is closely monitored and implemented e.g. subsidy control being reviewed (formally state aid regime).  Opportunities for joint working with OCC being explored for Legal, Finance and Strategic Capability (corporate services).	Risk reviewed 17/02/21 - Risk owner, mitigating actions and comments updated
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 (template in place)										
		Internal Audit Plan risk based to provide necessary assurances				Partially	New legislation and Government guidance in response to COVID19 will assist service adjustment.										
		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	Learning and development opportunities identified and promoted by the Chief Executive.										
Inability to deliver council's plans		Arrangements in place to source appropriate interim resource if needed				Fully	Regular communications from Chief Executive. Quarterly staff briefings from Assistant Directors.										
Inability to realise commercial opportunities or efficiencies		Ongoing programme of internal communication				Fully	External support secured for key corporate projects including CDC/OCC joint working, Growth Deal and IT Transformation Programme.										
Reduced resilience and business continuity		Programme Boards in place to oversee key corporate projects and ensure resources are allocated as required.				Fully											
Reduced staff morale, increased workload and uncertainty may lead to loss of good people		CDC Extended Leadership Team (ELT) Meetings established to oversee and provide assurance on key organisational matters including resourcing.				Partially											
	Partnership Working Group established with OCC to oversee joint working opportunities.	Partially															

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L04 -	<b>CDC Local Plan</b> - 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.				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	Partially							Regular review meetings on progress and critical path review. Regular Corporate Director and Lead Member briefings. 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 Local Development Scheme (LDS) was updated in March 2020. 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 Levy (CIL). The Partial Review of the Local Plan was adopted by Council on 7 Sept. An issues consultation for the Local Plan Review was completed on 14 Sept in accordance with the LDS timetable. Re-starting work on the Canalside SPD has been delayed and the timetable for the Oxon Plan process is outside the Council's direct control. Work on the Local Plan Review is continuing but the precise timetable is under review. Potential national changes to the planning system may affect how plans are prepared. They may also influence a decision on whether or not to proceed with work on CIL. The 2020 Annual Monitoring Report has been published.	Risk reviewed 09/02/2021 - No changes.	
	Negative (or failure to optimise) economic, social, community and environmental gain		4	4	16	Team capacity and capability kept under continual review with gaps and pressures identified and managed at the earliest opportunity.	Partially	Councillor Colin Clarke	Jane Portman	David Peckford	3	4	12	↔	Regular Corporate Director and Lead Member briefings		
	Negative impact on the council's ability to deliver its strategic objectives, including its commitments within the Oxfordshire Housing & Growth Deal					Some additional resource budgeted for 20/21.	Partially							LDS updated as required with programme management approach adopted to ensure progress against plan			
	Increased costs in planning appeals					Delegations to Chief Exec agreed to ensure timely decisions	Fully							LDS timeline built into Directorate level objectives (e.g. via Service Plans) and incorporated into SMART targets within staff appraisals.			
	Reputational damage with investor community of Cherwell as a good place to do business created by uncertainty/ lack of					On-going review of planning appeal decisions to assess robustness and relevance of Local Plan policies	Partially							Authority Monitoring Reports continue to be prepared on a regular annual basis.			
L05 -	<b>Business Continuity</b> - 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				Business continuity strategy in place	Fully							Business Continuity Statement of Intent and Framework agreed by CEDR	Business continuity status reports being collated and reviewed weekly in view of increased infection rates and new national restrictions. Staff reassignment process re-established to provide rapid response where demands or absences may result in critical service failure. Previous reporting demonstrated that the council could continue to provide critical services throughout the first lockdown period. Remote working enables most teams to work effectively from home and sustain services whilst also avoid unnecessary social contacts. The EU Exit deal reduced potential impacts of EU Exit on service delivery and no impacts have been identified. A new incident management framework is in development.	Risk Reviewed 9/02/2021 - Mitigating actions and comments updated	
	Financial loss		4	4	16	Services prioritised and recovery plans reflect the requirements of critical services	Fully	Councillor Andrew McHugh	Rob MacDougall	Richard Webb	3	3	9	↔	Cross-council BC Steering Group meets regularly to identify BC improvements needed		
	Loss of important data					ICT disaster recovery arrangements in place	Fully							ICT transition to data centre and cloud services have reduced likelihood of ICT loss and data loss			
	Inability to recover sufficiently to restore non-critical services before they become critical					Incident management team identified in Business Continuity Strategy	Partially							Corporate ownership and governance sits at senior officer level			
	Loss of reputation					All services undertake annual business impact assessments and update plans	Fully							BC Impact assessments and BCPs in place for all teams and peer reviewed by OCC's Emergency Planning team			
						Business Continuity Plans tested	Partially							Progress report was provided to CEDR in March 2019 BC assurance framework under development			
														Updated Incident management framework in development			

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L07 -	<b>Emergency Planning (EP)</b> - 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	4	4	16	Key contact lists updated monthly.	Fully effective	Councillor Andrew McHugh	Rob MacDougall	Richard Webb	3	4	12	↔	Emergency plan contacts list being updated monthly and reissued to all duty managers.	The Emergency Plans which were enacted and command structures established with partner organisations to support the response to the Covid-19 pandemic are still in place and operating now new national restrictions have been implemented. Recovery work continues. Partners are liaising with organisers of events to ensure they have robust infection management arrangements in place and that there is awareness of all the events being planned. The council is maintaining its duty director rota for any other emergency incidents that might arise and the emergency contact numbers have been tested. Contact arrangements for out of hours incidents have been reviewed following recent isolated flooding as a result of high levels of rainfall. The end of EU Exit transition did not result in any new emergency incidents locally. A new incident management plan is being developed to align the council's response arrangements more closely to the county councils.	Risk Reviewed 09/02/2021 - Comments amended.
Unnecessary hardship to residents and/or communities	Emergency Planning Lead Officer defined with responsibility to review, test and exercise plan and to establish, monitor and ensure all elements are covered	Partially effective				OCC Emergency Planning providing expert advice and support under a partnership arrangement. Accountability for both OCC and CDC's arrangements now sit with the Chief Fire Officer who reviews the arrangements with the Assistant Director.											
Risk to human welfare and the environment	Added resilience from cover between shared Environmental Health and Community Safety Teams as officers with appropriate skill	Fully effective				Supporting officers for incident response identified in the emergency plan and wallet guide											
Legal challenge	Senior management attend Civil Emergency training	Fully effective				Refreshed incident management plan under development to align with OCC											
Potential financial loss through compensation claims	Multi agency emergency exercises conducted to ensure readiness	Partially effective				Senior managers have attended multi-agency exercises and duty manager training with OCC senior managers.											
Ineffective Cat 1 partnership relationships	On-call rota established for Duty Emergency Response Co-ordinators	Fully effective				On-call rota being maintained											
	Active participation in Local Resilience Forum (LRF) activities	Fully effective	Authority represented at the Local Resilience Forum														

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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	Health & Safety Corporate HS&W Policy and Corporate Arrangements & guidance in place as part of the HSE's recommended Management System HSG 65. Organisations have a legal duty to put in place suitable arrangements to manage health & safety.	Partially	Councillor Lynn Pratt	Yvonne Rees	Ceri Harris	3	4	12	↔	A new Corporate Health, Safety and Wellbeing Policy was ratified BPM meeting on 17th June 2020. 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.	Risk reviewed 09/02/21 - Mitigating actions updated
	Criminal prosecution for failings	Clearly identified accountability and responsibilities for Health and Safety established at all levels throughout the organisation				Fully	Following the ratification of the 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. Following the departure of the Interim Director of Finance/ Health and Safety Champion and the appointment of Corporate Director – Commercial Development, Assets and Investment who has become the Corporate Health and Safety Champion, the Corporate Health and Safety Policy has now been reviewed and updated and is awaiting ratification by CEDR.								Corporate Health and Safety Team to ensure all departments to responds 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.		
	Financial loss due to compensation claims	Corporate H&S Manager and H&S Officer in post to formalise the H&S Management				Fully	As Health and Safety Officers are in place no further action is required and risk mitigated.								These two posts are established posts and budgeted accordingly to secure future funding for continuity.		
	Enforcement action – cost of regulator (HSE) time	Proactive monitoring of Health & Safety performance management internally				Fully	A 2-year internal Health and Safety Audit programme is in place covering the period until May 2021. The health and safety internal audit programme covers all elements of our overall H&S management system to ensure compliance with legislative standards. The full programme of audits was temporarily on hold due to the Coronavirus Lockdown, however health and safety checks on the front line operations of Environmental Services and workplace inspections have now recommenced.								The H&S team are conducting health and safety inspections internally across all services and teams. To date a total of 9 audits have been carried out across the Council however, the audits are currently on hold due to Corona Virus. The audit reports have been provided to the relevant service managers, including recommendations, advise and timescales for remediation.		
	Increased agency costs	Effective induction and training regime in place for all staff				Partially	Implementation of a new e-learning package has commenced. Modules have been assigned to staff based on their positions. Deadline for completion of these modules was January 2020. Modules include training on Health and Safety, DSE, Manual Handling, Lone working etc.										
	Reduction in capacity impacts service delivery	Positive Health & Safety risk aware culture				Partially	Good awareness in higher risk areas of the business, e.g. Environmental Services. However other areas need improved awareness of risk assessment process. This needs to be achieved by a review of training needs across CDC and the mandatory training of managers on risk assessment. Property team have undertaken a review of CDC owned operational properties to ensure health and safety compliance is fully maintained in line with the legislative compliance requirements.								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.		
	Reputational Impact	Corporate Health & Safety meeting structure in place for co-ordination and consultation				Partially	Currently the Council has no formal committee structure in place for the consultation of health safety with staff.								A proposal for the formation of a Health and Safety Committee to report to the ELT will be submitted to ELT once stability has been achieved following COVID 19. The purpose 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.		
		Corporate body & Member overview of Health & Safety performance				Fully	Quarterly reporting to ELT and to the Portfolio Holder by the Corporate Health and Safety Manager								Reporting dates have been agreed and adhered to.		
		Assurance that third party organisations subscribe to and follow Council Health & Safety guidelines and are performance managed where required	Fully	Robust procurement process that requires health and safety documentation and commitment to be proven prior to engagement of contractors.	Corporate Health and Safety has scheduled to undertake a review of Procurement process to ensure compliance.												



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L10 -	<b>Safeguarding the vulnerable (adults and children)</b> - Failure to follow our policies and procedures in relation to and service delivery that 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  Community Safety Partnership reflect the actions needed to reduce exploitation  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	Fully effective Partially effective Not effective  Fully  Fully  Fully  Fully  Partially  Fully  Fully  Fully	Councillor Barry Wood	Ansaf Azhar	Nicola Riley	2	4	8	↔	Ongoing internal awareness campaigns  Ongoing external awareness campaigns  Annual refresher and new training programmes including training for new members  Attendance at safeguarding boards and participation in learning events  Continue to attend safeguarding board sub groups as necessary to maintain high levels of awareness within the system and compliance with latest practice  Continue to support work across the district regarding exploitation through slavery, county lines, domestic violence  Regular internal cross departmental meetings to discuss safeguarding practice  Action plan acted upon and shared with Overview and scrutiny committee once a year	The new Safeguarding Officer is working closely with HR colleagues to ensure that training and recording are up to date and generally processes are understood and being applied. Higher levels of exploitation concerns have been recorded through the pandemic to date and multi agency work continues in order to contain impacts.	Risk Reviewed 03/02/2021 Minor updates to reflect working practices. No change in risk categorisations
L11 -	<b>Sustainability of Council owned companies and delivery of planned financial and other objectives</b> - 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	Steve Jorden	Jonathan MacWilliam	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.	COVID-19 impact and resulting operational environment impacting all three companies .  CSN continue to handle increased demands through various grant schemes and increased benefit enquiries  Gravenhill resumed development within the current restrictions. Looking at schemes to assist buyers.  Occupation of Crown House continues with letting agents active in the market.	Risk reviewed 08/02/21 Comments updated



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L12 -	<b>Financial sustainability of third-party suppliers including contractors and other partners</b> Supply chain management ensuring effective delivery through the supply chain	The financial failure of a third party supplier or partner results in the inability or reduced ability to deliver a service to customers. A reduced supply market could also result in increased costs due to the council's; loss of competitive advantage.  Reduced resilience and business continuity  Reduced staff morale, increased workload and uncertainty may lead to loss of good  Opportunities for joint working with OCC take longer to develop than planned delaying potential service improvements for residents and communities.  Northamptonshire re-organisation impacts on services being delivered to SNC from CDC, impacting on the quality of services delivered to residents and communities.	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  Programme Board and Project Team established to deliver separation.  S113 agreement in place with Oxfordshire County Council  Partnership Working Group established with OCC to oversee the development of joint working proposals.  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.  Regular review and sharing of partnership activity / engagement at senior officer meetings.	Partially  Partially  Partially  Fully  Fully  Fully  Partially  Partially	Councillor Tony Illot	Steve Jordan	Jeremy Richards	3	4	12	↔	Service areas to hold meetings as required with suppliers to review higher risk areas and ensure risks are being managed. Reminders to be sent to all who have Procurement/Contract Management responsibility to regularly meet with key suppliers and partners to gain early understanding of the effects a second wave of COVID-19, and lockdown, would have on supply.  The Procurement Team is now providing ELT members and identified Contract Mangers a monthly update of all suppliers with spend above £25k c/w a credit risk rating score to enable contract managers to manage any identified risks, with support from the Procurement Team. Furthermore, as a result of Covid-19 the likelihood of this risk is deemed to have increased and thus the procurement and finance team now hold a weekly joint meeting to consider funding solutions to support At Risk Suppliers in accordance with the national guidance note PPN04/20.  Legal advice sought with regards to the employment implications of re-organisation and separation proposals.  Separation tracker and risk register to be circulated at all senior management meetings.  Collaboration Agreement to underpin joint working with SNC following the end of the s113 in place.	Council departments monitor suppliers financial stability as part of their contract management responsibilities. In addition, through collaboration with Oxfordshire CC, a joint Provision Hub has been established, and went live 04.01.2021 and has put in place greater commercial skills and controls across the two authorities. Specifically, a Procurement and Contract Management Intelligence team has been established, and responsibility for financial checks and controls around the supply base will sit within that team. This will result in improved monitoring and management of commercial contract risk across the council's supply chain.  Reviews of service delivery arrangements with SNC to take place between October-December 2019.  Strategic Capability proposal considered by Partnership Working Group in August.  Proposals for two Joint Corporate Directors between CDC and OCC approved in July.	Risk reviewed 11/02/21 - Comments updated

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L14 -	<b>Corporate Governance</b> - Failure of corporate governance leads to negative impact on service delivery or the implementation of major projects providing value to customers.	<p>Threat to service delivery and performance if good management practices and controls are not adhered to.</p> <p>Risk of ultra vires activity or lack of legal control</p> <p>Risk of fraud or corruption</p> <p>Risk to financial sustainability if lack of governance results in poor investment decisions or budgetary control.</p> <p>Failure of corporate governance in terms of major projects, budgets or council owned companies impacts upon financial sustainability of the councils.</p> <p>Inability to support Council's democratic functions / obligations (e.g. remote public meetings, remote voting).</p> <p>Elements of the COVID-19 response may be compromised, delayed or not taken forwards.</p>	4	4	16	<p>Clear and robust control framework including: constitution, scheme of delegation, ethical walls policy etc.</p> <p>Clear accountability and resource for corporate governance (including the shareholder role).</p> <p>Integrated budget, performance and risk reporting framework.</p> <p>Corporate programme office and project management framework. Includes project and programme governance.</p> <p>Internal audit programme aligned to leadership risk register.</p> <p>Training and development resource targeted to address priority issues; examples include GDPR, safeguarding etc.</p> <p>HR policy framework.</p> <p>Annual governance statement process under way for 2020/21 under oversight of the Corporate Governance Assurance Group (CGAG) for Cherwell and Oxon. The Group is taking an aligned approach (with Oxon CC) to working up a revised and complementary Annual Governance Statement which also</p> <p>Joint Corporate Governance Assurance Group (CGAG) for Cherwell and Oxon is working up a revised and complementary Annual Governance Statement process for 2020/21, which also connects more fully and earlier with ELT and CEDR.</p> <p>CGAG also mapping respective (CDC/Oxon CC) governance processes to achieve alignment and efficiency where appropriate. Annual Review of the Constitution will take place each Autumn led by the Overview &amp; Scrutiny Committee and approved by Full Council</p>	Partially Partially Partially Partially Partially Partially Partially	Councillor Barry Wood	Yvonne Rees	Anita Bradley	3	3	9	↔	<p>Standing item at senior officer meetings – regular review of risk and control measures.</p> <p>Monitoring Officer to attend management team meetings.</p> <p>Annual Governance Statement process under review (reviewing previous actions and identifying new) and draft Corporate Lead Statements which identify potential actions for 2020/21 are being produced for review by the Corporate Governance Assurance Group - on schedule. Corporate Governance Assurance Group mapping governance processes to ensure visibility and refresh.</p>	<p>In January 2019, Council agreed to enter into a Compromise Agreement with South Northants DC to ensure the continuation of key aspects of service delivery that required ongoing joint working (following the ending of the partnership S113 Agreement).</p> <p>Monitoring Officer undertook a focused Constitution review during the Autumn, closely with members. Changes were agreed and being implemented, particularly to Meeting Procedure Rules. Full Council also agreed to an Annual Review of the Constitution each Autumn, led by the Overview and Scrutiny Committee with Full Council receiving a report for decision</p> <p>Model Code of Conduct has been published by LGA and all Oxon Council Monitoring Officers have met to give initial consideration. Agreed that Oxon authorities ideally wish to adopt a consistent Code across the county, and across all tiers. As such, working plan is for Monitoring Officers to achieve a draft to take through each Council post-election with a view to implementation by May 2022.</p>	Risk reviewed 04/02/21- Comments updated
L15 -	<b>L15 Oxfordshire Growth Deal - (contract with HMG)</b>	<p>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.</p> <p>Infrastructure milestone delivery late (for infrastructure linked to accelerated housing)</p> <p>Accelerated housing numbers delivered late, outside of the programme time scale</p> <p>Delivery of Infrastructure projects fail to accelerate housing delivery as commercial pressures impact house builders</p> <p>Delivery of affordable houses below programme targets as GD contributions insufficient to attract sufficient builders/ registered providers</p> <p>Oxfordshire Plan delivered late</p>	4	5	20	<p>Established programme structure and partnership ethos to support effective programme delivery.</p> <p>Engagement with housing developers to understand their commercial constraints.</p> <p>Engage with developers to ascertain which sites would benefit most from infrastructure delivery.</p> <p>Identify potential "top up" schemes to supplement GD affordable housing scheme.</p> <p>Utilise effective Programme controls to facilitate prompt escalation of issues to enable appropriate decision making and delivery timescale review.</p> <p>Develop Year 4 Plans of Work to detail the expected delivery by CDC for Year 4 of the Growth Deal Programme; building on the experiences and knowledge gained during previous years.</p>	Fully Partially Partially Fully Fully Partially	Councillor Barry Wood	Robert Jolley	Jonathan MacWilliam	3	3	9	↔	<p>A CDC GD programme and programme board capability.</p> <p>Work stream plans of work (work stream brief, schedule, RAID log) .</p> <p>Structured engagement with developers to better understand their needs.</p> <p>Appropriate escalation of issues to agree programme flexibilities where required.</p> <p>Improved collaboration working with partners.</p> <p>Ongoing work with partners to realistically reflect deliverable schemes within programme time frame.</p>	<p>Work progressing to transition from Growth Deal Year 3 to Year 4. Resourcing levels across workstreams and central teams under review to ensure capacity to maintain expected delivery.</p>	Risk reviewed 03/02/2021 - Comments updated

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			Probability	Impact	Rating						Probability	Impact	Rating					
2020/21																		
L16 -	<b>Joint Working</b> That the challenges and risks associated with joint working between Cherwell and OCC, 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 meets quarterly programme management in place.  Partnership Working Group established with OCC to oversee the development of joint working proposals.  Robust programme and project management methodologies in place.  Regular meetings of the OCC Cabinet and CDC Executive in place to oversee development of partnership.	Fully effective Partially effective Not effective Fully					2	3	6	↔	Regular reporting on joint working proposals to the senior management team. HR policies in place to enable joint working proposals to be delivered	The appointment process for the joint Corporate Director Environment and Place has been completed with the post holder starting in March 20201.  The Audit plan for 2021 will ensure joint working arrangements are included. Plans are in place to consider further opportunities for joint working and these are reported to the Partnership Working Group. The Joint MO and Director for Law and Governance has commenced in role.	Risk reviewed – 12/01/21 Mitigating actions and comments updated, risk rating remains unchanged.
L17 -	<b>Separation</b> 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. Specific impacts on Revenues & Benefits and IT services which are the only remaining shared services.  Services being delivered to SNC are impacted by re-organisation in Northamptonshire, impacting on the quality of services delivered to residents	4	4	16	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. Currently SNC are not able to confirm end date or transitional arrangements for these shared services going into West Northamptonshire Unitary. This created a level of uncertainty for Cherwell, plans are being prepared for separation on the assumption that West Northants will seek to deliver their own IT, Revs and benefits services. Legal advice has been sought with regards to governance and technical advice has been sought regarding technology. CEDR level shareholder and governance roles clarified with regards to shared services delivery company CSN.  Robust programme and project management frameworks in place.	Partially effective Fully					4	4	16	↔	Regular reporting on joint working proposals to the senior management team and briefings to Executive BPM.	The majority of services have now separated or been moved into a new service delivery arrangement. Although Customer Services has now been successfully separated, there is a lack of clarity with regards to CSN and IT in the transition into the unitary. Plans are being prepared to ensure both areas are ready to separate in line with unitary deadlines. Work has begun to explore the impact of local government reorganisation on the jointly owned arm's length company that delivers revenues and benefits services. This will require additional resource and oversight if a decision to separate is taken. A proposal to separate IT as SNC transitions into West Northants has been agreed by SNC but West Northants has not yet engaged. There is a risk that prolonged delay will prevent CDC working with OCC on future proposals. Work is ongoing to ensure the proposal is progressed. West Northants Council have still not yet set out any long term vision for the delivery of revenues and benefits and therefore their aspirations for CSN. Whilst we have governance arrangements and contracts in place to oversee the delivery of the service the uncertainty associated with the current situation can only be partially managed, hence the unmitigated score of 16. With regards to IT a fully worked up proposal has been developed to ensure SNC ICT can be migrated to the new unitary. This approach has been externally validated. CDC remains a positive partner to SNC with regards to ICT and is pressing for a clear timeframe to ensure separation is smooth and delivered during 2021. Without a clear agreement as to timeframes there remains a risk that CDC will be required to support SNC's ICT migration which could prevent closer joint working with OCC. However, there is not a greater risk posed to SNC business continuity, revenue or operational delivery.	Risk reviewed – 09/02/21 risk rating remains heightened and unchanged. Controls and mitigating actions updated. Commentary updated
L18 -	<b>Workforce Strategy</b> 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 Ongoing service redesign will set out long term service requirements	Partially effective Fully Fully Partially					3	3	9	↔	Development of relevant workforce plans. IT has build a new reporting system with a RAG rating to update each area indicating and/or forecasting significant staff pressures when they happen due to COVID-19. This data is monitored weekly at Silver. HR monitors and report sickness absence data on a weekly basis.  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. The ability to interrogate and access key data (ongoing) in order to inform workforce strategies.	Training on workforce planning for the HR team planned to start across both CDC and OCC during Quarter 4.	Risk reviewed 10/02/2021 - 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				
2020/21																	
L19 -	<p><b>Covid-19 Community and Customers</b></p> <p>Significant spread of the Covid-19 virus results in potential impacts in terms of customers and communities. Including community resilience, ability to access services, consequences of prolonged social distancing or isolation, economic impacts to business, including but not limited to the visitor economy.</p>	<p>Possible reductions in frontline service delivery, events, meetings and customer contact.</p> <p>Economic hardship impacting local business and potentially the local workforce.</p> <p>Impact on vulnerable residents who may find it harder to access services.</p> <p>Increased demand on both frontline and enabling services.</p> <p>Prolonged risk of social isolation and the mental and physical consequence thereof.</p>	5	4	20	<p>Business Continuity Plans have been reviewed and tested to ensure the ongoing delivery of priority services.</p> <p>Remote (home based) working in place, to facilitate self isolation and limit impact on service delivery.</p> <p>Communications stepped up, to support remote working, reinforce national guidelines and set out the current organisational response.</p> <p>Regular updates from Director of Public Health, shared internally and externally. Partnership communications. Partnership communications enhanced and regular conversations convened.</p> <p>Regular teleconference with local councils and emergency services discussing updates, concerns and best practice. (in-line with usual business continuity and emergency planning protocols). Mutual aid where appropriate with regional Thames Valley partners enable a tactical response to community resilience.</p> <p>Tactical response to community resilience.</p> <p>Creation of a dedicated telephony helpline to support the most clinically extremely vulnerable (shielded) residents in the county and operating extended hours each day.</p> <p>Provision of additional body storage as temporary place of rest to support the current mortuary provision.</p> <p>Face to face customer events e.g. wedding ceremony, library provision ceased in line with government guidance.</p> <p>Engagement with suppliers to manage impacts across the supply chain.</p>	Fully Partially Fully Partially Fully Fully Fully Fully Partially	Councillor Barry Wood	Yvonne Rees	Rob MacDougall	4	4	16	↔	<p>Ongoing review and implementation of Council and partnership business continuity and emergency planning arrangements.</p> <p>COVID19 security on building in place to support the restart of services and this is being coordinated by the Organisational Recovery Steering Group and CEDR</p> <p>An urgent review of business continuity plans has taken place to adjust for COVID19 disruption and impacts of the 2nd wave of infection.</p> <p>Outbreak planning and Standard Operating Procedures completed and table top exercising has been completed and the learning has been incorporated into plans.</p>	<p>The nature of the risk is such that national public health guidelines will determine the councils' response. The councils will enact any support schemes as set out by national government as they emerge.</p> <p>Oxfordshire Health Protection Board is operating effectively and the Council has set up Command and Control structures to response to the 2nd wave of the pandemic.</p> <p>National and local rise in cases linked to new variant, critical services will continue to be delivered.</p> <p>Community Testing is being implement and will be available for all staff as part of a phased approach.</p>	Risk reviewed 04/02/21 - Comments 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				
2020/21																	
L20 -	<p><b>Covid-19 Business Continuity</b> Significant staff absence due to the Covid-19 virus results in potential impacts on frontline service delivery and the ability to run the councils' business on a day to day basis.</p> <p>Possible reductions in frontline service delivery, events, meetings and customer contact.</p> <p>Potential confusion amongst staff with regards to how to plan and respond to reduced service availability, professional support and maintain business as usual.</p> <p>Requirement to reprioritise service delivery.</p> <p>Requirement to offer mutual aid to partner organisations.</p> <p>Potential impact in the medium to long term resilience of staff may result in wider wellbeing issues.</p>	<p>Possible reductions in frontline service delivery, events, meetings and customer contact.</p> <p>Potential confusion amongst staff with regards to how to plan and respond to reduced service availability, professional support and maintain business as usual.</p> <p>Requirement to reprioritise service delivery.</p> <p>Requirement to offer mutual aid to partner organisations.</p> <p>Potential impact in the medium to long term resilience of staff may result in wider wellbeing issues.</p>	5	4	20	<p>Business Continuity Plans have been reviewed and tested.</p> <p>Guidance has been prepared for managers to support agile working. A survey is taking place to ensure we are meeting remote working needs, facilities management are working to create covid compliant work spaces.</p> <p>Remote working in place.</p> <p>Staff communications stepped up, to support remote working, reinforce national guidelines and set out the current organisational response.</p> <p>Regular updates from Director of Public Health, shared internally and externally.</p> <p>Regular teleconference with local councils and emergency services discussing updates, concerns and best practice. (in-line with usual business continuity and emergency planning protocols).</p> <p>Regular communication messages following Public Health advice.</p> <p>Sanitisers in washrooms.</p> <p>Agile working being tested further across services, ensuring equipment and access is in place.</p> <p>Posters around the offices encouraging regular hand washing. Hand sanitisers available in washrooms and shared spaces.</p>	<p>Fully effective</p> <p>Partially effective</p> <p>Not effective</p> <p>Fully</p> <p>Partially</p> <p>Fully</p> <p>Fully</p> <p>Fully</p> <p>Partially</p> <p>Fully</p> <p>Fully</p>	Councillor Barry Wood	Yvonne Rees	Claire Taylor	4	4	16	↔	<p>Ongoing review and implementation of Council and partnership business continuity and emergency planning arrangements. Full health, safety and HR response in place. IT remote working arrangements are sustainable.</p>	<p>The nature of the risk is such that national public health guidelines will determine the councils' response. Progress establishing the local outbreak plans and the Health Protection Board support mitigation of risk. Requirements of national lockdown arrangements are in place. Staffing absence is monitored weekly. Risk heightened due to increased incidence of Covid-19 in the district</p>	<p>Risk reviewed – 09/02/21 risk heightened due to rising rates of Covid infection locally. Whilst workforce incidence remains low, the impact of lockdown and home schooling requires flexibility within the workforce and with regards to service operations. Following review and the ongoing lockdown there remains no change to this risk.</p>

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				
2020/21																	
L21-	Post Covid-19 Recovery - challenges associated with adverse impact on customers, our workforce and the budget.	Long term response to the current covid-19 pandemic				Work underway, a governance programme is currently under development. Executive has agreed a recovery strategy working is underway to transition from an emergency planning environment to recovering environment.	Partially							Governance programme to be shared and implemented.	Work is ongoing to support recovery from Covid, necessarily focused on support for voluntary groups and implementing the various grants and support arrangements available.	09/02/21 - Risk reviewed and comments updated	
	Requirement to review service delivery		4	4	16	Working through a new corporate programme underpinned by policy research.	Partially	Councillor Barry Wood	Yvonne Rees	Claire Taylor	4	3	12	↔	CEDR and ELT working towards new corporate programme liaising with Insight and policy support.	Work is underway in partnership with Oxfordshire County Council to explore the role economic development will take in supporting the recovery and proposals are under development.	
	Budget implications					In year Budget will be considered by Executive in August to ensure the Council remains in a financially sustainable position in year.	Partially							In year budget on track.	The COMF (contain outbreak management fund) allocation to Cherwell has confirmed and plans are under development to ensure effective allocation of this grant to reduce the incidence of COVID in Cherwell and support the community.		
L22	Elections May 2021 – delivery of safe and legally sound elections on 6 May 2021	Non delivery of a legal and transparent election process resulting in legal challenge, undemocratic process and or complaints. Loss of confidence from participants if polling stations and count venue aren't deemed Covid safe, leading to a risk of low voter turnout, problems recruiting staff and compromised engagement from candidates/agents.				Corporate wide approach taken to delivering the election with specialists from service areas supporting different aspects.	Fully	Returning officer						Plan and risk register in place and regularly reviewed Weekly project board meetings chaired by the Returning Officer. polling stations inspected for Covid compliance	All	The Elections Project Board meet weekly to go through issues and agree actions. Key risks are around Covid compliance of polling stations and reluctance of some schools to allowing elections on site. All polling stations are being visited and checked for Covid compliance against Gov guidelines, with appropriate mitigations being put in place. Further risk of insufficient staff to run polling stations and count due to concerns over Covid. Various comms channels being used to appoint sufficient Polling Station staff, including working through the LEP. Discussions taking place about the possibility of putting count staff in bubbles so as to limit impact of any Covid related illness	08/02/21 - New risk proposed
	New councillors not elected		5	4	20	Specific risk register for the election in place and regularly reviewed	Fully		Yvonne Rees	Steve Jorden	3	4	12	New	Election project plan and detailed risk register in place.		
	Legal challenge													Staff working on the election at all levels receive relevant and appropriate training			

#### L04 - Local Plan Risk

The latest Local Development Scheme is that approved by the Executive in March 2020. 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).

##### Partial Review

The Partial Review of the Cherwell Local Plan was adopted by Council on 7 September 2020. It is now part of the statutory development plan.

##### 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 2019. The central Plan team is evidence gathering and preparing 'spatial options' for Plan development. On 24 November 2020, the Oxfordshire Growth Board agreed a further revision to the timetable for completion of the Plan. This allows for public consultation on a formal Options Paper in Summer 2021, consultation on a proposed Plan in Spring 2022, submission for Examination in September 2022 and adoption in 2023. The Plan covers five Local Planning Authority areas, is not under the immediate control of Cherwell officers and can be affected by wider regional influences. There is therefore continuing risk of some delay.

##### Local Plan Review

The timetable for the district-wide Local Plan review in the new Local Development Scheme requires:

- commencement in April 2020
- Consultation on Issues: July-August 2020
- Consultation on Options: February-March 2021
- Consultation on a draft Plan: October-November 2021
- Consultation of a Proposed Submission Plan: July-August 2022
- Submission for Examination: November 2022

An issues consultation was prepared and completed in accordance with the LDS. Work has continued in considering the representations received. However, in view of the delay to the Oxfordshire Plan process, and in light of a necessary internal review of resources and service demands, the precise timetable for the Local Plan is having to be reconsidered. Expected national changes to the planning system could also affect how the plan is completed.

##### Banbury Canalside Supplementary Planning Document

The timetable for the Banbury Canalside SPD as set out in the new Local Development Scheme requires:

- preparation: March-September 2020
- formal consultation: September-October 2020
- adoption: December 2020

Staff resources have been focused on Local Plan work which has led to delay in re-commencing work on the SPD. A corporate review of the work needed for Canalside is also taking place which could affect whether/how the SPD is taken forward.

##### Community Infrastructure Levy (CIL)

The timetable for CIL as set out in the new Local Development Scheme is aligned to Local Plan preparation. It requires:

- re-commencement: March 2021
- focused consultation on a draft charging schedule: October-November 2021
- formal consultation on a draft charging schedule: July-August 2022
- potential (if approved) submission of charging schedule: November 2022

Work on CIL has not yet recommenced due to other priorities. Expected changes to the planning system may affect the decision whether or not to proceed.





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				
LO6	<p><b>Partnering -</b> Financial failure of a public sector partner organisation</p> <p>Failure to build the necessary partnership relationships to deliver our strategic plan.</p> <p>Failure to ensure the necessary governance of third party relationships (Council businesses, partners, suppliers)</p>	Potential reduction in service areas funded by the County Council resulting in an unplanned increase in demand on district functions leading to service difficulties.	4	4	16	Robust governance/contract management framework in place for key third party relationships	Fully effective Partially effective Not effective	Councillor Barry Wood	Graeme Kane	Nicola Riley	4	3	12	↔	Review existing arrangements/ contracts to ensure appropriate governance		29/04/19 - Risk reviewed, CEDR agreed to remove this risk. Elements will be captured as part of L1 & L12.
		Poor service delivery				Training and development of senior officers/members to fulfil their responsibilities with partner organisations	Partially								Standard agenda item at senior officer meetings		
		Inability to deliver council's plans and outcomes for communities				Leader and CEO engaging at National and county level to mitigate impacts of potential service reductions for residents	Partially								Continue Institute of Directors training for Officers and Members		
		Legal challenge				Regular review and sharing of partnership activity/engagement at senior officer meetings	Partially										
		Financial loss															
		Inability to partner in the future Reduced opportunity for inward investment in the future													Ongoing meetings with wider health partners to ensure evidence based approach to investment in Wellbeing Directorate Services		
L13 -	<p><b>CLOSED RISK 18/11/19 - Separation and Joint-Working - Separation of joint services with SNC - and development of joint working partnership with OCC - impacts on the provision of services to residents and communities -</b></p>	Inability to deliver Council priorities and plans, impacting on quality of services delivered to residents and communities.	5	4	20	Agreed programme of separation in place between CDC and SNC	Fully	Councillor Barry Wood	Yvonne Rees	Claire Taylor	4	3	12	↔	Standing item at senior officer meetings - regular review of risk and control measures.	All services have now either been separated or moved into service delivery arrangements with SNC.	Risk reviewed 01/11/19 - Removed
		Reduced resilience and business continuity				Programme Board and Project Team established to deliver separation.	Fully								Legal advice sought with regards to the employment implications of re-organisation and separation proposals.		
		Reduced staff morale, increased workload and uncertainty may lead to loss of good people				S113 agreement in place with Oxfordshire County Council	Fully								Separation tracker and risk register to be circulated at all senior management meetings.		
		Opportunities for joint working with OCC take longer to develop than planned delaying potential service improvements for residents and communities.				Partnership Working Group established with OCC to oversee the development of joint working proposals.	Fully								Collaboration Agreement to underpin joint working with SNC following the end of the s113 in place.		
		Northamptonshire re-organisation impacts on services being delivered to SNC from CDC, impacting on the quality of services delivered to residents and communities.				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.	Partially										
						Regular review and sharing of partnership activity / engagement at senior officer meetings	Partially										
L03 -	<p><b>CLOSED RISK</b> <b>Operational Capacity</b> Ability to deliver Council plans and services impacted by increased workload and reduced capacity/resilience following end of joint working arrangements with Northamptonshire Council.</p>	Financial impact due to use of agency staff, possible impact on customers and frontline service delivery if capacity risks are not managed.	4	4	16	Weekly HR Vacancy Control process in place to ensure appropriate resourcing decisions are made.	Partially	Councillor Barry Wood	Yvonne Rees	Claire Taylor	3	3	9		Weekly CEDR and monthly ELT meetings with clear escalation pathways for issues to be resolved.	Proposals for two Joint Corporate Directors between CDC and OCC approved.	Risk reviewed 20/11/19 - Removed
		Inability to deliver council's plans				Arrangements in place to source appropriate interim resource if needed	Fully								Learning and development opportunities identified and promoted by the Chief Executive.		
		Inability to realise commercial opportunities or efficiencies				Ongoing programme of internal communication	Fully								Regular communications from Chief Executive. Quarterly staff briefings from Assistant Directors.		
		Reduced resilience and business continuity				Programme Boards in place to oversee key corporate projects and ensure resources are allocated as required.	Fully								External support secured for key corporate projects including CDC/OCC joint working, Growth Deal and IT Transformation Programme.		
		Reduced staff morale, increased workload and uncertainty may lead to loss of good people				CDC Extended Leadership Team (ELT) Meetings established to oversee and provide assurance on key organisational matters including resourcing.	Partially										
						Partnership Working Group established with OCC to oversee joint working opportunities.	Partially										

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## **Cherwell District Council**

### **Accounts Audit and Risk Committee**

**17 March 2021**

### **Housing Benefit and Council Tax Reduction Risk Based Verification**

#### **Report of Director of Finance**

This report is public

#### **Purpose of report**

To provide members with an update on the Risk Based Verification (RBV) module including any impacts on the service and to seek approval for the RBV Policy for 2021-2022.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To note the contents of this report.
- 1.2 To approve the RBV policy for the financial year 2021-2022.

#### **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 the policy for 2021-2022.

#### **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 Each new claim received is allocated a risk score in real time of low, medium or high.

The evidence requirements will differ based on the risk score assigned with high risk claims requiring greater evidence to support the claims. The evidence requirements for each risk group are contained in the Risk Based Verification Policy a copy of which is shown in Appendix A of this report.

3.4 During the Covid-19 pandemic the Department for Work and Pensions allowed authorities to relax the requirement for customers to produce original documentation

and introduced the Trust and Protect principle which allowed local authorities to accept scanned or photocopied documents. The required evidence will be requested

once national restrictions have been relaxed.

3.5 From April 2020 to 31 December 2020 68% of claims were classed as low risk, 21%

medium risk and 11% high risk.

### **Performance Indicators and the impact of RBC on service delivery**

3.6 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<sup>st</sup> January 2021 the average time taken to assess new claims for benefit in 2020-2021 is 13.13 days against a local target of 15 days and a national average of 20 days. The average time taken to assess change events is 5.32 days against a local target of 8 days and a national average of 8 days.

<b>Year</b>	<b>Average time taken to process new claims (days)</b>	<b>Average time taken to process changes (days)</b>	<b>National average Time taken to process new claims</b>	<b>National average time taken to process changes</b>

<b>17/18</b>	24.87	9.3	22	8
<b>18/19</b>	13.63	7.82	21	8
<b>19/20</b>	11.5	5.	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).

- 3.7 The performance data shown above indicates that RBV continues to have a positive impact on performance, taking into consideration the national average figures and also the impact of the covid-19 pandemic including a sharp increase in the number of new claims made for benefit.
- 3.8 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 2020 to December 2020 that baseline figure is now 18%. This is slightly higher than we would expect and may be because 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**

- 3.9 An updated RBV policy was approved by both members and the S151 Officer in May 2020. This policy must be reviewed each year but cannot be amended in-year as this would complicate the subsidy audit process.
- 3.10 The policy for Cherwell District Council has now been reviewed (copy attached at Appendix A of this report). Some minor amendments have been made:
- The policy has been updated to reflect the Covid-19 Trust and Protect principle introduced by DWP.
  - The policy has also been updated to allow for information to be obtained from DWP real time data systems such as Searchlight and for earnings and pensions to be verified via DWP Verification of Earning and Pensions data.

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 Risk Based Verification is a method of applying different levels of checks to new claims for Housing Benefit and Council Tax Reduction based on a risk profile. This approach is an effective way of improving the time taken to assess claims for our customers, allows resources to be targeted and at the same time helps to prevent fraud and error.
- 4.2 Members are asked to note the contents of this report and to endorse some minor changes to the RBV policy for 2021-2022.

## **5.0 Consultation**

- 5.1 When the original policy was proposed in 2017 consultation was carried out with officers and the policy was approved by the S151 Officer (Director of Finance) and by members. Although no formal consultation took place with residents or stakeholders the change was communicated, and the updated policy will be placed on the website.

## **6.0 Alternative Options and Reasons for Rejection**

- 6.1 Option 1: As RBV is a voluntary scheme the alternative would be to not adopt the scheme and the verification process would revert to the original DWP requirement for full evidence to be provided on all new claims. This has been rejected as it is anticipated that the number of new claims received may continue to increase during the pandemic and it will become increasingly difficult to meet the current level of service if the verification requirements become more onerous.

## **7.0 Implications**

### **Financial and Resource Implications**

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

Comments checked by:  
Michael Furniss, Assistant Director of Finance  
01295 221845  
Email: [michale.furness@cherwell-dc.gov.uk](mailto:michale.furness@cherwell-dc.gov.uk)

### **Legal Implications**

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

Comments checked by Chris Mace, Solicitor  
Tel: 01295 221808  
Email: [Christopher.mace@cherwell-dc.gov.uk](mailto:Christopher.mace@cherwell-dc.gov.uk)

### **Risk Implications**

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

Comments checked by Louise Tustian, Head of Insight and Corporate Programmes  
Tel: 01295 221786  
Email: [louise.tustian@cherwell-dc.gov.uk](mailto:louise.tustian@cherwell-dc.gov.uk)

### **Equalities**

- 7.4 Risk Based Verification 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 contained within the Equalities Act. As such there are no equalities issues to note.

Comments checked by Belinda Green, Operations Director CSN Resources.  
Email: [Belinda.green@csnresources.co.uk](mailto:Belinda.green@csnresources.co.uk)

## 8.0 Decision Information

**Key Decision** (Executive reports only; state N/A if not Executive report)

**Financial Threshold Met:** N/A

**Community Impact Threshold Met:** N/A

**Wards Affected**

All

**Links to Corporate Plan and Policy Framework**

Delivering high quality, accessible and convenient services

**Lead Councillor**

Councillor Tony Ilott -Lead Member for Financial Management and Governance

**Document Information**

**Appendix number and title**

- Appendix A

**Background papers**

None

**Report Author and contact details**

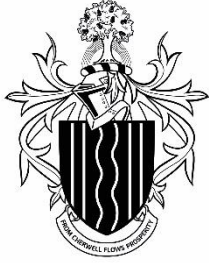
Belinda Green Operations Director - CSN Resources

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**Cherwell District Council  
Risk Based Verification Policy**

**Background**

It is estimated that the overall spend on Housing Benefit in 2019-2020 was £18,364 billion (statistics taken from GOV.UK Publications). 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 Cherwell District 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 7,277 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 legislation and local Council Tax Reduction regulations. 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 1<sup>st</sup> November 2017.

### **What is Risk Based Verification (RBV)**

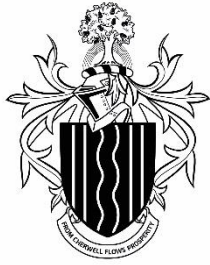
RBV is a method of applying different levels of checks to new claims for Housing Benefit and Council Tax Reduction dependent upon a complex risk profile given to each customer. The profile is determined by specific software using statistical information and experience about what type of claim represents 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 1<sup>st</sup> 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.

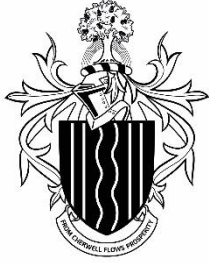
Due to the pandemic the Department for Work and Pensions gave advice regarding Housing Benefit verification, considering the social restrictions which may prevent claimants from providing supporting evidence in line with the RBV Policy. This was provided in Covid-19 LA Welfare Direct bulletin (CLAWD2/2020) which was issued on 30<sup>th</sup> March 2020. This allowed authorities to relax the requirement for original documents and accept scanned or photocopies, following the Trust and Protect principle. The Trust and Protect principle is used when it is not possible or practical for claimants to provide evidence to the local authority, thus enabling their claim to be processed on reduced verification. The required evidence will be requested at the earliest possible time, once social restrictions have been relaxed and it is possible for the claimant to provide the level of evidence required in the RBV policy.

#### 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. A check on Searchlight or Verification of Earnings and Pensions (VEP) can be obtained to provide a breakdown of income declared on the claim form.

#### 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 and/or Searchlight. 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 1<sup>st</sup> April 2020 to 31 December 2020 68% of cases were low risk, 21% were medium risk and 11% 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 1<sup>st</sup> April 2020 to 31 December 2020 is 18%.



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:**

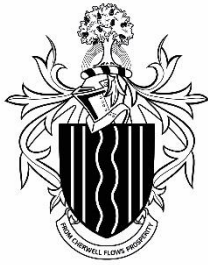
**Accounts, Audit and Risk Committee**

Date:

**(Section 151 Officer)**

Name:

Signed

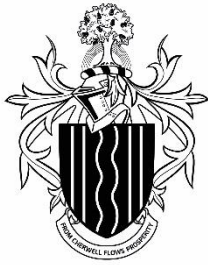


# Cherwell

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 Searchlight where identity has been verified for a qualifying benefit	Originals or Searchlight where identity has been verified for a qualifying benefit
	> 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



# Cherwell

DISTRICT COUNCIL  
NORTH OXFORDSHIRE

Page 64

	> Non-Dependent (PB) Non-Dependent no income	>		>	Searchlight check P45 or statement	>	Searchlight Check P45 or statement
	> 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 or originals or photocopies of documents	>	Searchlight or original 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	>	SE proforma or original or non-original accounts	>	SE proforma or original or non-original accounts	>	SE proforma or original accounts. Original receipts and invoices if required
Child Care Costs				>	Originals or Photocopies	>	Originals Required
Students	> (Income + Status Required)	>	Originals or photocopies	>	Originals or Photocopies	>	Originals Required
Capital	> Working Age > Working Age & > £6,000			>	Originals or Photocopies	>	Originals Required; must include last 2 months' transactions
	> Elderly > Elderly & > £10,000			>	Originals or Photocopies	>	Originals Required; must include last 2 months' transactions
	> Property	>	LAREV1	>	Originals, Photocopies or LAREV1	>	Originals Required and LAREV1

**Cases in High Risk Group may also be subject to additional checks in the form of a credit check via NAFN, a telephone call or home visit, unless the claim has been ended prior to the check being conducted**



## **Cherwell District Council**

### **Account Audit and Risk Committee**

**17 March 2021**

### **Internal Audit Progress Report 2020/21**

### **Report of the Director of Finance**

This report is public

### **Purpose of report**

The report presents the Internal Audit Progress report for 2020/21

### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To note the progress with the 2020/21 Internal Audit Plan and the outcome of the completed audits.

### **2.0 Introduction**

- 2.1 This report provides an update on the Internal Audit Service, including resources, completed and planned audits.
- 2.2 Each progress report includes the Executive Summaries from the individual Internal Audit reports finalised since the previous update to the committee and also an update on the implementation of agreed management actions.

### **3.0 Report Details**

#### **Resources**

- 3.1 Since the last update to the January 2021 meeting, there have been no further changes to the Internal Audit resources, with no vacant positions. Recruitment has been completed for the appointment of the final vacant counter fraud post (Intelligence Officer) and pre-employment checks are currently being undertaken, with a start date to be agreed.

## 2020/21 Plan Progress

- 3.2 The 2020/21 Internal Audit Plan, which was agreed at the July 2020 Accounts, Audit & Risk Committee, is attached as Appendix 1 to this report. This shows current progress with each audit. The plan and plan progress is reviewed quarterly with senior management.
- 3.3 Since the last update to the January 2021 committee, further work has been completed on Finance System Implementation. The audit of Revenues and Benefits is near completion of fieldwork. The audit of Payroll has also commenced. These audits will be completed, and reports produced by April 2021 and the executive summaries of the finalised reports included in the next update to the committee. The plan is on track for completion of all work to be finalised by the end of April 2021.

## Performance

- 3.5 The following performance indicators are monitored on a monthly basis.

<b>Performance Measure</b>	<b>Target</b>	<b>% Performance Achieved for 20/21 audits (as at 23/02/2021)</b>	<b>Comments</b>
Elapsed time between start of the audit (opening meeting) and exit meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	80%	
Elapsed time for completion of audit work from exit meeting to issue of draft report.	15 days	100%	
Elapsed time between issue of draft report and issue of Final Report.	15 days	80%	

3.6 The other performance indicators are:

- % of 2020/21 planned audit activity completed by 30 April 2021 – reported at year end.
- % of management actions implemented – see para 3.8 below.

### **Implementation of Agreed Management**

3.7 Outstanding management actions from 2018/19 and 2019/20 audits were taken over for monitoring from the previous internal audit provider. At the time of reporting to the July 2020 Committee and handover from the previous internal audit provider there were 27 actions still open from 2018/19 and 40 actions still open from 2019/20 audits. As at 23 February 2021 this figure has reduced, there remains 14 open from 2018/19 and 18 open actions from 2019/20. Further detail is recorded in Appendix 2. These will continue to be reviewed and followed up with senior management throughout 2021.

3.8 We have agreed a total of 36 actions for the work completed so far as part of the 2020/21 Internal Audit Plan, 13 of these actions have been implemented and one has been superseded. Of the remaining 22 actions, 14 are not yet due for implementation, five are being implemented and three have recently become due – these will be followed up throughout 2021.

3.9 At the last committee, it was requested that at the March 2021 meeting the committee were updated on the progress of implementation of actions from the 2020/21 audit of Disabled Facilities Grant Processes. A total of 12 actions were agreed for the audit, five of these have been implemented (an update on these from the service is included within Appendix 2). The remaining seven are not yet due for implementation but are in progress.

3.10 The committee had specifically requested update on the implementation of the action in relation to updating the Disabled Adaptions Policy – this was not due for implementation until 31/5/2021, however the Policy has been consulted on and the policy was adopted at Executive on 1<sup>st</sup> March 2021.

## **4.0 Conclusion and Reasons for Recommendations**

4.1 This report provides a progress update on delivery of the internal audit plan for 2020/21 and provides an update on the implementation of management actions for the committee to consider. The current plan for 20/21 is on target for delivery by the end of April 2021.

## **5.0 Consultation**

Not applicable.

## 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.

## 7.0 Implications

### Financial and Resource Implications

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

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845  
[michael.furness@cherwell-dc.gov.uk](mailto:michael.furness@cherwell-dc.gov.uk)

### Legal Implications

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

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious, 01295 221695  
[richard.hawtin@cherwell-dc.gov.uk](mailto:richard.hawtin@cherwell-dc.gov.uk)

### Risk Implications

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

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786  
[louise.tustian@cherwell-dc.gov.uk](mailto:louise.tustian@cherwell-dc.gov.uk)

## 8.0 Decision Information

### Key Decision (N/A)

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

### Wards Affected

All

## **Links to Corporate Plan and Policy Framework**

All corporate plan themes.

## **Lead Councillor**

Councillor Tony Illott – Lead Member for Financial Management.

## **Document Information**

### **Appendix number and title**

- Appendix 1 – Internal Audit Plan 2020/21 – Progress Update
- Appendix 2 – Outstanding Management Actions (as at 23/02/21)

## **Background papers**

None

## **Report Author and contact details**

Sarah Cox, Chief Internal Auditor, [sarah.cox@cherwell-dc.gov.uk](mailto:sarah.cox@cherwell-dc.gov.uk)

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## APPENDIX 1: 2020/21 CDC Internal Audit Plan – Progress Report

Audit	Planned Qtr Start	Status as at: 23/2/2021	Conclusion
Support with due diligence tests on Small Business Grants and Discretionary Grants	Q1	Complete	Results previously reported to July AARC
Revenues and Benefits (including debtors)	Q2	Fieldwork	
Implementation of new Finance System (design of internal controls / processes, including design of IT security controls)	Q1	Phase 1 – complete Phase 2 –complete Phase 3 – draft report	
Finance (Housing - Hardship Fund) - Discretionary Housing Payments / Hardship Fund	Q4	Fieldwork	
Cyber Security	Q1	Final Report	Amber
Payroll (including IT security controls)	Q3/Q4	Fieldwork	
Disabled Facilities Grant Processes (in addition to grant certification)	Q2	Final Report	Amber
Handover of monitoring of management action implementation	Q1	Complete	n/a
Public Sector Internal Audit Standards – compliance	Q1-Q4	In progress IA Charter – complete Annual Report of AARC – complete Review of AARC TOR – scheduled for March 2021 meeting	n/a
Disabled Facilities Grant Certification	Q2	Complete	n/a





## Appendix 2 – Open management actions as at 23 February 2021.

### 2018/19 – outstanding open actions

Report Title	Total outstanding	Implemented	Superseded	Target date not reached or extended	Target date reached – overdue or being implemented
CDC GDPR 2018/19	7	-	-	4	3
CDC HR 2018/19	4	-	-	4	-
CDC Procurement & CM 2018/19	3	-	-	2	1
<b>Totals</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>4</b>

### 2019/20 – outstanding open actions

Report Title	Total outstanding	Implemented	Superseded	Target date not reached or extended	Target date reached – overdue or being implemented
CDC Budget Mgmt & Reporting 2019/20	2	-	-	2	-
CDC MOT Income 2019/20	3	-	-	1	2
CDC Payroll 2019/20	1	-	-	1	-
CDC Anti-Fraud & Corruption 2019/20	4	-	-	4	-
CDC Risk Management 2019/20	4	-	-	4	-
CDC Finance Systems 2019/20	4	-	-	3	1
<b>Totals</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>3</b>

2020/21 – all actions

Report Title	Total agreed	Implemented	Superseded	Target date not reached or extended	Target date reached – overdue or being implemented
CDC Finance System Imp Phase 2 (b) ICT Risks 20/21	4	-	-	3	1
CDC DFG Processes 20/21	12	4*	-	8	-
CDC Cyber Security 2020/21	15	4	1	3	7
CDC Finance System Imp Phase 2 ICT Risks 20/21	5	5	-	-	-
<b>Totals</b>	<b>36</b>	<b>13</b>	<b>1</b>	<b>14</b>	<b>8</b>

Page 74

\*Figures as at 23/2/21. Since then a further action for DFG was implemented on 1/3/21.

Update from service – DFG actions implemented:

- 1) The recording of land charges has now been set up on Case Manager. All charges pre-dating the implementation of Case Manager have been added to the system and the data has been compared with the existing spreadsheet to ensure that all charges are recorded and are being captured in the report.
- 2) Financial reconciliations : a payment report has been developed and implemented on Case Manager. Finance officers have confirmed that it contains all necessary information for reconciliation and have developed pivot tables to automatically flag any discrepancies.
- 3) Client feedback : A consistent set of survey questions and scoring system for monitoring client satisfaction has now been agreed with all Oxfordshire councils that administer DFGs and associated works. The survey is now automatically generated upon completion of a case and we have completed several client surveys via telephone.

- 4) Case manager exception reporting. Monthly 'Case Review' meetings have been scheduled. Tasks have been delegated to team members to identify any cases exceeding KPI timescales and add them to the agenda for scrutiny and problem-solving. Guidance has been provided to assist with this.
- 5) The revised Disabled Adaptations Policy has been consulted on and the policy was adopted at Executive on 1<sup>st</sup> March 2021.

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## **Cherwell District Council**

### **Accounts, Audit and Risk Committee**

**17 March 2021**

### **Treasury Management Report – Q3 2020-21**

#### **Report of the Director of Finance**

This report is public

#### **Purpose of report**

To receive information on treasury management performance and compliance with treasury management policy for 2020-21 as required by the Treasury Management Code of Practice.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To note the contents of the Quarter 3 2020/21 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. This quarterly report provides an additional update.
- 2.2 The Council's Treasury Management strategy for 2020-21 was approved at a meeting on 24 February 2020. 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 The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, 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 24 February 2020.

#### **3.0 Report Details**

**External Context (provided by Arlingclose 11 January 2021)**

- 3.1 Economic background: Some good news came during the quarter as two COVID-19 vaccines were given approval by the UK Medicines and Healthcare products Regulatory Agency (MHRA). The UK Medicines and Healthcare products Regulatory Agency (MHRA) provided authorisation for emergency supply of two COVID-19 vaccines in December and the rollout to individuals in the highest priority groups began in earnest.
- 3.2 A Brexit trade deal was agreed with only days to spare before the 11pm 31<sup>st</sup> December 2020 deadline Having been agreed with the European Union (EU) on Christmas Eve, the Brexit trade deal was voted through the House of Commons by 521 votes to 73 and then written into law after passing through the House of Lords and given royal assent.
- 3.3 The Bank of England (BoE) maintained Bank Rate at 0.1% during the quarter but extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 meeting. In its December interest rate announcement, the BoE noted that plans to roll out COVID-19 vaccines would reduce some of the downside risks to the economic outlook but that recent rises in the number of infections is likely to lead to weaker GDP growth than had been predicted in its November Monetary Policy Report.
- 3.4 Government initiatives continued to support the economy as the furlough (Coronavirus Job Retention) scheme was extended once again to April 2021, supporting some 10 million jobs, and meaning that by then time the government would have provided taxpayer support to jobs for over a year.
- 3.5 GDP growth rebounded by 16.0% (upwardly revised from first estimate of 15.5%) in Q3 2020 (Jul-Sep) according to the Office for National Statistics (ONS), pulling the annual growth rate up to -8.6% from -20.8% in Q2. Construction rose by a huge 41% over the quarter, services output was up almost 15% as was production output. However, recent monthly estimates of GDP have shown growth is slowing and only a 1.1% monthly rise was managed in September.
- 3.6 The headline rate of UK Consumer Price Inflation (CPI) rose to 0.3% year/year in November, below expectations (0.6%) and still well below the Bank of England's 2% target. The ONS' preferred measure of CPIH which includes owner-occupied housing was 0.6% year/year (0.8% expected). The weaker-than-expected readings were due to falling prices for clothing as Black Friday deals started earlier than usual and for food and non-alcoholic drinks.
- 3.7 In the three months to October, labour market data showed the unemployment rate increased from 4.3% to 4.9% while wages rose 2.7% for total pay in nominal terms (2.8% for regular pay) and was up 1.9% in real terms (2.1% for regular pay). The employment rate fell to 75.2% from 75.8%. Unemployment is expected to increase strongly once the various government job support schemes come to an end, with the BoE predicting unemployment could peak at almost 8% in the second quarter of 2021.
- 3.8 The US economy rebounded at an annualised rate of 33.4% in Q3 2020 (Jul-Sep), fuelled by more than \$3 trillion in pandemic relief. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25%.

- 3.9 The European Central Bank maintained its base rate at 0% and deposit rate at -0.5% but increased the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.
- 3.10 Financial markets: Equity markets continued to rise, and the Dow Jones beat its pre-crisis peak on the back of continued outperformance by a small number of technology stocks. The FTSE indices continued to perform well, with the more internationally focused FTSE 100 getting back to around 60% of its pre-March level while the more UK-focused FTSE 250 was closer to 80% of its previous peak over the same period.
- 3.11 Ultra-low interest rates prevailed through the quarter. Gilt yields remained low but volatile over the period with the yield on some short-dated UK government bonds continuing to remain negative. The 5-year UK benchmark gilt yield started the October–December period at -0.07% and ended at -0.09% (with much volatility in between). The 10-year gilt yield fell from 0.23% to 0.19% over the same period but peaked at 0.40% in November during a volatile quarter. The 20-year fell from 0.76% to 0.69%. 1-month, 3-month and 12-month SONIA bid rates averaged -0.01%, 0.06% and 0.07% respectively over the three months.
- 3.12 At the end of December, the yield on 2-year US treasuries was around 0.12% while for 10-year treasuries the yield was 0.92%. German bund yields remain negative across most maturities.
- 3.13 Credit review: After rising in late October/early November, credit default swap spreads declined over the remaining period of the calendar year to broadly pre-pandemic levels and the gap in spreads between UK ringfenced and non-ringfenced entities remained. At the end of the period Barclays Bank Plc was trading the highest at 57bps and Standard Chartered the lowest at 32bps. The ringfenced banks were trading between 33 and 36bps.
- 3.14 During the period Moody's downgraded the UK sovereign rating to Aa3 with a Stable outlook which then impacted a number of other UK institutions, banks and local government. These included Cornwall Council and Guildford BC which were downgraded to Aa3. Transport for London, Aberdeen CC, Lancashire CC, Lloyds Bank and HSBC Bank downgraded to A1 and Warrington BC was downgraded to A2.
- 3.15 While the approval of two coronavirus vaccines is a credit positive, there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. The institutions on Arlingclose's counterparty list and recommended duration remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

### **Summary position and strategy**

- 3.16 As at the end of December 2020 the Council had borrowing of £162m and investments of £28.6m – a net borrowing position of £133.4m (30/9/20: £136.6m).

3.17 Lower interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk.

### **Borrowing performance for 9 months ended 31 December 2020**

3.18 The Council requires external borrowing to fund its capital programme, and had total debt of £162m at the report date. £75m (46%) of the current debt is at fixed rate for the medium-long term from the Public Works Loan Board (PWLB), with the remainder borrowed short term from other local authorities (at fixed rates, but on a rolling basis with various durations, therefore effectively variable rate).

3.19 The Council's chief objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required,

3.20 The table below shows the borrowing position during and at the end of the reporting period:

	<b>Borrowing Amount</b>	<b>Interest Rate</b>	<b>Interest Paid Budget*</b>	<b>Interest Paid Actual*</b>	<b>Variance</b>
Apr-Dec 2020	£149.6m (average)	1.54% (annualised)	£1.654m	£1.731m	£0.077m
As at 31/12/20	£162m	1.32%	-	-	-

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

3.21 The table below shows average borrowing rates for the reporting period:

<b>Borrowing Benchmarking</b>	<b>1 year</b>	<b>3 year</b>	<b>5 year</b>	<b>10 year</b>	<b>20 year</b>	<b>50 year</b>
PWLB Maturity rate	1.86%	1.84%	1.88%	2.14%	2.61%	2.47%

3.22 Interest payable for the full year is forecast to be £16k over budget (adverse variance).

3.23 A full list of current borrowing is shown below:

<b>Lender</b>	<b>Principal Borrowed £</b>	<b>Maturity Date</b>
Elmbridge Borough Council	5,000,000	04/01/2021
Bromley Borough Council	5,000,000	21/01/2021
London Borough of Newham	10,000,000	15/02/2021
Greater London Authority	5,000,000	19/02/2021
Vale of Glamorgan Council	2,000,000	19/03/2021
Derbyshire Pension Fund	10,000,000	01/04/2021
Islington Borough Council	5,000,000	19/04/2021
Derbyshire County Council	5,000,000	20/04/2021
St Helens Council	10,000,000	14/05/2021
Rugby Borough Council	5,000,000	08/07/2021



North of Tyne Combined Auth.	10,000,000	29/09/2021
West Yorkshire Fire & Rescue	5,000,000	12/10/2021
Lincolnshire County Council	5,000,000	15/10/2021
Oxfordshire County Council	5,000,000	15/07/2022
PWLB - ref 506477	21,000,000	19/10/2024
PWLB - ref 116158	6,000,000	25/09/2025
PWLB - ref 114322	6,000,000	19/09/2026
PWLB - ref 507455	10,000,000	31/05/2028
PWLB - ref 116160	6,000,000	25/09/2029
PWLB - ref 114324	6,000,000	19/09/2030
PWLB - ref 507456	5,000,000	31/05/2033
PWLB - ref 116162	5,000,000	25/09/2034
PWLB - ref 114326	5,000,000	19/09/2035
PWLB - ref 507457	5,000,000	31/05/2048
<b>TOTAL</b>	<b>162,000,000</b>	

### Investment performance for 9 months ended 31 December 2020

- 3.24 Funds available for investment are on a temporary basis, and the level of funds available is mainly dependent on the timing of precept payments, receipt of grants and funding of the Capital Programme.
- 3.25 Up to and including 31 December 2020, the Council has received over £32m central government funding to support small and medium businesses during the coronavirus pandemic through grant schemes. These funds are disbursed as early as possible, dependant on applications and subject to eligibility criteria and verification procedures. Funding held on account is temporarily invested in short-dated, liquid instruments.
- 3.26 In a relatively short period since the onset of the COVID-19 pandemic in March and the ensuing enforced lockdown in many jurisdictions, the global economic fallout has been sharp and large. Market reaction was extreme with large falls in equities, corporate bond markets and, to some extent, real estate echoing lockdown-induced paralysis and the uncharted challenges for governments, business and individuals.
- 3.27 In 2020/21 the Council expects to receive lower income from its cash and short-dated money market investments than it did in previous years. Dividends and income paid will ultimately depend on many factors including but not limited to the duration of COVID-19 and the extent of its economic impact.
- 3.28 The table below shows the investment position during and at the end of the reporting period:

	Investment Amount	Interest Rate	Interest Earned Budget	Interest Earned Actual	Variance £
Apr-Dec 2020	£30.3m (average)	0.32% (annualised)	(£76k)	(£73k)	£3k
As at 31/12/20	£28.6m	0.17%	-	-	-

3.29 The table below shows average money-market rates for the reporting period:

<b>Investment Benchmarking</b>	<b>Overnight</b>	<b>7-day</b>	<b>1-month</b>	<b>3-month</b>
LIBOR	0.05%	0.06%	0.08%	0.17%
SONIA (mid-rate)	0.09%	0.12%	0.12%	0.21%

3.30 Interest receivable for the full year is forecast to be £16k below budget (adverse variance).

3.31 The Council's cash investments are held primarily for liquidity purposes and therefore are only available for relatively short-term deposits in a restricted selection of high-quality instruments, which often generate sub-LIBOR/SONIA returns e.g. the UK Debt Management Office (part of HM Treasury) which is highly secure but earns only a low rate of interest.

3.32 A full list of current investments is shown below:

<b>Counterparty</b>	<b>Principal Deposited £</b>	<b>Maturity Date/ Notice period</b>
<u>Fixed Term Deposits</u>		
DMADF	5,520,000	13/01/2021
DMADF	1,000,000	22/02/2021
Darlington Borough Council	2,000,000	21/05/2021
Merseyside Police	2,000,000	01/07/2021
Thurrock Borough Council	2,000,000	14/10/2021
Lancashire County Council	2,000,000	01/11/2021
Redcar & Cleveland Borough Council	2,000,000	02/12/2021
South Cambridgeshire District Council	2,000,000	16/12/2021
<u>Money Market Funds</u>		
Goldman Sachs Asset Management	5,000,000	Same day
Federated Investors UK	4,991,000	Same day
<u>Call Account</u>		
Handelsbanken	47,309	Same day
<b>TOTAL</b>	<b>28,558,309</b>	

#### **Non-treasury investment activity.**

3.33 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 for financial return.

- 3.34 As at 31 December 2020, the Council held £93.6m of investments in the form of shares (£33.1m) and loans (£60.5m) to subsidiary companies and other organisations, primarily Graven Hill and Crown House.
- 3.35 The loan elements of these non-treasury investments generate a higher rate of return than earned on treasury investments, but this reflects the additional risks to the Council of holding such investments.
- 3.36 For the 9 months to 31 December 2020 these loans have earned interest of £3.231m, an adverse variance of £24k against budget income of £3.255m. The full year forecast is expected to show an adverse variance of £56k.

### Overall performance

- 3.37 The overall performance for the 9 months to 31 December 2020 is as follows:

	Budget £k	Actual £k	Variance £k
Borrowing costs*	1,793	1,870	77
Treasury income	(76)	(73)	3
Non-treasury income	(3,255)	(3,231)	24
Total cost/(income)	(1,538)	(1,434)	104

\*Borrowing costs include finance lease interest of £139k.

- 3.38 The full year forecast is expected to show an overall adverse variance against budget of £88k:

	Budget £k	Actual £k	Variance £k
Borrowing costs	2,390	2,406	16
Treasury income	(101)	(85)	16
Non-treasury income	(4,339)	(4,283)	56
Total cost/(income)	(2,050)	(1,962)	88

### Economic and interest rate forecast

- 3.39 Our Treasury advisers, Arlingclose, provided the following outlook for the remainder of 2020/21, and interest rate forecast:
- 3.40 The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.
- 3.41 Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.
- 3.42 Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.

- 3.43 The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.
- 3.44 Brexit, whatever the outcome of current negotiations, will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.
- 3.45 Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, the deployment of vaccines or if the UK leaves the EU without a deal.
- 3.46 Arlingclose expects Bank Rate to remain at the current 0.10% level. The central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out.

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
<b>Arlingclose Central Case</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

- 3.47 Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- 3.48 Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period comes to an end.

## 4.0 Conclusion and Reasons for Recommendations

- 4.1 This report details the Treasury Performance for the Council for the period ending 31 December 2020. It is submitted to the Accounts, Audit and Risk Committee for information as required by the Treasury Management Code of Practice.

## 5.0 Consultation

None

## 6.0 Alternative Options and Reasons for Rejection

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

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

## 7.0 Implications

### Financial and Resource Implications

- 7.1 There are no financial implications arising directly from any outcome of this report. The variances to budget as noted above are included in the Monthly Performance, Finance and Risk Monitoring Report to Executive.

Comments checked by:

Joanne Kaye, Strategic Finance Business Partner  
01295 221545, [Joanne.Kaye@cherwell-dc.gov.uk](mailto:Joanne.Kaye@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 Business  
01295 221695, [richard.hawtin@cherwell-dc.gov.uk](mailto:richard.hawtin@cherwell-dc.gov.uk)

### Risk 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  
01295 221786, [louise.tustian@cherwell-dc.gov.uk](mailto:louise.tustian@cherwell-dc.gov.uk)

## 8.0 Decision Information

**Key Decision:** N/A

**Financial Threshold Met:** N/A

**Community Impact Threshold Met:** N/A

### Wards Affected

All.

### Links to Corporate Plan and Policy Framework

Links to all areas of Corporate Plan.

### Lead Councillor

None.

## **Document Information**

### **Appendix number and title**

- None

### **Background papers**

None

### **Report Author and contact details**

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01295 221762, [ian.robinson@cherwell-dc.gov.uk](mailto:ian.robinson@cherwell-dc.gov.uk)

## **Cherwell District Council**

### **Accounts, Audit and Risk Committee**

**17 March 2021**

### **Changes to Accounts, Audit & Risk Committee Terms of Reference**

### **Report of the Director of Law & Governance and Monitoring Officer,**

This report is public

#### **Purpose of report**

The report recommends changes to the terms of reference for the Accounts, Audit & Risk Committee.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To agree the proposed terms of reference for the Accounts, Audit & Risk Committee, as set out at Appendix 1 to this report.

#### **2.0 Introduction**

- 2.1 The existing terms of reference for the Accounts, Audit & Risk Committee would benefit from alignment with current best practice.
- 2.2 The terms of reference proposed at Appendix 1 are accordingly based on a Chartered Institute of Public Finance and Accountancy (CIPFA) model template, which covers what CIPFA currently recommend as best practice.

#### **3.0 Report Details**

- 3.1 At its meeting on 20 January 2021, the Accounts, Audit & Risk Committee agreed to review recommended best practice within CIPFA Audit Committee Guidance (2018) and agree additions to the AARC work programme.
- 3.2 One such addition comprised a review of the terms of reference for the Accounts, Audit & Risk Committee.
- 3.3 It was therefore agreed to include within the work programme for the March meeting of the Accounts, Audit & Risk Committee a review of the Committee's current terms of reference, in particular the extent to which the current terms of reference accord

with CIPFA recommended guidelines, and to seek approval of any changes required to those terms of reference to align them with CIPFA best practice.

3.4 The terms of reference at Appendix 1 of this report which the meeting is recommended to approve accordingly follow best practice as recommended by CIPFA's Practical Guidance for Local Authorities and Police 2018.

3.5 The terms of reference (if agreed by the Accounts, Audit & Risk Committee) will be submitted to full Council for approval along with the Committee's annual public report to Council demonstrating how the Committee discharged its responsibilities over the year to March 2021.

## **4.0 Conclusion and Reasons for Recommendations**

4.1 This report aligns the terms of reference for the Accounts, Audit & Risk Committee with CIPFA's Practical Guidance for Local Authorities and Police 2018, and is therefore recommended for approval on grounds of best practice.

## **5.0 Consultation**

Not applicable.

## **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 the Terms of Reference which are the subject of this report follow best practice as currently recommended by CIPFA.

## **7.0 Implications**

### **Financial and Resource Implications**

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

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845  
michael.furness@cherwell-dc.gov.uk

### **Legal Implications**

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

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious, 01295 221695  
[richard.hawtin@cherwell-dc.gov.uk](mailto:richard.hawtin@cherwell-dc.gov.uk)



## **Risk Implications**

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

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786  
louise.tustian@cherwell-dc.gov.uk

## **8.0 Decision Information**

### **Key Decision (N/A)**

**Financial Threshold Met:** N/A

**Community Impact Threshold Met:** N/A

### **Wards Affected**

All

### **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 number and title**

Appendix 1 – Proposed Terms of Reference for Accounts, Audit & Risk Committee

### **Background papers**

None

### **Report Author and contact details**

Anita Bradley, Director of Law & Governance and Monitoring Officer,  
[anita.bradley@cherwell-dc.gov.uk](mailto:anita.bradley@cherwell-dc.gov.uk)

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## **Appendix 1**

### **SUGGESTED AARC TERMS OF REFERENCE – based on CIPFA template for Local Authorities**

The Accounts, Audit and Risk Committee shall comprise 8 members with unnamed substitutes, and every Committee member or appointed substitute shall undertake appropriate training before being permitted to serve on the Committee.

#### **Statement of purpose**

1. The Accounts, Audit and Risk Committee is a key component of Cherwell District Council's corporate governance framework. It provides an independent and high-level focus on the adequacy of the risk management framework, the internal control environment, the integrity of the financial reporting and governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

#### **Governance, risk and control**

- 2 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 3 To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 4 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 5 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 6 To monitor the effective development and operation of risk management in the council.
- 7 To monitor progress in addressing risk-related issues reported to the committee.
- 8 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 9 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 10 To monitor the counter-fraud strategy, actions and resources.
- 11 To review the governance and assurance arrangements for significant partnerships or collaborations.

#### **Internal audit**

- 12 To approve the internal audit charter.
- 13 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 14 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 15 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 16 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 17 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
- 18 To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
  - a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
  - b) regular reports on the results of the QAIP (Quality Assurance Improvement Programme)
  - c) reports on instances where the internal audit function does not conform to the PSIAS (Public Sector Internal Audit Standards), considering whether the non-conformance is significant enough that it must be included in the AGS.
- 19 To consider the head of internal audit's annual report:
  - a) The statement of the level of conformance with the PSIAS and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
  - b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.
- 20 To consider summaries of specific internal audit reports as requested.
- 21 To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 22 To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 23 To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

## **External audit**

- 24 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA (Public Sector Audit Appointments) or the authority's auditor panel as appropriate.

- 25 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 26 To consider specific reports as agreed with the external auditor.
- 27 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 28 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

### **Financial reporting**

- 29 To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 30 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **Accountability arrangements**

- 31 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
- 32 To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee.
- 33 To publish an annual report on the work of the committee.

### **Treasury Management**

- 34 To be responsible for ensuring effective scrutiny of the treasury management strategy and policies. Receiving regular reports of activity, reviewing the treasury risk profile and adequacy of treasury risk management processes.

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## **Cherwell District Council**

### **Accounts, Audit and Risk Committee**

**17 March 2021**

### **Draft Annual Report of Accounts, Audit and Risk Committee**

### **Report of the Director of Finance**

This report is public

#### **Purpose of report**

The report presents the draft report of the Accounts, Audit & Risk Committee.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To review the draft report, agree any amendments and finalise in preparation for presentation to Council by the Chair of the Accounts, Audit & Risk Committee.

#### **2.0 Introduction**

- 2.1 In accordance with CIPFA (The Chartered Institute of Public Finance & Accountancy) Guidelines for Local Authorities 2018, it is recommended practice for an annual public report to be produced and reported to Council demonstrating how the committee has discharged its responsibilities.

#### **3.0 Report Details**

- 3.1 A draft report of the activities of the committee for the financial year 2020/21 has been prepared and is included within Appendix 1. It is proposed that suggested amendments/additional comments are discussed and agreed at the committee. The terms of reference (to be included within the annex of the report) is subject to separate agenda item at the March 2021 committee, once reviewed this will be inserted into the final version of the annual report.
- 3.2 The final report will then be produced for the Chair of the committee, to schedule and present to Council.
- 3.3 Compliance with CIPFA's guidance for Local Authority Audit Committees 2018, demonstrates the committee's commitment to high standards and the production of the annual report demonstrates the role the committee exercises in being a key component of good governance for Cherwell District Council.

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 This report provides the draft annual report of the work of the committee during the financial year 2020/21 for review and agreement by the committee members.

## **5.0 Consultation**

Not applicable.

## **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.

## **7.0 Implications**

### **Financial and Resource Implications**

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

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845  
[michael.furness@cherwell-dc.gov.uk](mailto:michael.furness@cherwell-dc.gov.uk)

### **Legal Implications**

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

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious, 01295 221695  
[richard.hawtin@cherwell-dc.gov.uk](mailto:richard.hawtin@cherwell-dc.gov.uk)

### **Risk Implications**

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

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786  
[louise.tustian@cherwell-dc.gov.uk](mailto:louise.tustian@cherwell-dc.gov.uk)



## 8.0 Decision Information

**Key Decision (N/A)**

**Financial Threshold Met:** N/A

**Community Impact Threshold Met:** N/A

**Wards Affected**

All

**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 number and title**

- Appendix 1 – Draft Annual Report of Accounts, Audit & Risk Committee 2020/21

**Background papers**

None

**Report Author and contact details**

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**APPENDIX 1:**

**Accounts, Audit & Risk Committee  
Annual Report**

**Report of the work of the Accounts, Audit &  
Risk Committee during 2020-21**

## Contents

<b>Section</b>	<b>Page</b>
Chairman's Introduction	<b>3</b>
Role of the Accounts, Audit & Risk Committee	<b>4</b>
Key Activities	<b>5</b>

## **Annex**

1. Accounts, Audit & Risk Committee Functions (terms of reference)

## **Chairman's Introduction**

As the Chairman I am very pleased to present this annual report which sets out the role of the Accounts, Audit & Risk Committee and summarises the work we have undertaken during the financial year 2020/21.

The Committee is a key component of the council's governance framework, providing independent support to ensure good governance and strong public financial management.

The Committee continues to be well supported by Officers, providing a high standard of reports and presentations. I would like to thank the Finance Team, Risk & Performance Team, Internal Audit and External Audit for their input.

I should like to take this opportunity to give my personal thanks to all the officers, my Vice Chairman Cllr Hugo Brown and without exception, all fellow Committee members who have contributed and supported the work of the Committee in such a meaningful and positive way throughout the past year.

**COUNCILLOR MIKE KERFORD-BYRNES**  
Chairman, Accounts, Audit & Risk Committee

## Role of the Accounts, Audit & Risk Committee

The Accounts, Audit & Risk Committee operates in accordance with the “Audit Committees, Practical Guidance for Local Authorities” produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2018. The Guidance defines the purpose of an Audit Committee as follows:

1. Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high -level resource to support good governance and strong public financial management.
2. The purpose of and Audit Committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

The key functions of the Account’s Audit & Risk Committee are defined within its terms of reference; this is attached as Annex 1 to this report.

## How the Committee has discharged its responsibilities during 2020/21

NB: May and June 2020 meetings were cancelled due to COVID-19.

Key AARC Activities	July 20	Sept 20	Nov 20	Jan 21	March 21
<b>Financial Reporting</b>					
Considered monthly performance, risk & finance monthly report					
2019/20 Annual Statement of Accounts up-date					
Review of Treasury Management Outturn 2019/20					
Treasury Management 2020/21 update					
Capital and Investment Strategy 2021/22					
Treasury Management Strategy 2021/22					
Housing Benefit Subsidy Audit / Housing Benefit Subsidy Risk Based Verification					
Briefing on outcomes of Redmond Review into LG audit					
<b>Internal Audit</b>					
Annual Report of the Chief Internal Auditor 2019-20					
Internal Audit Strategy and Plan 2020-21					
Review of Internal Audit Reports and monitor of in-year progress					
Review of Internal Audit Charter and Quality Assurance Programme					
<b>External Audit</b>					
External audit progress updates					
Review of those charged with governance – response to EY					
Annual Audit Opinion 2019/20					
<b>Governance &amp; Risk Management</b>					
As above under financial reporting - Considered monthly performance, risk & finance monthly report					
Briefing on Cyber Security Arrangements					
Approval of Annual Governance Statement (AGS) for 2019/20					
AARC – terms of reference review					
AARC – draft annual report					
<b>Counter-Fraud</b>					
Approval of Counter-Fraud Strategy and plan for 2020-21					
Counter-Fraud Plan update					
Update on Counter-Fraud arrangements for 21/22					

## **Our work in 2020/21**

The key activities of the Committee are captured in the table above. In summary:

### **Financial Reporting**

The Committee reviewed and approved (subject to final external audit review) the annual statement of accounts on behalf of the Council and considered the external auditors report. The Committee reviewed the proposed accounting policies for the statement of accounts, including the enhancement of the accounting policy relating to the preparation of the accounts on a Going Concern basis in response to increased external audit focus on this area due to the financial impact of COVID-19.

The Committee Members attended a briefing on the Council's draft 2019/20 accounts in August 2020 to assist in their understanding of how the accounts are produced.

The Committee receives reports on Treasury Management throughout the year, exercising its stewardship role, including the Treasury Management Outturn Report for 2019/20 and quarterly Treasury Management monitoring reports for 2020/21. Additionally, the Committee considered the Capital and Investment Strategy and the Treasury Management Strategy 2021/22. The Committee have provided effective scrutiny of the treasury management strategy and policies. Receiving regular reports of activity, reviewing the treasury risk profile and adequacy of treasury risk management.

### **Internal Audit**

The Committee approved the Internal Audit Strategy for 2020/21, including the annual audit plan, which provides members the opportunity to challenge and influence the plan where the Committee has identified areas of concern.

The Committee receives regular progress reports from the Chief Internal Auditor, including summaries of the outcomes from Internal Audit work.

The Committee has continued to review, and monitor material weaknesses identified from the internal audit reports with Senior Managers attending to provide assurance on how the issues were being addressed. This has supported the implementation of the actions plans to deliver the required improvements in key areas for the Council.

The completion of the Internal Audit Plan and the annual statement of the Chief Internal Auditor is produced for the Committee at the end of the financial year. Based on the evidence of the reports presented to the Committee, the team continues to provide an effective challenge and therefore assurance on the key risk activities.

The Committee approves the Internal Audit Charter on an annual basis, this was approved at the July 2020 meeting.

### **External Audit**

The Council's external auditors, Ernst and Young, attended all the committee meetings during 2020/21, providing regular updates on their work plan and any matters arising.



The Committee is satisfied that the External Auditors are free to carry out their duties without restrictions. We are also assured that if identified they would bring any material issues to the attention of the Committee.

### **Governance & Risk Management**

The Committee approved the Annual Governance Statement (AGS) for 2019/20 in November 2020 as part of the Council's accounts.

The Committee receives regular updates on risk management, considering the Performance, Risk and Finance Monitoring Report which includes review of the Leadership Risk Register.

### **Counter-Fraud**

The Committee receives regular updates from the Counter Fraud Team on outcomes of investigations. The Committee plays a key role in monitoring the effectiveness of the Council's counter fraud arrangements. Working with the Finance Team & Internal Audit, the Counter Fraud team has had additional responsibilities during 2020 / 21 scrutinising applications relating to Government Grants designed to mitigate the financial impact of the Covid pandemic.

Overall, the Council has a strong system of internal control, so as expected, there is very little fraud identified; however nationally statistics show that fraud is on the increase, so it is important that the Council remains vigilant.

**Annex 1 – Accounts, Audit & Risk Committee Terms of Reference**

Currently being reviewed – this will then be inserted prior to finalisation of this report.

## Accounts, Audit and Risk Committee Work Programme 2020/21 and 2021/22

Date	Agenda Items
26 May 2021	Performance, Finance and Risk Monitoring Report - Q4 - March 2021 Housing Benefit Subsidy Audit External Audit Update and Draft Statement of Accounts Annual Report of the Chief Internal Auditor 2020/21 Internal Audit Strategy and Plan 2021/22 Work Programme Update
28 July 2021	Internal Audit Charter Performance, Finance and Risk Monitoring Report - Q1 - May 2021 Report of Those Charged with Governance 2020/21 External Audit - Annual Audit Opinion 2020/21 Final Statement of Accounts and Letter of Representation 2020/21 Counter Fraud Strategy and Plan 2021/22 Work Programme Update
22 September 2021	Chief Internal Auditor - Private Session External Auditor - Private Session Treasury Management Q1 Update 2021/22 Internal Audit Progress Update 2021/22
17 November 2021	Treasury Management Q2 2021/22 Performance, Finance and Risk Monitoring Report - Q2 - September 2021 Counter Fraud Update 2021/22
19 January 2022	Internal Audit Progress Update 2021/22 Draft Capital and Investment Strategy and Treasury Management Strategy 2022/23
16 March 2022	Counter Fraud Update 2021/22 Annual Report of AARC Performance, Finance and Risk Monitoring Report - Q3 - December 2021 Treasury Management Q3 2021/22 Housing Benefit Subsidy Audit Housing Benefit Risk Based Verification Policy External Audit Update

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