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Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

Committee: Accounts, Audit and Risk Committee

Date: Wednesday 25 September 2024

Time: 6.30 pm

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

Membership

**Councillor Nick Cotter
(Chairman)**

Councillor Besmira Brasha
Councillor Nicholas Mawer
Councillor Alisa Russell

Councillor David Rogers (Vice-Chairman)

Councillor Jean Conway
Councillor Ian Middleton
Councillor Dom Vaitkus

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 - 10)

To confirm as a correct record the Minutes of the meeting of the Committee held on 17 July 2024.

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. Risk Monitoring Report - Q1 2024-2025 (Pages 11 - 24)

Report of Assistant Director – Customer Focus

Purpose of report

To update the committee on how well the council is managing its Strategic Risks.

Recommendations

The Accounts, Audit & Risk Committee resolves:

- 1.1 To note the Risk Monitoring Report for Quarter 1 2024-25.

8. External Audit Update 2022-2023 (Pages 25 - 42)

Report of Assistant Director of Finance (Section 151 Officer)

Purpose of report

To update the committee on developments in relation to the proposed audit backstop in relation to the 2022/23 statement of accounts, note the draft Letter of Representation, and to seek delegated authority to finalise the accounts with the auditors by the backstop date for 2022/23's accounts.

Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the updated dates proposed by the Ministry for Housing, Communities and Local Government for the audit backstop and the impact of this proposal on the external audit of the council's financial statements.
- 1.2 To note the draft Letter of Representation for 2022/23 (Appendix 3)
- 1.3 To agree that, once the final audit opinion for 2022/23 is received, the Assistant Director Finance (S151 Officer), in consultation with the Chair of the Accounts, Audit and Risk Committee (or Deputy Chair in their absence), be authorised to make any further changes to the accounts agreed with the auditors and sign the accounts. Any further changes will be brought to the Committee's attention at its next meeting following the signing.
- 1.4 To agree that the Assistant Director of Finance, in consultation with the Chair of the Committee (or Deputy Chair in their absence), be authorised to make any further changes to the letter of representation agreed with the auditors that may arise during completion of the audit. Any further changes will be brought to the Committee's attention at its next meeting following the signing.

9. External Audit Update 2023-2024

Verbal update from the Head of Finance (Deputy Section 151 Officer).

10. Monitoring Officer Report including LGSCO Ombudsman Annual Report (Pages 43 - 56)

Report of Assistant Director Law and Governance and Monitoring Officer

Purpose of report

To provide the Committee an annual report on matters relating to standards and conduct of Members within the Cherwell District at District and Parish level, complaints made to the Local Government Ombudsman and other matters for the municipal year of 2023/2024.

Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the content of the report, which will also be circulated to all Town and Parish Councils in the district for information.

11. Work Programme (Pages 57 - 58)

To consider and review the Work Programme.

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

Information about this Meeting

Apologies for Absence

Apologies for absence should be notified to democracy@cherwell-dc.gov.uk or 01295 221534 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.

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Queries Regarding this Agenda

Please contact Patrick Davis, Democratic and Elections democracy@cherwell-dc.gov.uk, 01295 221534

Shiraz Sheikh
Monitoring Officer

Published on Tuesday 17 September 2024

Cherwell District Council

Accounts, Audit and Risk Committee

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Bodicote House, Bodicote, Banbury, Oxon OX15 4AA, on 17 July 2024 at 6.30 pm

Present:

Councillor Nick Cotter (Chairman)
Councillor David Rogers (Vice-Chairman)
Councillor Besmira Brasha
Councillor Jean Conway
Councillor Nicholas Mawer
Councillor Dom Vaitkus
Harry Lawson, Independent Person (no voting rights)

Substitute Members:

Councillor John Broad (In place of Councillor Ian Middleton)
Councillor Rob Pattenden (In place of Councillor Alisa Russell)

Apologies for absence:

Councillor Ian Middleton
Councillor Alisa Russell
Sarah Thompson, Independent Person (no voting rights)

Also Present:

Councillor Lesley McLean, Deputy Leader and Portfolio Holder for Finance and Resources
Jonathan Dodsworth, Internal Audit, Veritau

Officers:

Michael Furness, Assistant Director Finance & S151 Officer
Joanne Kaye, Head of Finance and Deputy Section 151 Officer
Natasha Clark, Governance and Elections Manager

Officers Attending Virtually:

Celia Prado-Teeling, Performance Team Leader

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Declarations of Interest

There were no declarations of interest.

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

There were no petitions or requests to address the meeting.

19 **Minutes**

The Minutes of the meeting of the Committee held on 29 May 2024 were agreed as a correct record and signed by the Chairman.

20 **Chairman's Announcements**

The Chairman reminded the Committee that Treasury Management training facilitated by the Council' treasury advisors would take place at the conclusion of the meeting.

21 **Urgent Business**

There were no items of urgent business.

22 **Counter Fraud Work Programme 2024/25**

The Assistant Director of Finance (Section 151 Officer) submitted a report which presented the programme of counter work to be undertaken in 2024/25, and asked the Accounts, Audit and Risk Committee to note this programme.

Resolved

- (1) That, having given due consideration, the 2024/25 counter fraud work programme be approved.

23 **Risk Monitoring Report End of Year 2023 - 2024**

The Assistant Director Customer Focus submitted a report to update the Committee on how well the council was managing its Strategic Risks, as part of our duty to remain compliant, and to be able to identify any improvements required. The report presented the risk monitoring report for the end of the financial year 2023-2024.

In considering the report, Members commented that the potential impact of "Elements of the COVID-19 response and recovery work may be compromised, delayed or not taken forwards" under risk L12 – Corporate Governance was no longer relevant and should be removed from the risk register.

In response to Members highlighting as a risk the potential cost to Cherwell District Council in relation to planning developments and delays in the transfer of assets to Town/Parish councils resulting in non-acceptance of assets and the potential future risk of the closure of Church of England graveyards and transfer of responsibility for maintenance to Town/Parish Councils via Cherwell District Council, the Performance Team Leader that work was underway to review risks and she would check with the relevant lead officer if these would be strategic or service risks for future monitoring.

In terms of general comments about the Risk Register, the Committee agreed to suggest to the Executive the inclusion of information about how risks can be added to the risk register and to consider improvements to the format and presentation of the Risk Register.

Resolved

- (1) That the Risk Monitoring Report for end of year 2023-24 be noted.
- (2) That, having given due consideration to the Council's current Risk Management Strategy 2023/24, the following comments and suggestions be made to Executive for consideration to be incorporated in the Risk Management Policy 2024/25:
 - Inclusion of information about how risks can be added to the risk register
 - Improvements to the format / presentation of the Risk Register
 - Remove from the risk register potential impact of "Elements of the COVID-19 response and recovery work may be compromised, delayed or not taken forwards" under risk L12 – Corporate Governance
 - Include in the risk register the potential cost to Cherwell District Council in relation to planning developments and delays in the transfer of assets to Town/Parish councils resulting in non-acceptance of assets
 - Potential future risk of the closure of Church of England graveyards and transfer of responsibility for maintenance to Town/Parish Councils via Cherwell District Council

24

Draft Statement of Accounts 2023-2024

The Assistant Director Finance (Section 151 Officer) submitted a report to provide an opportunity for review of the draft 2023/24 Statement of Accounts which were published on the council's website on 31 May 2024.

Resolved

- (1) That the report and publication of the draft statement of accounts 2023/24 be noted.

25

Treasury Management Report - Q1 2024/25 (June 2023)

The Assistant Director Finance (Section 151 Officer) submitted a report to provide information on treasury management performance and compliance with treasury management policy for 2024-25 as required by the Treasury Management Code of Practice. The report demonstrated that all treasury management activities undertaken during the first quarter of 2024-25 complied with the CIPFA Code of Practice and the council's approved Treasury Management Strategy.

Resolved

- (1) That the Treasury Management Performance Report for Quarter 1 2024/2025 be noted.

26 **Support to Subsidiaries**

The Assistant Director Finance (Section 151 Officer) to inform the Committee of the overall level of support provided to the council's subsidiaries and how this is considered as part of the external audit.

The Chairman reminded the Committee that there was an exempt appendix to the report and any questions on the exempt appendix would be taken in private session.

Resolved

- (1) That, having given due consideration, the report be noted.

27 **Exclusion of Press and Public**

Resolved

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

28 **Support to Subsidiaries - Exempt Appendix**

The Committee considered the exempt appendix to the report on Support to Subsidiaries.

Resolved

- (1) That, having given due consideration, the exempt appendix be noted.

29 **Readmittance of the Press and Public**

Resolved

That the press and public be readmitted to the meeting.

30 **Work Programme**

The Head of Finance provided an update on the Committee's work programme.

Resolved

(1) That the work programme update be noted.

The meeting ended at 7.32 pm

Chairman:

Date:

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This report is public	
Risk Monitoring Report Quarter 1 2024-25	
Committee	Accounts, Audit & Risk Committee
Date of Committee	27 September 2024
Portfolio Holder presenting the report	Councillor Chris Brant – Portfolio Holder for Corporate Services
Date Portfolio Holder agreed report	20 August 2024
Report of	Shona Ware Assistant Director – Customer Focus

Purpose of report

To update the committee on how well the council is managing its Strategic Risks.

1. Recommendations

The Accounts, Audit & Risk Committee resolves:

- 1.1 To note the Risk Monitoring Report for Quarter 1 2024-25.

2. Executive Summary

- 2.1 The Leadership Risk Register is reviewed by the Corporate Leadership Team and Executive Committees every quarter; however, this is a live document and therefore is updated as and when required, to manage risk effectively. There was one score change in the Leadership Risk Register during Quarter 1 2024-25.

Implications & Impact Assessments

Implications	Commentary
Finance	There are no financial and resource implications arising directly from this report. Michael Furness, Assistant Director of Finance, 12 August 2024
Legal	There are no legal implications arising directly from this report. Shahin Ismail, Interim Head of Legal Services, 12 August 2024
Risk Management	This report contains a full update with regards to the Council's risk position at the end of Quarter 1 2024-25. There are no risk implications arising directly from this report. Celia Prado-Teeling, Performance & Insight Team Leader, 29 July 2024

Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		x		There are no equalities implications arising directly from this report. Celia Prado-Teeling, Performance & Insight Team Leader, 29 July 2024
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
Climate & Environmental Impact		x		
ICT & Digital Impact		x		
Data Impact		x		
Procurement & subsidy		x		
Council Priorities	Not applicable			
Human Resources	Not applicable			
Property	Not applicable			
Consultation & Engagement	Not applicable			

Supporting Information

3. Background

3.1 The Council carries out regular reviews to identify risks at the earliest opportunity so that it can assess and mitigate them as soon as possible.

3.2 Risks that may affect the Council's performance, and particularly, on its ability to deliver its corporate priorities are captured in its Leadership Risk Register.

4. Details

- 4.1 The Council maintains a Leadership Risk Register, which contains Strategic risks that could be significant in size and duration and could potentially impact on the reputation and performance of the Council as a whole, and in particular, on its ability to deliver on its corporate priorities. The Leadership Risk Register is reviewed quarterly by the Corporate Leadership Team; however, this is a live document that gets updated as and when required.
- 4.2 Please note risks deemed as high (L01) and medium (L03, L07, L08, L11 and L14) present higher scores, mostly due to the magnitude of the impact these events could have for the organisation, mitigating actions are in place across all of them to reduce the potential severity of the impact, and controls are established to prevent the probability of the risk event happening. The full Leadership Risk Register, including controls and mitigating actions, is attached in Appendix 1.

The overall position as of the end of Quarter 1 of all Leadership risks is as follows:

Impact	Probability				
	1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
5 - Catastrophic			L08		
4 - Major		L09-L06	L03- L07 -L11- L14	L01	
3 - Moderate		L04-L05-L10	L02-L12-L13		
2 - Minor					
1 - Insignificant					

Figure 1: Risk scorecard showing the risk scores in the Leadership Risk Register for Quarter 1 2024-25.

- 4.3 During Quarter 1, there was one score change in the Leadership Risk Register, **L13 Monitoring and management of Major Infrastructure Projects and Programmes** residual risk level (score after controls are implemented) decreased from 12 (Medium Risk) to 9 (Low Risk).

The full Leadership Risk Register is attached in Appendix 1.

5. Alternative Options and Reasons for Rejection

- 5.1 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.

6 Conclusion and Reasons for Recommendations

- 6.1 This report provides an update on how well the council is managing its Strategic Risks up to the end first quarter of the financial year.

Decision Information

Key Decision	Not applicable
Subject to Call in	Not applicable
If not, why not subject to call in	Not applicable
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Leadership Risk Register Quarter 1 2024-25
Background Papers	None
Reference Papers	None
Report Author	Celia Prado-Teeling, Performance & Insight Team Leader
Report Author contact details	Celia.Prado-Teeling@Cherwell-dc.gov.uk

Appendix 1 – Leadership Risk Register as at 14/08/2024

Level of risk	How the risk should be managed
High Risk (16-25)	Requires active management to manage down and maintain the exposure at an acceptable level. Escalate upwards.
Medium Risk (10 -15)	Contingency Plans - a robust contingency plan may suffice together with early warning mechanisms to detect any deviation from the profile.
Low Risk (1 – 9)	Good Housekeeping - may require some risk mitigation to reduce the likelihood if this can be done cost effectively, but good housekeeping to ensure that the impact remains low should be adequate. Re-assess frequently to ensure conditions remain the same.

Risk Scorecard – Residual Risks						
		Probability				
		1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
Page 15 Impact	5 - Catastrophic			L08		
	4 - Major		L09 - L06	L03-L07-L11-L14	L01	
	3 - Moderate		L04-L05-L10	L02-L12-L13		
	2 - Minor					
	1 - Insignificant					

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

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
L01 - Financial resilience – Failure to plan for and/or 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 updated and reported regularly to members.	Fully	Councillor L.McLean	Michael Furness	Joanne Kaye	4	4	16	↔	This continuous process will include reviewing budget monitoring, active budget management, and reflection of economic and Local Government sector trends in the MTFS. Wherever possible, policy decisions impacting on the MTFS will be taken as soon as possible, rather than waiting until the February Council meeting which sets the annual budget. This will allow officers to be ready to implement, or have implemented, policy decisions which will maximise positive impacts on the budget. The budget for 2024/25 was agreed with savings proposals identified to contribute to addressing forecast reductions in funding. Close monitoring of the delivery of the savings programme will take place throughout 2024/25 with mitigations required if slippage is identified. The budget and transformation process for 2024/25 was begun in May 2024 and will involve a robust review of current budgets, how those link to activity supporting the corporate priorities, and services level options to allow for prioritisation of resources. Integration and continued development of Performance, Finance and Risk reporting Internal Audits being undertaken for core financial activity and capital as well as service activity Introduction and implementation of an Asset Management Strategy Capital & Investment Strategy agreed annually Posts are filled by appropriately qualified individuals Regular involvement and engagement with colleagues across the county Regular member training and support Regular utilisation of advisors as appropriate Summarise and distribute announcements to CLT and members. Timely and good quality budget management reports, particularly property income and capital Work is underway to maximise the impact of the available space in Banbury town centre	Full risk review carried out, controls and mitigating actions updated	Update On 8/8/2024
	Reduction in services to customers				Planning for balanced medium term and dynamic ability to prioritise resources.	Fully										
	Increased volatility and inability to manage and respond to changes in funding levels				Finance team made up of highly professional, competent, qualified staff.	Partially										
	Reduced financial returns (or losses) on investments/assets such as in subsidiaries.				Good networks established locally, regionally and nationally to ensure officer are aware of developments across the sector which could impact on the council.	Fully										
	Inability to deliver financial efficiencies				Strong shareholder function and relationships with subsidiaries to manage investment risk	Fully										
	Exposure to commercial pressures in relation to regeneration projects.				To be prudent, financial returns from the subsidiaries are not included in the MTFS until they are reasonably assured to	Partially										
	Poor customer service and satisfaction				National guidance interpreting legislation available and used regularly.	Fully										
	Increased complexity in governance arrangements				Progress regeneration plans in a coordinated manner. Participate in Oxfordshire Treasurers' Association's work streams.	Fully										
	Lack of officer capacity to meet service demand				Review of best practice guidance from bodies such as CIPFA, LGA Oflog and NAO.	Fully										
	Lack of financial awareness and understanding throughout the council				Treasury management and capital & Investment strategies in place in place and updated at least annually. Regular financial and performance monitoring in place.	Fully										
	Increased inflation in the costs of capital schemes				Independent third party advisers in place. Regular bulletins and advice received from advisers. Property portfolio income monitored through financial management arrangements on a regular basis.	Fully										
	Increased inflation in revenue costs				Asset Management Strategy in place and embedded	Fully										
					Fully											
				Transformation Programme in place to deliver efficiencies, prioritise resources, link to strategic priorities and increased income in the future	Partially											
L02 - Statutory functions – Failure to meet statutory obligations and policy and legislative changes are not anticipated or planned for.	Legal challenge	3	4	12	Embedded system of legislation and policy tracking In place, with clear accountabilities, reviewed regularly by Directors.	Partially	Councillor Brant	Stephen Hinds	Shiraz Sheikh	3	3	9	↔	Ensure Committee forward plans are reviewed regularly by senior officers. Ensure Internal Audit plan focusses on key leadership risks. Establish corporate repository and accountability for policy/legislative changes taking into consideration all of the Council's functions. External support secured for key corporate projects including Growth Deal and IT Transformation Programme. Learning and development opportunities identified and promoted by the Chief Executive and Directors. First tranche of Senior Leadership training/development begins in August, and is cascaded throughout 2022/23. Staff briefings on rules and procedures by MO Review Directorate/Service risk registers. Ensure Committee forward plans are reviewed regularly by senior officers. Ensure Internal Audit plan focusses on key leadership risks. Establish corporate repository and accountability for policy/legislative changes taking into consideration all of the Council's functions.	Full risk reviewed carried out, no changes necessary for Q1.	Updated on 14/08/2024
	Loss of opportunity to influence national policy / legislation				Clear accountability for responding to consultations with defined process to ensure Member engagement	Fully										
	Financial penalties				National guidance interpreting legislation available and used regularly	Fully										
	Reduced service to customers				Risks and issues associated with Statutory functions incorporated into Directorate Risk Registers and regularly reviewed.	Fully										
	Inability to deliver council's plans				Clear accountability for horizon scanning, risk identification / categorisation / escalation and policy interpretation in place	Partially										
	Exposure to commercial pressures				Robust Committee forward plans to allow member oversight of policy issues and risk management, including Scrutiny and Audit	Fully										
	Reduced resilience and business continuity				Internal Audit Plan risk based to provide necessary assurances	Fully										
	Reduced staff morale, increased workload and uncertainty may lead to loss of good people				Strong networks established locally, regionally and nationally to ensure influence on policy issues. In addition two Directors hold leading national roles	Fully										
					Senior Members aware and briefed regularly in 1:1s by Directors	Fully										
				Arrangements in place to source appropriate interim resource if needed	Fully											

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
						Fully effective Partially effective Not effective										
					Ongoing programme of internal communication	Fully							External support secured for key corporate projects including Growth Deal and IT Transformation Programme. Review Directorate/Service risk registers.			
					Programme Boards in place to oversee key corporate projects and ensure resources are allocated as required.	Fully										
					Extended Leadership Team (ELT) Meetings established to oversee and provide assurance on key organisational matters including resourcing.	Fully										

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
		4	4	16	Fully effective Partially effective Not effective				2	4	8	↔				
L06 - Safeguarding the Vulnerable – Operational and partnership actions- Failure to work effectively with partners to identify and protect vulnerable people in the district and disrupt exploitation leaving vulnerable people at risk or subject to exploitation.	Increased harm and distress caused to vulnerable individuals and their families.	4	4	16	Continue in linking in with Oxfordshire partnerships protocol review to ensure outcomes relevant to CDC are understood and implemented as necessary	Partially	Councillor R. Parkinson	Ian Boll	Tim Hughes	2	4	8	↔	Continue in linking in with Oxfordshire partnerships protocol review to ensure outcomes relevant to CDC are understood and implemented as necessary. Exploitation concerns and actions discussed routinely at Joint Agency Tasking and Co-ordination meetings on a monthly basis	Full risk review carried out. Risk controls updated	Updated on 30/7/2024
	Council subject to external reviews				Exploitation concerns and actions discussed routinely at Joint Agency Tasking and Co-ordination meetings on a monthly	Fully										
	Criminal investigations potentially compromised															
	Potential financial liability if council deemed to be negligent. Reputational damage to the council.															
L07 - Health and safety Failure to ensure effective arrangements are in place for Health and Safety.	Unsafe services leading to fatality, serious injury & ill health to employees, service users or members of the public	5	4	20	Corporate H&S governance arrangements and policies are regularly reviewed and updated by the Corporate H&S Team and monitored by the H&S Assurance Board.	Fully	Councillor C. Brant	Claire Cox	Ruth Woodlridge	3	4	12	↔	Corporate H&S Auditing and Inspection programme on track. Reports issued to managers and actions tracked for completion. Work ongoing with 2 audits per calendar month. Work still in progress with service areas around the corporate H&S register, which will be managed and monitored with a focus on the depots as our highest risk areas. Relevant and required policies and procedures are regularly reviewed. Working with service areas to ensure that suitable risk assessments are in place. Working with service areas and providing training to staff where necessary.	Full risk review carried out. Risk reviewed and mitigation actions updated	Updated on 12/7/2024
	Criminal prosecution for failings Breach of legislation and potential for enforcement action.				Directors and service leads are responsible for ensuring H&S arrangements are in place within their areas or responsibility. Managers are responsible for ensuring operational health and safety risks are assessed and effective control measures implemented.	Fully										
	Financial impact (compensation or improvement actions)				Consultation with employee representatives via employer and union consultative committees (Unison)	Fully										
	Reputational Impact				Corporate H&S Training provided via corporate learning and development programme. Training for operational risks may be organised by services. H&S performance monitored by accident and incident reports and corporate H&S auditing and inspection programme. H&S information is disseminated via internal communications and updates to ELT and other relevant meetings.	Fully Fully Fully										
L08 - Cyber Security -If there is insufficient security with regards to the data held and IT systems used by the councils and insufficient protection against malicious attacks on council's systems then there is a risk of: a data breach, or a loss of service.	Financial loss / fine	4	5	20	Intrusion prevention and detection monitoring and regular actions are implemented from the resulting reports	Fully	Councillor C.Brant	Stephen Hinds	David Spisbury	3	5	15	↔	All staff reminded to be vigilant to unexpected emails due to the heightened risk of cyber-attack due to escalating worldwide tensions and at critical periods such as the run up to Elections. Cyber Security advice and guidance regularly highlighted to all staff. Cyber Security is mandatory e-learning for all staff to be completed annually and is part of new starters induction training. Additionally regular Mimecast videos sent to all users for bitesize regular training External Health Check undertaken each year and Cabinet Office PSN compliance reviewed and certified each year to ensure the infrastructure is secure to connect to the PSN. Internal Audits complete regular cyber audits. Cyber Security lead has specific responsibility for Cyber Security, and we have engaged a specialist partner to advise on industry best practices and standards.	Full risk review carried out. Impacts, controls and mitigating actions updated	Updated on 12/7/2024
	Prosecution – penalties imposed				Additional 3rd party monitoring in place using a SIEM tool and 24/7 monitoring via a SOC	Fully										
	Individuals could be placed at risk of harm				A zero trust VPN model.	Fully										
	Reduced capability to deliver services				Schedule of regular security patching	Fully										
	Unlawful disclosure of sensitive information				Vulnerability scanning	Fully										
	Inability to share services or work with partners				Malware protection and detection	Fully										
	Loss of reputation				File and data encryption on computer devices	Fully										
					Managing access permissions and privileged users controls.	Fully										
					Effective information management and security training and awareness programme for staff	Fully										
					Password and Multi Factor Authentication security controls in place.	Fully										
					Robust information and data related incident management procedures in place	Fully										
					Appropriate robust contractual arrangements in place with all third parties that supply systems or data processing services Appropriate plans in place to ensure ongoing PSN compliance	Fully Fully										

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
						Fully effective Partially effective Not effective										
					Preventative measures in place to mitigate insider threat, including physical and system security	Fully										
					Advice received from NCSC on specific activity alerts, the increased threat of globalised ransomware and malware attacks	Fully										
					Mimecast awareness training and comprehensive defence system deployed to improve email security	Fully										

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
L09 - Safeguarding the vulnerable - Internal procedures- Failure to work effectively with partners to identify and protect vulnerable people in the district and disrupt exploitation leaving vulnerable people at risk or subject to exploitation.	Increased harm and distress caused to vulnerable individuals and their families	4	4	16	Safeguarding lead in place and clear lines of responsibility established	Fully	Councillor R. Pattenden	Ian Boll	Nicola Riley	2	4	8	↔	Action plan acted upon and shared with Overview and scrutiny committee once a year	Full risk review carried out. Risk description and controls updated	Updated on 9/7/2024
	Council subject to external reviews			Safeguarding Policy and procedures in place	Fully	Annual refresher and new training programmes including training for new members										
	Criminal investigations potentially compromised			Information on the intranet on how to escalate a concern	Fully	Continue to attend safeguarding board sub groups as necessary to maintain high levels of awareness within the system and compliance with latest practice										
	Potential financial liability if council deemed to be negligent			Mandatory training and awareness raising sessions are now in place for all staff.	Fully	Corporate monitoring of all referrals										
	Reputational damage to the council			Safer recruitment practices and DBS checks for staff with direct contact	Fully	Ensure web pages remain up to date										
				Data sharing agreement with other partners	Fully	Monitoring of implementation of corporate policies and procedures to ensure fully embedded										
				Attendance at Safeguarding Boards	Fully	Regular internal cross departmental meetings to discuss safeguarding practice										
				Annual Section 11 return compiled and submitted as required by legislation.	Fully	SAR's and Lessons Learned reports circulated to improve practice and knowledge.										
L10 - Sustainability of Council owned companies and delivery of planned financial and other objectives - Failure of council owned companies to achieve their intended outcomes or fail to meet financial objectives.	Unclear governance leading to lack of clarity and oversight in terms of financial and business outcomes	3	5	15	Annual business planning in place for all companies to include understanding of the link between the Council's strategic objectives being delivered and financial impact for the council. A regular Shareholder Representative meeting takes place, a Shareholder Liaison Meeting including the S.151 Officer and Monitoring Officer takes place on a quarterly basis and a Shareholder Committee meeting on a quarterly basis. A governance review is being undertaken and initial recommendations have been approved by the Shareholder Committee.	Fully	Councillor D. Hingley	Gordon Stewart	Stephen Hinds	2	3	6	↔	A Shareholder Representative was appointed and regular governance arrangements are in place.	No changes	Risk reviewed 01/04/2024
	Failure of council owned companies to achieve their intended outcomes or fail to meet financial objectives			Regular meetings are in place between the Council's S.151 Officer and the relevant company Finance Directors. Financial planning for the companies undertaken that will then be included within our own Medium Term Financial Strategy. Financial risks are routinely reported by the Shareholder Representative to the Shareholder Committee.	Fully	Resilience and support being developed across business to support and enhance knowledge around council companies.										
	Lack of understanding at officer and member level about the different roles of responsibilities required when managing council owned companies			Clear governance arrangements are in place.	Partially	Skills and experience being enhanced to deliver and support development, challenge and oversight.										
				Sound monitoring in place of both business and financial aspects of the companies and the impact on overall council performance through the Shareholder Representative meetings and through the reporting to the Corporate Leadership Team monthly.	Fully	Work with one company to ensure long term support arrangements are put in place.										
				Training in place for those undertaking Director roles relating to the companies.	Partially											

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
L11 - Financial sustainability of third-party suppliers and contractors	The financial failure of a third party supplier and contractors results in the inability or reduced ability to deliver a service to customers or provide goods needed. A reduced supply market could also result in increased costs due to the council's loss of competitive advantage.	3	4	12	Ensure contract management in place review and anticipate problems within key service suppliers and partners	Partially	Councillor C Brant	Shiraz Sheikh	TBC	3	4	12	↔	Creditsafe UK tool purchased to allow Procurement to carry out supplier credit checks when required.	No changes	Reviewed on 14/8/24
					Business continuity planning arrangements in place in regards to key suppliers	Partially										
					Ensuring that proactive review and monitoring is in place for key suppliers to ensure we are able to anticipate any potential service failures	Partially										
					Intelligence unit set up procurement Hub to monitor supplier and contractor market	Fully										
	Reduced resilience and business continuity			Analysis of third party spend undertaken to identify and risk assess key suppliers/contractors	Fully			Services areas to ensure supplier suitability checks have been carried out prior to award of contract and 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 any issues arising.								
Increased complaints and/or customer dissatisfaction							Services areas to keep the key suppliers under regular check including running financial checks.									
Increased costs and/or financial exposure to the Council due to having to cover costs or provide service due to failure of third party supplier of contractor																

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
L12 - Corporate Governance - Failure of corporate governance leads to negative impact on service delivery or the implementation of major projects providing value to customers.	Threat to service delivery and performance if good management practices and controls are not adhered to.	4	4	16	Clear and robust control framework including: constitution, scheme of delegation, ethical walls policy etc.	Fully	Councillor C. Brant	Stephen Hinds	Shiraz Sheikh	3	3	9	↔	External Audit - external audit issue an opinion on the accounts and the Council's arrangements for securing Value for Money. The Council's Annual Governance Statement and Code of Corporate Governance. At least annually, a review of effectiveness of governance framework including the system of internal control and AGS is published. The work is informed by the Corporate Governance and Oversight Group. CLT & ELT has responsibility of maintenance of the governance environment.	Full risk review carried out - potential impacts updated	Updated on 14/8/2024
				Member Scrutiny - OSC function, Council Executive, AARC and Standards Committees	Fully											
	Risk of ultra vires activity or lack of legal compliance				Clear accountability and resource for corporate governance (including the shareholder role).	Fully										
	Risk of fraud or corruption				Integrated budget, performance and risk reporting framework.	Fully										
	Risk to financial sustainability if lack of governance results in poor investment decisions or budgetary control.				Corporate programme office and project management framework. Includes project and programme governance.	Partially										
	Failure of corporate governance in terms of major projects, budgets or council owned companies impacts upon financial sustainability of the council.				Internal audit programme aligned to leadership risk register.	Fully										
	Inability to support Council's democratic functions / obligations (e.g. return to physical public meetings and public access to meetings).				Training and development resource targeted to address priority issues; examples include GDPR, safeguarding etc.	Partially										
					HR policy framework.	Partially										
L13 - Monitoring and management of Major Infrastructure Projects and Programmes Failure to properly manage and monitor the various individual Oxfordshire Housing and Growth and infrastructure projects.	Failure to actively manage the various Infrastructure Projects and Programmes, particularly in relation to those being delivered by Oxfordshire County Council, could lead to delays or failure to deliver timely obligations, which could lead to HM Government holding back some or all of its funding, or requiring repayment.	4	5	20	Need to establish appropriate officer and stakeholder governance structures to support effective programme delivery.	Partially	Councillor I. Middleton	Ian Boll	Robert Jolley	3	3	9	↓	Monthly infrastructure project meetings are held between officers at Oxfordshire County and Cherwell District Councils in order to monitor progress. Institute regular and effective dialogue with developers	Full risk review carried out. Residual risk rating and mitigating actions updated	Risk reviewed and updated 16/7/2024
				Need to institute regular and effective dialogue with developers.	Partially											
	Delivery of Infrastructure projects fail to accelerate housing delivery as commercial pressures impact house builders															
L14 - Workforce Strategy The lack of effective workforce strategies could impact on our ability to deliver Council priorities and services.	Limit our ability to recruit, retain and develop staff	3	4	12	Analysis of workforce data and on-going monitoring of issues.	Partially	Councillor C. Brant	Stephen Hinds	Claire Cox	3	4	12	↔	There are indications that specific service areas are continue to experience recruitment difficulties for professional roles. HR is working with the relevant directors to consider alternative resourcing methods. Development of a people strategy to include succession planning, and to underpin the organisation strategy Development of relevant workforce plans. Development of specific recruitment and retention strategies. It is planned for CDC to develop a framework that suits the needs of all services ensuring that the Council has access to a much wider pool of staffing agencies at competitive rates. The new IT system has been implemented to improve our workforce data and continues to be develop to improve our ability to interrogate and access key data (ongoing) in order to inform workforce strategies.	Full risk reviewed carried out. Mitigating actions updated.	Risk reviewed and updated 10/7/2024
	Impact on our ability to deliver high quality services				Key staff in post to address risks (e.g. strategic HR business partners)	Fully										
	Overreliance on temporary staff				Weekly Vacancy Management process in place	Fully										
	Additional training and development costs				Ongoing service redesign will set out long term service requirements	Partially										

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This report is public	
External Audit 2022/23 Update	
Committee	Accounts, Audit and Risk Committee
Date of Committee	25 September 2024
Portfolio Holder presenting the report	Portfolio Holder for Finance, Property and Regeneration, Cllr Lesley McLean
Date Portfolio Holder agreed report	12 September 2024
Report of	Assistant Director of Finance (S151 Officer), Michael Furness

Purpose of report

To update the committee on developments in relation to the proposed audit backstop in relation to the 2022/23 statement of accounts, note the draft Letter of Representation, and to seek delegated authority to finalise the accounts with the auditors by the backstop date for 2022/23's accounts.

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the updated dates proposed by the Ministry for Housing, Communities and Local Government for the audit backstop and the impact of this proposal on the external audit of the council's financial statements.
- 1.2 To note the draft Letter of Representation for 2022/23 (Appendix 3)
- 1.3 To agree that, once the final audit opinion for 2022/23 is received, the Assistant Director Finance (S151 Officer), in consultation with the Chair of the Accounts, Audit and Risk Committee (or Deputy Chair in their absence), be authorised to make any further changes to the accounts agreed with the auditors and sign the accounts. Any further changes will be brought to the Committee's attention at its next meeting following the signing.
- 1.4 To agree that the Assistant Director of Finance, in consultation with the Chair of the Committee (or Deputy Chair in their absence), be authorised to make any further changes to the letter of representation agreed with the auditors that may arise during completion of the audit. Any further changes will be brought to the Committee's attention at its next meeting following the signing.

2. Executive Summary

- 2.1 The Ministry for Housing, Communities and Local Government (MHCLG) published a statement on 30 July, indicating the intent to lay before parliament the required legislation to put in place a series of 'backstop' dates for audits of local authorities in England. Under this proposal the audits of the council's 2022/23 and 2023/24

statement of accounts would be required to be completed by the 13 December 2024 and 28 February 2025 respectively.

- 2.2 In practice this means that if the auditors have not been able to gain sufficient assurance by these dates they will have to issue a modified opinion, either a disclaimer opinion giving no assurance on the accounts, or a qualified opinion giving assurance in some areas of the accounts but not in others. From discussion with its external auditors, Ernst & Young LLP (2022/23) and Bishop Fleming LLP (2023/24) the council expects to receive a disclaimer opinion for both years.
- 2.3 This issue is widespread across English local authorities, and MHCLG expect hundreds of disclaimer opinions to be issued as part of this reset of the audit system for local authorities. It is expected that it will take several years for affected councils to return to the unqualified opinions that Cherwell District Council has received in previous years.

Implications & Impact Assessments

Implications	Commentary			
Finance	There are no finance implications arising directly from this report. However, as a result of the proposals laid out by MHCLG it is expected that the external audit fee for 2022/23 will be lower due to a reduced amount of work completed, and the 2023/24 and future years will see an increased fee for the additional work required. At this point in time it is not possible to quantify how much the external audit fee might change. Joanne Kaye, Head of Finance, 29 August 2024			
Legal	The obligations in law are as set out in the report and there are no legal implications in connection with this report. Shiraz Sheikh, Assistant Director of Law, Governance and Democratic Services (Monitoring Officer), 13 September 2024			
Risk Management	There are no risk implications arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 29 August 2024			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				N/A
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?				N/A
B Will the proposed decision have an				N/A

impact upon the lives of people with protected characteristics, including employees and service users?				
Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A
Procurement & subsidy				N/A
Council Priorities	N/A			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	N/A			

Supporting Information

3. Background

- 3.1 On 8 February 2024 the then Department for Levelling Up, Housing and Communities (DLUHC), now Ministry of Housing, Communities and Local Government (MHCLG), and the National Audit Office (NAO) published a joint statement and associated consultations on local audit delays in England and their proposed method to clear the audit backlog. As noted in the consultation the number of unaudited accounts peaked on 30 September 2023 at 918, and in a recent letter from Minister of State Jim McMahon (Appendix 1) this is estimated to rise again to around 1,000 later this year.
- 3.2 To clear the backlog of historical accounts and ‘reset’ the system, DLUHC proposed putting a series of dates in law (the “backstop” dates) by which point local bodies would publish audited accounts for all outstanding years and the next five years of accounts.
- 3.3 Under this proposal Auditors would be required to issue an opinion before the backstop date, however, if they do not have enough time to complete all audit work before that date, then a modified opinion would be issued. Depending on the amount of work completed by the backstop date the modified opinion could either be a ‘qualified opinion’ or a ‘disclaimer opinion’ rather than the usual ‘unqualified opinion’. These mean the following:

- **Unqualified Opinion:**
This opinion is given when the auditor has gained sufficient assurance that the financial statements give a true and fair view.
- **Qualified Opinion:**
This opinion is given where the auditor has been unable to gain sufficient assurance over a limited area of the financial statements, but except for the effects of this, the financial statements give a true and fair view.
- **Disclaimer Opinion:**
This opinion is given where the auditor has been unable to gain sufficient assurance over a range of areas in the financial statements, and this is so pervasive that the auditor is unable to form an opinion on whether the financial statements give a true and fair view. In the case of the backstop date this would be because they have not been able to complete enough of the audit work in the time available rather than there being an issue with the transactions or audit evidence.

3.4 The consultation closed for responses on 7 March 2024, however due to the general election in July the legislation required for the proposal was not possible to be implemented before the first backstop date, which was 30 September 2024 for accounts up to and including the 2022/23 financial year.

3.5 The draft statement of accounts for 2022/23 were noted by the committee at its meeting 20 March 2024.

4. Details

4.1 On 30th July 2024 the Minister of State for Housing, Communities and Local Government, Jim McMahon, provided a written update to parliament on the backstop proposal. A summary of this was then sent in a letter to the council, which is attached at appendix 1.

4.2 This update confirmed the new government intended to continue with the proposed backstop system, however with revised dates which are as follows:

- Financial year 2022/23 or earlier: 13 December 2024
- Financial year 2023/24: 28 February 2025
- Financial year 2024/25: 27 February 2026
- Financial year 2025/26: 31 January 2027
- Financial year 2026/27: 30 November 2027
- Financial year 2027/28: 30 November 2028

4.3 In addition the minister proposed that the deadline for publication of draft Statement of Accounts be moved from 31 May to 30 June for the financial years 2024/25 to 2027/28.

4.4 The Council's statement of accounts for 2022/23 have not currently received an audit opinion. The external auditors for 2022/23, Ernst & Young LLP (EY), have confirmed that the new backstop dates have not changed their intention to issue a disclaimer opinion for the 2022/23 financial year. A letter sent out to S151 officers from EY on 21 August 2024 (attached at Appendix 2) confirms their intention to issue this disclaimer opinion by end of November 2024. However, this does not affect the value for money commentary work which has been completed and will be reported on alongside the audit opinion.

- 4.5 The council's new external auditors for financial years 2023/24 to 2027/28, Bishop Fleming, have been in discussion with the council for how this impacts the 2023/24 and future audits. The auditor guidance for the return to unqualified audit opinions through the backstop dates has yet to be finalised, however Bishop Fleming indicated that from the current discussions this would lead to a disclaimer opinion for the 2023/24 financial year, and potentially disclaimer or qualified opinions for 2024/25 and 2026/27 financial years before possibly returning to an unqualified opinion in 2026/27. The progression from disclaimer opinion to ultimately unqualified opinions is dependent on clarity over how assurance is to be gained over reserves and therefore may take longer.
- 4.6 The reason for this is, due to the disclaimer of the 2022/23 audit, Bishop Fleming will not have the assurance over the opening balances in the 2023/24 statement of accounts that they normally would following an unqualified opinion for the previous year.
- 4.7 Auditors gain assurance by obtaining and evaluating audit evidence, and then issuing a written report. They use a variety of procedures to obtain evidence, including inspection, observation, confirmation, recalculation, reperformance, and analytical procedures. The information must then be validated against specific benchmarks. Auditors can then conclude whether the financial statements are prepared in accordance with the applicable financial reporting framework, and whether they give a true and fair view.
- 4.8 A large amount of work is therefore required to catch up on this assurance, which central government expects to take place over several years. The proposed backstop dates for 2024/25 – 2027/28 are to allow this work to be spread out over the following financial years and not just create a new backlog of 2023/24 audits.
- 4.9 This situation is not unique to Cherwell District Council, and there is a similar pattern of disclaimed opinions slowly returning to unqualified opinions expected across many councils in England where a disclaimer opinion for 2022/23 will be given. An analysis of audit completions from LG Improve showed that at 31 July 2024 only 45 out of 164 district councils had completed the 2022/23 audit, indicating that there is likely to be close to 100 district councils in the same position as Cherwell District Council with a disclaimer opinion issued for 2022/23.
- 4.10 The draft statement of accounts was published in February 2024 following the completion of the majority of audit work on 2021/22. This was the point at which the council could confidently publish opening balances as auditors had assurance regarding the closing balances in the 2021/22 statements.
- 4.11 The Letter of Representation is an important part of the audit process whereby the Council, via the Section 151 Officer provides representations around the operation of the Council that allows and helps the auditors to form their opinion as to whether the financial statements give a true and fair view. A draft of the letter for 2022/23 has been provided by the auditors and is found at Appendix 3.

5. Alternative Options and Reasons for Rejection

- 5.1 Option 1: do not delegate authority to the S151 Office and Chair of the committee to agree the accounts and sign the letter of representation. This has been rejected because without delegation there is a risk that the backstop date could be missed, given that the accounts would need to be signed off by the committee at its 20 November meeting. The 8 November publication deadline for this meeting is significantly enough before the date by which EY intend to sign the accounts that there is a strong possibility the accounts would not be finalised in time. Another meeting of the committee before 13 December would need to be convened in that eventuality.

6 Conclusion and Reasons for Recommendations

- 6.1 MHCLG have indicated that they intend to lay before parliament secondary legislation when parliamentary time allows to enact the proposed backstop dates. This will significantly impact the audit opinion that can be given by the council's external auditors and councillors are asked to note the implications discussed in this report.

Decision Information

Key Decision	N/A
Subject to Call in	N/A
If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Local Audit - Letter to councils from Minister Jim McMahon
Appendix 2	Ernst & Young Letter to S151 Officers
Appendix 3	Draft Letter of Representation 2022/23
Background Papers	None
Reference Papers	Local Audit Backlog Statement – Jim McMahon written statement to parliament 30 July 2024 - https://questions-statements.parliament.uk/written-statements/detail/2024-07-30/hcws46 Draft Statement of Accounts 2022-23 – Report taken to AARC on 20 March 2024

	Addressing the local audit backlog in England: Consultation published 8 February 2024 - https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england-consultation/addressing-the-local-audit-backlog-in-england-consultation
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Ministry of Housing, Communities & Local Government

Jim McMahon OBE MP

Minister of State
2 Marsham Street
London
SW1P 4DF

To All Chief Executives, Chief
Financial Officers, Local Authority
Leaders and Local Audit Firm Partners

30 July 2024

Dear all,

ACTION TO TACKLE THE LOCAL AUDIT BACKLOG IN ENGLAND

I am writing to you today to inform you that I have, today, provided Parliament with a written update on the decisive action I have taken to tackle the local audit backlog in England. The statement can be found here: <https://questions-statements.parliament.uk/written-statements/detail/2024-07-30/hcws46>.

Effective local audit ensures transparency and accountability for public money spent on these vital services and builds public confidence. The Government inherited a broken local audit system in England, with a significant and unacceptable backlog of unaudited accounts, which will likely rise again to around 1,000 later this year. This situation undermines trust and transparency in the way taxpayers' money is being spent. The delays that were seen under the last government mean that local bodies and their auditors cannot focus on up-to-date accounts, where assurance is most valuable.

To tackle the backlog, I intend to lay secondary legislation when parliamentary time allows to provide for an initial backstop date of 13 December 2024 for financial years (FYs) up to and including 2022/23 and five subsequent backstop dates:

Financial Year	Backstop date
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

Subject to parliamentary approval, for financial years 2024/25 to 2027/28, the date by which local bodies should publish 'draft' (unaudited) accounts will change from 31 May to 30 June following the financial year to which they relate. This will give those preparing accounts more time to ensure they are high-quality accounts. A new suite of guidance is planned by the NAO and Financial Reporting Council (FRC) on these measures, and we continue to work with other organisations to consider what guidance would be most constructive and helpful for local bodies.

We expect that there will be full assurance, with “clean” opinions for many bodies by the first backstop date of 13 December 2024. However, due to the time constraints, auditors are likely to issue ‘disclaimed’ audit opinions (no assurance) on many accounts – early indications are that this could be several hundred in this first phase which may, in the short term, cause additional concern. I recognise that aspects of these proposals are uncomfortable, however, given the scale of the failure in the local audit system the Government inherited meant that we have had to take this difficult decision to proceed. Without this action by the Government, audits would continue to be delayed and the system will move even further away from timely assurance.

The Ministry will continue to work with the FRC and other key organisations across the local audit sector to support local bodies, auditors and the wider world to understand what the different types of modified opinions mean. As I set out in my statement, local bodies should not be unfairly judged based on disclaimed or modified opinions caused by the introduction of backstop dates that are largely beyond their control and auditors will be expected to clearly set out the reasons for the issuing of such opinions to mitigate the potential reputational risk that local bodies may face.

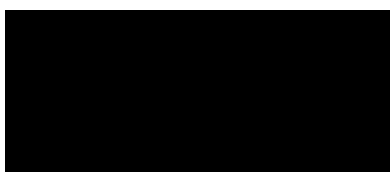
The Government will communicate the necessity of these steps and emphasise the context for modified or disclaimed opinions and all the key organisations. This will include some Q&A drop-in sessions followed by a webinar. Dates and invitations for these will be circulated shortly, and I hope you will all be able to attend to hear directly about the measures.

I recognise the commitment and hard work of all your finance teams to continue and strengthen their essential work to produce high quality accounts in a timely manner. I also recognise the commitment and hard work of auditors working to provide quality external assurance, as we move to restore a system of high-quality, timely financial reporting and audit, while managing the impact of this in a sustainable way.

It is my aspiration, and one I know is also supported by all the key organisations in the audit world, that it is in the public interest for the audit system for local public bodies in England to recover as quickly as possible once the backlog has been cleared. This means disclaimed opinions driven by backstop dates should in most cases be limited to the next two years (up to and including the 2024/25 backstop date of 27 February 2026), with only a small number of exceptional cases, due to specific individual circumstances, continuing thereafter.

This action to tackle the backlog, while vital, does not provide a long-term, sustainable solution to the wider, broken local audit system. The Government will need to undertake significant reform to overhaul the system, as we committed to in our manifesto. This will allow us to get the house in order, open the books, and repair the foundations of local government, and I will work with partners over the coming months to explore how best to achieve this.

Finally, I know the hard work is often unseen and too often not acknowledged, can I ask that you relay my appreciation to finance teams, key audit partners and others for the work they have done so far in what has been an extremely demanding period, and for the work they will do in the coming months and years.



Jim McMahon OBE MP

21 August 2024

Email: sreid2@uk.ey.com

Dear Section 151 Officer colleagues

As you will be aware, Jim McMahon, the new Minister of State responsible for Local Government and English Devolution made a statement to parliament on Tuesday 30 July 2024, setting out the Government's policy proposal for addressing the local government audit backlog. This statement outlines immediate actions the Government – together with the Financial Reporting Council (FRC), the National Audit Office (NAO) and organisations in the wider system – is taking, which are designed to address the backlog and put local audit on a sustainable footing. ([Written statements - Written questions, answers and statements - UK Parliament](#)). The Minister then issued a cross system letter that same day. These now provide helpful clarity on the government's policy intentions and recognise the commitment of finance teams and auditors and the important role that we will all play to restore timely financial reporting and audit across local government in England.

As you will recall I wrote to you on 26 July and 6 December 2023 setting out EY's response and approach to dealing with Government proposals to re-establish the local authority audit framework on a more sustainable basis. Following this statement to parliament, I am now writing to update you how we are working to deliver the Government's policy intentions.

As you are aware, the challenges facing the local audit system have been highlighted by auditors, the Redmond Review, the NAO, PSAA Ltd, the Local Government Association and Parliament – through Select Committee hearings. The critical factors leading to these delays can be attributed to shortages in specialist audit resources and finance teams across local authorities, increasing regulatory requirements, specific governance or technical matters at audited bodies, emerging national accounting issues for Infrastructure Assets and more recently Pension Liability valuation matters, with all of these being further compounded by the impact of Covid.

We remain committed to delivering high quality local audit in the public interest. Therefore, in the light of the latest government announcement we are reviewing our current and future work prioritisation to ensure that we meet the requirements now being placed on us by government, the FRC and the NAO. At the same time, we are also mindful of the expectations on us to safeguard the timeliness of the audits in other priority sectors where we audit public funds – central government, the NHS and higher education.

The government's intention is to implement backstop dates relatively soon for financial years up to 2022/23 (13 December 2024) and 2023/24 (28 February 2025). While guidance remains to be issued, we have been working with the system leaders to understand what their expectations will be on all auditors to implement the government's policy proposals effectively. To ensure that we fully comply with the guidance given the relative proximity of the backstop dates and support an effective reset of the system across 2023/24 and 2024/25, it is clear that we, and other local audit firms will have to make difficult prioritisation decisions in how to best deploy finite audit resources. For these reasons we agree with the government's estimates that auditors are "likely to issue hundreds of disclaimed audit opinions and disclaimed opinions will likely continue for some bodies for a number of years". Most immediately, many audits will be disclaimed up to 2022/23 and 2023/24 under these backstop proposals. We anticipate that from 2024/25 the recovery of the system will commence, with assurance being rebuilt over several subsequent audit cycles, before unmodified opinions are able to be issued.

Therefore, in line with the timelines set out above our intention is to prioritise our resources to:

- a. finalise value for money reporting up to 2022/23 and complete the process of disclaiming audit opinions up to 2022/23 by end of November 2024;
- b. ensuring that other priority sectors are protected, including resources for the commencement and planning of 2024/25 local government audits;
- c. deliver 2023/24 audits including our continued focus on pension fund audits, where practical, ensuring the value for money responsibilities placed on auditors are completed; and
- d. complete the process of disclaiming audit opinions for 2023/24 by the end of January 2025, to then allow audit teams to begin planning 2024/25 audits with a view to commencing the build back of assurance.

In respect of the delivery of 2023/24 audits, we will be prioritising those audits that we consider meet the following criteria:

- draft unaudited financial statements were published by 31 July 2024¹;
- there is evidence that finance teams can effectively and efficiently support the audit process; and
- have high-quality audit evidence and supporting information that is delivered in accordance with our agreed timetable and in advance of the commencement of the audit.

Where these factors are not present our experience tells us that there is an increased risk that the backstop provisions will be required for those 2023/24 audits, and in our view deploying valuable audit resource would not be in the best public interest.

We continue to work through the detail of the Minister's letter and the impact that the stated backstop dates have on our delivery plans. Your Key Audit Partner will be in touch in early September to discuss and answer your questions on what this means for your organisation, for any open years of audit to 2022/23 and your current 2023/24 audit. We will also provide a roadmap of what will be required and next steps to allow us to complete the necessary procedures to close outstanding audits by the respective backstop dates to ensure compliance with FRC and NAO requirements.

As the Government recognises, these are bold and exceptional measures and aspects of these proposals are uncomfortable. It therefore remains important that our respective teams continue to work constructively together to ensure that the Government's policy proposals on backstop dates are achieved, and that the local audit system is effectively reset in the short term to enable sustainable recovery in later years. I will, of course, update you if we become aware of any changes to the Government's intentions that would impact the approach set out above.

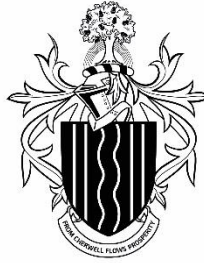
If you have any questions about the contents of this letter, please don't hesitate to contact me, otherwise your Key Audit Partner will be in touch as outlined above.

Yours sincerely



Stephen Reid
Partner
Head of UK Government and Public Sector Audit
for and behalf of Ernst & Young LLP

¹ The Account and Audit Regulations (2015) set the 31 May 2024 as the publication for an Authority's 2023/24 draft financial statements. We acknowledge that this is an important responsibility upon an Authority but recognise the impact that delayed audits have on closedown processes for 2023/24 and the respective authorisation of draft financial statements by S151 Officers. Using the 31 July 2024 as a follow up date for publication ensures no Authority is unreasonably disadvantaged and is linked to the date of the Ministers Announcement.



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Ernst & Young
R+ Building
2 Blagrave Street
Reading
RG1 1AZ

Bodicote House
Bodicote
Banbury
Oxfordshire
OX15 4AA
www.cherwell.gov.uk

Please ask for:	Michael Furness	Direct Dial:	01295 221845
Email:	Michael.Furness@Cherwell-dc.gov.uk	Our Ref:	Letter of Representations

Date tbc

Dear Maria

This letter of representations is provided in connection with your audit of the consolidated and parent Authority financial statements of Cherwell District Council (“the Group authority”) for the year ended 31 March 2023. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and parent Authority financial statements give a true and fair view of (or ‘present fairly, in all material respects,’) the Group and authority financial position of Cherwell District Council as of 31 March 2023 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and the Authority, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our consolidated and parent Authority financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist. Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and the parent Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

2. We acknowledge, as members of management of the Group and authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We believe the consolidated and parent Authority financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and parent Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the Group and authority financial statements are appropriately described in the Group and authority financial statements.

4. As members of management of the Group and authority, we believe that the Group and authority have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) for the Group and authority and that they are free from material misstatement, whether due to fraud or error.

5. *[There are no unadjusted errors to note at this stage]* We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and parent Authority financial statements taken as a whole. We have not corrected these differences because *[specify reasons for not correcting misstatement]*.

6. *[There have been no restatement of the comparative figures to date]*

The comparative amounts have been restated to reflect the below matter(s) and appropriate note disclosure of this (these) restatement(s) has (have) also been included in the current year's consolidated and parent Authority financial statements.

[Add a paragraph providing a brief description of each matter giving rise to a restatement and the amount(s) concerned.]

There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's consolidated and parent Authority financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and parent Authority financial statements for the year ended *[date]* are solely the result of reclassifications for comparative purposes.

7. We confirm the Group and authority does not have securities (debt or equity) listed on a recognized exchange.

8. We have confirmed to you any changes in service organizations within the Group and authority since the last audited financial year.

B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Group and authority's business activities are conducted in accordance with laws and Letter of representations:

Audit of Group and Local Authority financial statements regulations and that we are responsible to identify and address any noncompliance with applicable laws or regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.

3. We have disclosed to you the results of our assessment of the risk that the consolidated and parent Authority financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected noncompliance with laws or regulations, including fraud, that may have affected the Group or Authority (regardless of the source or form and including without limitation, any allegations by “whistleblowers”), including non-compliance matters:

- Involving financial improprieties
- Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated and parent Authority financial statements.
- Related to laws or regulations that have an indirect effect on amounts and disclosures in the consolidated and parent Authority financial statements, but compliance with which may be fundamental to the operations of the Group and authority’s business, its ability to continue in business, or to avoid material penalties
- Involving management, or employees who have significant roles in internal control, or others
- In relation to any allegations of fraud, suspected fraud or other noncompliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the consolidated and parent Authority financial statements.

3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date: **[list date]**.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and authority’s related

parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the consolidated and parent Authority financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

6. We have disclosed to you, and the Group and authority has complied with, all aspects of contractual agreements that could have a material effect on the Letter of representations: Audit of Group and Local Authority financial statements.

5. Consolidated and parent Authority financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the consolidated and parent Authority financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

8. We have disclosed to you, and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the consolidated and parent Authority financial statements, including disclosures.

D. Liabilities and Contingencies

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

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

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 36 to the consolidated and parent Authority financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note 1 to the consolidated and parent Authority financial statements discloses all the matters of which we are aware that are relevant to the Group and authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than the events described in Note 6 to the consolidated and parent Authority financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Authority financial statements or notes thereto.

G. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.

2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst parent Authority, subsidiary undertakings and associated undertakings.

H. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information contained within the Narrative Statement and also the Annual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

I. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and the Group and authority have reflected these in the consolidated and parent financial statements.

Yours faithfully,

Michael Furness (Assistant Director of Finance, S151 Officer)

Date tbc

Councillor Nick Cotter (Chairman of the Accounts, Audit and Risk Committee)

Date tbc

This report is public	
Monitoring Officer's Annual Report 2023/24 – Complaints, Conduct & Ethics.	
Committee	Accounts, Audit and Risk Committee
Date of Committee	25 September 2024
Portfolio Holder presenting the report	Portfolio Holder for Corporate Services, Councillor Chris Brant
Date Portfolio Holder agreed report	12 September 2024
Report of	Assistant Director Law and Governance and Monitoring Officer, Shiraz Sheikh

Purpose of report

To provide the Committee an annual report on matters relating to standards and conduct of Members within the Cherwell District at District and Parish level, complaints made to the Local Government Ombudsman and other matters for the municipal year of 2023/2024.

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the content of the report, which will also be circulated to all Town and Parish Councils in the district for information.

2. Executive Summary

- 2.1 The report is the annual report from the Monitoring Officer to this Committee in relation to standards and conduct of members within the district.
- 2.2 The Key findings identified in the report are:
 - a) standards of ethical conduct across the district remain good.
 - b) the number of gifts and hospitality declared by officers and members are very low and there needs to be periodic reminders to both officers and members on this.
- 2.3 The report also includes the Annual Review Report from the Local Government and Social Care Ombudsman (LGSCO). The LGSCO reports the decisions that they have made on complaints received to them from April to March. The report is attached at Appendix 1.

Implications & Impact Assessments

Implications	Commentary			
Finance	There are no financial implications arising from this report however, costs associated with external investigations may lead to a budget pressure. Rachel Ainsworth, Financial Business Partner, 30/8/24			
Legal	There are no legal issues arising from this report. Matters covered in the report regarding code of conduct complaints are general requirements in the Localism Act 2011 and its supporting regulations. Shahin Ismail, Interim Head of Legal and Deputy Monitoring Officer, 3 September 2024			
Risk Management	Having good practice and following procedures means that the Council's credibility stays good and ethical behaviour is well managed. Adherence to the requirements of the Code of Conduct mitigate the risks of the descent of standards and the Council's decisions being subject to legal challenge. Celia Prado-Teeling, Performance Team Leader, 29 August 2024			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				Not applicable
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
Climate & Environmental Impact		x		
ICT & Digital Impact		x		
Data Impact		x		
Procurement & subsidy		x		
Council Priorities	Not applicable			

Human Resources	N/A
Property	N/A
Consultation & Engagement	None

Supporting Information

3. Background

- 3.1 Under the Localism Act 2011, Councils have the responsibility of regulation of the standards of conduct of elected and co-opted members of Councils and, in the case of district councils, Town and Parish Councils in their district. To demonstrate how the Council is regulating conduct, an annual report will be produced by the Monitoring Officer and presented to the Accounts, Audit and Risk Committee to inform Members of the activity taking place around the code of conduct and other functions of the Monitoring Officer.

4. Details

The Monitoring Officer

- 4.1 The Council has a statutory duty to appoint a Monitoring Officer under Section 5 of the Local Government and Housing Act 1989 as one of its designated officers. The Council's Monitoring Officer (Shiraz Sheikh) has appointed one deputy (Shahin Ismail). The functions and duties of the Monitoring Officer are set out in legislation. These include promoting and maintaining standards of conduct of elected and co-opted members. The Monitoring Officer also has a statutory responsibility to establish and maintain a register of interests for members and co-opted members of the authority as well as Town and Parish Councils in the district.

A number of home addresses that have been declared by Members have been withheld from publication where the Monitoring Officer has been satisfied that the interest is a sensitive interest in accordance with the provisions of section 32 of the Localism Act 2011.

The Standards Committee

- 4.2 The role of the Standards Committee is to promote and maintain high standards of conduct by members and co-opted members of the Council and the Town and Parish Councils in the Cherwell district and make recommendations to Council on the adoption, revision or replacement of a code of conduct for members and co-opted members.
- 4.3 The Committee approves and administers the arrangements under which allegations of breach of the code of conduct for members and co-opted members can be investigated and decisions on such allegations can be made. The

arrangements set out the process for dealing with complaints of alleged breach of the adopted Code of Conduct by Members at District and Parish level. The Standards Committee has not had to convene to consider any formal investigations for breaches of the Code of conduct this year.

- 4.4 The Committee Membership comprises 8 members based on proportional representation, with unnamed substitutes.
- 4.5 Independent Persons, appointed by Council, have standing invitations to attend Standards Committee meetings. They have an advisory role and have no voting rights. Independent Persons also play a key role during the process of dealing with complaint of alleged breaches. The Independent Person is consulted by the Monitoring Officer during the procedure of complaints as a second opinion regarding complaints.
- 4.6 The Council currently has two Independent Persons, Tom Edwards and Dr Sadie Reynolds, for Standards who were appointed at Full Council in 2021 and 2022 and their terms of office expires in December 2025. The IPs are consulted on allegations of breaches of the Code of Conduct, at an Initial Assessment stage. The Ips have provided high quality and invaluable input in the last year in this respect.

Local Assessment of Complaints against Councillors

- 4.7 Under Section 28 of the Localism Act 2011, Council's must have in place arrangements to deal with allegations that an elected or co-opted member of the authority or of a town or parish council within the principal authority's area has failed to comply with the authority's Code of Conduct. The arrangements must set out how allegations are considered and decisions made.
- 4.8 The arrangements for Cherwell District Council were reviewed and amended by the Monitoring Officer in late 2023. Following consideration by the Standards Committee on 31 January 2024, they were agreed by Council meeting on 26 February 2024. These arrangements are included in the Council's constitution under part 11a.
- 4.9 The Members' Code of Conduct governs the standards of conduct expected of elected Councillors and this is part 11 of the Council's constitution. Training on the Code of Conduct is provided to Members at the start of the municipal year and is available on the Members' Teams channel.
- 4.10 Town and Parish Council's must have an adopted Code of Conduct. Many Parish Council's in the Cherwell District have adopted the Oxfordshire Councils' model Code of Conduct 2022. This code was drafted by the Monitoring Officers of the principal authorities in Oxfordshire in 2022. It was adopted at the Annual Council meeting on 18 May 2022 as the Code of Conduct for Cherwell District Council Member.
- 4.11 In 2023/24 municipal year, 26 complaints of alleged breach of Code of Conduct were received by the Monitoring Officer. 20 complaints were made against Councillors at Town/Parish Council's and six complaints were made against Councillors of Cherwell District Council. These complaints were assessed at the Initial Assessment stage in accordance with the Council's adopted arrangements.

Type of Council	Number of complainants	Number of complaints no breach of the code found so no further action	Number of complaints informal resolution suggested	Number of complaints not proceeded with/withdrawn
District	6	6	0	0
Town/Parish	20	14	2	4

- 4.12 In comparison to the previous years, see table below. The number of complaints at Parish level have increased significantly. This is due to a couple of significant planning related activities that has generated multiple complaints on the same issues. None have progressed beyond the Initial Assessment process.

Comparison on the number of District and Town/Parish Council complaints received 2019/20 – 2023/24

Type of Council	2019/20	2020/21	2021/22	2022/23	2023/24
District	0	0	3	5	6
Town/Parish	2	2	3	4	20

Learning points arising from complaints received

- 4.12 In relation 2023/24, the two complaints where informal resolution was recommended, the complaints were made against the same Councillor about the same breach and the informal resolution recommended was that the subject Councillor make an apology at the next meeting of the Council. This was duly complied with by the subject Councillor.

Comparison on action taken on complaints received 2019/20 – 2023/24

Action	2019/20	2020/21	2021/22	2022/23	2023/24
Withdrawn/not progressed with	0	0	3	3	4
No further action	2	3	3	5	20
Informal resolution	0	0	0	1	2
Councillor had resigned before assessment so no further action					
Investigation	0	0	0	0	0

- 4.15 The 20 complaints where no further action was taken, the majority of complaints were related to posts on social media. Although the complaints have not been upheld, this is a helpful reminder to Members to think about posting on social media. When posting on social media, they should think about how posts can be interpreted by local residents and if a Member is using social media as a resident, be mindful on how social media is used. Certainly at District level a member training programme will address this point.

Register of Interests

- 4.16 Following scheduled elections, all elected Members of Cherwell District Council and Members of Parish Councils are required to complete and submit their Register of Interests form within 28 days of taking up office. These have been received for the May 2024 elections and are published on the Council's website.
- 4.17 District Councillors are reminded to review their interests on a regular basis and to notify the Democratic Services Manager of any amendments.
- 4.18 Town and Parish Councillors are reminded via their Clerks to advise the Monitoring Officer of updates to their Register of Interest forms in order that compliance with the Localism Act 2011 is maintained. Clerks also ensure that councillors elected or co-opted outside of the scheduled election cycle complete and return to the Monitoring Officer's Register of Interest form within 28 days' of taking up office.

Gifts and Hospitality

- 4.19 The Gifts and Hospitality Protocol is incorporated into the Members Code of Conduct and is set out in Part 11 of the Constitution (Code of Conduct).
- 4.20 The Code states that a Councillor must register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt and register with the Monitoring Officer any significant gift or hospitality that they have been offered but have refused to accept.
- 4.21 In the municipal year 2023/24, two declarations of gifts or hospitality by Officers were received by the Monitoring Officer. Members have been reminded of the need to declare any gifts or hospitality received in accordance with the adopted Code of Conduct.
- 4.22 Officers are also subject restrictions on those Gifts and Hospitality that are deemed to be acceptable under the revised employee Code of Conduct Policy effective 1 February 2023 following approval by the Personnel Committee on 31 January 2023.
- 4.23 The employee Code of Conduct, as well as the Council's anti-bribery policy, sets out that it is a criminal offence to offer, give, receive, or solicit something of value for the purpose of influencing the action of an official in the discharge of their public or legal duties.
- 4.24 The intention of the policy relating to gifts and hospitality is to ensure that the Council can demonstrate that no undue influence has been applied or could be said to have been applied by any resident, service user, supplier or anyone else dealing with the Council and its stewardship of public funds.

Local Government and Social Care Ombudsman (LGSCO) Complaints

- 4.25 The Monitoring Officer is responsible for the administration of complaints made to the Local Government and Social Care Ombudsman.
- 4.26 The LGSCO is the final stage for individual complaints about councils, all adult social care providers (including care homes and home care agencies) and some other organisations providing local public services. They are a free service provided to people who have completed all stages of the Council's own complaints procedure and remain unhappy with the outcome. The LGSCO have guidelines regarding what

they can investigate. Complainants must have complained to the Council within 12 months of becoming aware of the matter and been directly affected by the matter resulting in 'personal injustice'. Not all complaints will be investigated, for example if the Ombudsman does not feel they will find fault regarding the Council. Further information is available at: lgo.org.uk

- 4.27 Each year, the LGSCO issues an Annual Review Report about each Council. This report attached at Appendix 1 details the complaints that were considered by the Ombudsman up to 31 March 2024.
- 4.28 For the period 1 April 2023 to 31 March 2024, ten complaints and enquires against Cherwell District Council were submitted to the LGSCO, the compares to 13 for the period 1 April 2022 to 31 March 2023 and 16 for the period 1 April 2021 and 31 March 2022.
- 4.29 The number of complaints received by service area as categorised by the LGSCO for the period 1 April 2023 to 21 March 2024 are as follows:

By LGSCO Category	Number of complaints received by the LGSCO
Planning & Development	5
Environment Services & Public Protection & Regulation	3
Benefits & Tax	1
Housing	1

- 4.30 The LGSCO returned decisions on all 10 complaints against Cherwell District Council for the period 1 April 2023 to 31 March 2024. It should be noted that decisions may relate to complaints made in the previous year 2022-2023, investigations may not have been completed on all complaints received during the 2023-2024 period therefore a decision would not have yet been received. The number of complaints received, and decisions made in the one-year period will not always correspond.
- 4.31 The complaint decisions received against Cherwell District Council were categorised by the LGSCO as follows:

By LGSCO Category	Number of complaint decisions by LGSCO
Upheld	1
Referred to the Council for resolution	3
Incomplete/invalid	1
Closed after initial inquires	5

- 4.32 The complaint that was upheld was categorised by the LGSCO as Housing. The LGSCO decided that the Council's policy on additional bedrooms was poorly worded and recommended a procedure or policy change/review which has been complied with.
- 4.33 As detailed in sections 4.28 and 4.29, the LGSCO received ten complaints and enquiries against Cherwell District Council during 2023-2024. For information and

comparison, the table below sets out the number of complaints and enquiries received by the LGSCO in the four preceding years.

LGSCO Category	2023/24	2022/23	2021/22	2020/21*	2019/20*
Planning and Development	5	2	8	5	6
Corporate Complaints (i.e. non-social care)	0	1	1	3	0
Environment Services & Public Protection & Regulation	3	2	2	2	6
Benefits & Tax	1	7	2	0	5
Highways & Transport	0	0	0	0	1
Housing	1	1	3	0	1

(* LGSCO stopped accepting new complaints between March and June 2020)

- 4.34 For information, the following table sets out comparative data on the number of decisions in the preceding years.

LGSCO Decision	2023/24	2022/23	2021/22	2020/21*	2019/20*
Complaints upheld	1	1	0	0	3
Complaints not upheld	0	1	1	3	2
Referred to the Council for resolution	3	4	4	1	2
Closed after initial Enquiries	5	7	9	6	11
Incomplete/Invalid	1	0	1	0	0
Total decisions	10	13	15	10	18

(* LGSCO stopped investigating existing cases between March and June 2020)

5. Alternative Options and Reasons for Rejection

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

Option 1: Not to note the report and not to produce a report. There is no duty to produce this report however this report provides transparency regarding the functions of the Monitoring Officer.

6 Conclusion and Reasons for Recommendations

- 6.1 This report provides the Committee with information and relevant updates from the Monitoring Officer, including the Members Code of Conduct. It is imperative that members and officers set the ethical tone within the Council and model the behaviours that they expect of themselves and others.
- 6.2 Whilst there has been a higher number of complaints made against Members alleging a breach of the adopted code of conduct, less than a fifth were assessed to find a breach and this demonstrates that the standard of conduct is very good in the district.

6.3 The report also provides Members with information with regard to the number of complaints received by the Local Government and Social Care Ombudsman against the Council and the decisions regarding complaints.

Decision Information

Key Decision	No
Subject to Call in	No
If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Local Government and Social Care Ombudsman Annual Report 2023/2024
Background Papers	None
Reference Papers	Arrangements for Local Determination of Allegations of Alleged Breached of the Councillors' Code of Conduct
Report Author	Matthew Swinford, Democratic and Elections Officer
Report Author contact details	democracy@cherwell-dc.gov.uk , 01295 221534

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17 July 2024

By email

Mr Stewart
Chief Executive
Cherwell District Council

Dear Mr Stewart

Annual Review letter 2023-24

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2024. The information offers valuable insight about your organisation's approach to complaints, and I know you will consider it as part of your corporate governance processes. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to ensure effective ownership and oversight of complaint outcomes, which offer valuable opportunities to learn and improve. In addition, this year, we have encouraged Monitoring Officers to register to receive the letter directly, supporting their role to report the decisions we uphold to their council.

For most of the reporting year, Paul Najsarek steered the organisation during his tenure as interim Ombudsman, and I was delighted to take up the role of Ombudsman in February 2024. I look forward to working with you and colleagues across the local government sector to ensure we continue to harness the value of individual complaints and drive and promote systemic change and improvement across the local government landscape.

While I know this ambition will align with your own, I am aware of the difficult financial circumstances and service demands that make continuous improvement a challenging focus for the sector. However, we will continue to hold organisations to account through our investigations and recommend proportionate actions to remedy injustice. Despite the challenges, I have great confidence that you recognise the valuable contribution and insight complaints, and their swift resolution, offer to improve services for the public.

Complaint statistics

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

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic. This year, we also provide the number of upheld complaints per 100,000 population.

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

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

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

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 24 July 2024. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Supporting complaint and service improvement

In February, following a period of consultation, we launched the [Complaint Handling Code](#) for councils, setting out a clear process for responding to complaints effectively and fairly. It is aligned with the Code issued to housing authorities and landlords by the Housing Ombudsman Service and we encourage you to adopt the Code without undue delay. Twenty councils have volunteered to take part in an implementation pilot over the next two years that will develop further guidance and best practice.

The Code is issued to councils under our powers to provide guidance about good administrative practice. We expect councils to carefully consider the Code when developing policies and procedures and will begin considering it as part of our processes from April 2026 at the earliest.

The Code is considered good practice for all organisations we investigate (except where there are statutory complaint handling processes in place), and we may decide to issue it as guidance to other organisations in future.

Our successful complaint handling training programme continues to develop with new modules in Adult Social Care and Children's Services complaint handling available soon. All our courses include practical interactive workshops that help participants develop their complaint handling skills. We delivered 126 online workshops during the year, reaching more than 1,700 people. To find out more visit www.lgo.org.uk/training or get in touch at training@lgo.org.uk.

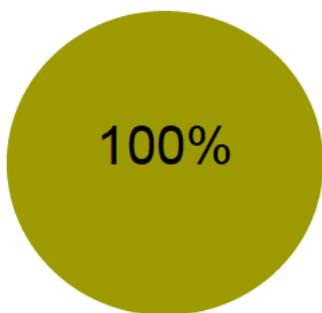
Returning to the theme of continuous improvement, we recognise the importance of reflecting on our own performance. With that in mind I encourage you to share your view of our organisation via this survey: <https://www.smartsurvey.co.uk/s/ombudsman/>. Your responses will help us to assess our impact and improve our offer to you. We want to gather a range of views and welcome multiple responses from organisations, so please do share the link with relevant colleagues.

Yours sincerely,



Amerdeep Somal
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld



100% of complaints we investigated were upheld.

This compares to an average of **63%** in similar organisations.

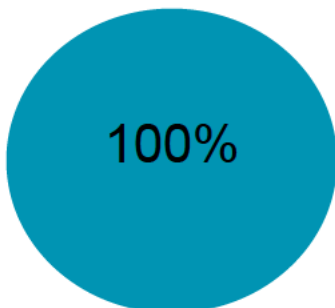
1
upheld decision

This is 0.6 upheld decisions per 100,000 residents.

The average for authorities of this type is 1.2 upheld decisions per 100,000 residents.

Statistics are based on a total of 1 investigation for the period between 1 April 2023 to 31 March 2024

Compliance with Ombudsman recommendations



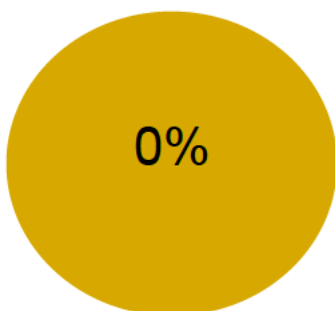
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **99%** in similar organisations.

Statistics are based on a total of 1 compliance outcome for the period between 1 April 2023 to 31 March 2024

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

Satisfactory remedy provided by the organisation



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

This compares to an average of **21%** in similar organisations.

0
satisfactory remedy decisions

Statistics are based on a total of 1 upheld decision for the period between 1 April 2023 to 31 March 2024

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Accounts, Audit and Risk Committee Work Programme 2024/25

Date	Agenda Items
20-Nov-24	Risk Monitoring Report - Q2 2024/25 Local Code of Corporate Governance Counter Fraud Update Internal Audit Progress Update External Audit 2022/23 Final Audit Report External Audit Update 2023/24 Financial Management Code Update Treasury Management Q2 Update Work Programme Update
15-Jan-25	Internal Audit Progress Update Counter Fraud Update External Audit update Capital and Investment Strategy and Draft Treasury Management Strategy 2024/25 AGS 2023/24 Actions Update Work Programme Update <i>TBC Chief Internal Auditor - Private Session</i> <i>TBC External Auditor - Private Session</i>
19-Mar-25	Treasury Management Q3 Update Housing Benefit Risk Based Verification Policy Counter Fraud Work Programme 2025/26 Internal Audit Work Programme 2024/25 Annual Report of AARC External Audit: Final Audit Results Report 2023/24, final letter of rep & final statement of accounts Accounting Policies 2024/25 Work Programme Update

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