

Agenda

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Audit and Governance Committee

This meeting will be held on:

Date: **Thursday 14 January 2021**

Time: **6.00 pm**

Place: **Zoom - Remote meeting**

For further information please contact:

Jennifer Thompson, Committee and Members Services Officer, Committee Services Officer

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Committee Membership

Councillors: Membership 7: Quorum 3: substitutes are permitted.

Councillor James Fry (Chair)

Councillor Chewe Munkonge (Vice-Chair)

Councillor Tiago Corais

Councillor Michael Gotch

Councillor Pat Kennedy

Councillor Craig Simmons

Councillor John Tanner

Apologies and notification of substitutes received before the publication are shown under *Apologies for absence* in the agenda. Those sent after publication will be reported at the meeting. Substitutes for the Chair and Vice-chair do not take on these roles.

Agenda

	Pages
1 Apologies for absence and substitutions	
2 Declarations of Interest	
3 Setting of the Council Tax Base 2021-2022	9 - 28
Report of: the Head of Financial Services	
Purpose of report:	
To set the “Council Tax Base” for 2021-22 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.	
Recommendations:	
The Committee is recommended to agree	
1.	that the 2021/22 Council Tax Base for the City Council’s area as a whole is set at 45,705.6 (as shown in Appendix 1)
2.	that the projected level of collection is set at 98%
3.	that the tax bases for the Parishes, and for the Unparished Area of the City (as shown in Appendix 2) be set as follows:
	Unparished Area of the City 38,124.7
	Littlemore Parish 1,827.1
	Old Marston Parish 1,278.3
	Risinghurst & Sandhills Parish 1,550.7
	Blackbird Leys Parish 2,924.8
	City Council Total 45,705.6

4	Progress with the Housing Benefit External Audit for 2019/20	29 - 36
	Report of: the Head of Financial Services	
	Purpose of report:	
	To report upon progress on the external audit review of the Housing Benefit Subsidy claim on 2019-2020.	
	Recommendation:	
	The Committee is recommended to note	
	<ul style="list-style-type: none"> • KPMG are the new auditors for the Housing Benefit external audit process; • the outcome of the Audit Report to the Department for Work and Pensions (DWP) for 2019-20. 	
5	Internal Audit Progress report - Quarter 3 January 2021	37 - 62
	Report of: the internal auditor BDO.	
	Purpose of report: to inform the Committee on progress against the 2020/21 audit plan; the assessments of systems reviewed in this quarter; and the Local Government Sector update.	
	Recommendation: to discuss and note the report.	
6	Internal Audit: Recommendations follow up – Quarter 3 January 2021	63 - 70
	Report of: the Internal Auditor BDO	
	Purpose of report: to inform the Committee on progress on those recommendations raised by Internal Audit which are due for implementation.	
	Recommendation: to discuss and note the report.	
7	The Redmond Review into Local Audit and Local Authority Financial Reporting	71 - 80
	Report of: the Head of Financial Services	
	Purpose of report:	
	To provide a summary of the findings of the Redmond Review into Local Audit and Local Authority Financial Reporting.	
	Recommendations:	
	1. That the Committee consider implementation of the following	

recommendations from the report:

- a) Require the external auditor to present their annual report to Council
- b) Support an annual meeting of statutory officers with the key audit partner
- c) Support the addition of an independent audit committee member to the audit committee

- 2. Note the Report including the comments and the summary of the response from MHCLG

8 Risk Management Reporting as at 30 November 2020

81 - 110

Report of: the Head of Financial Services

Purpose of report:

To update the Committee on both corporate and service risks as at 30 November 2020.

Recommendations:

That the Committee reviews the risk management report and notes its contents.

9 Minutes of the previous meeting

111 -
116

To approve as a true and accurate record the minutes of the meeting held on 24 November 2020.

10 Dates and times of meetings

The Committee is scheduled to meet at 6.00pm on the following dates:

22 April 2021

29 July 2021

Meetings will be on Zoom.

Information for those attending

Recording and reporting on meetings held in public

Members of public and press can record, or report in other ways, the parts of the meeting open to the public. You are not required to indicate in advance but it helps if you notify the Committee Services Officer prior to the meeting so that they can inform the Chair and direct you to the best place to record.

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- Not to edit the recording in a way that could lead to misinterpretation of the proceedings. This includes not editing an image or views expressed in a way that may ridicule or show a lack of respect towards those being recorded.
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Please be aware that you may be recorded during your speech and any follow-up. If you are attending please be aware that recording may take place and that you may be inadvertently included in these.

The Chair of the meeting has absolute discretion to suspend or terminate any activities that in his or her opinion are disruptive.

Councillors declaring interests

General duty

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you.

What is a disclosable pecuniary interest?

Disclosable pecuniary interests relate to your* employment; sponsorship (ie payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licenses for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

Declaring an interest

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest. If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

Members' Code of Conduct and public perception

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member "must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself" and that "you must not place yourself in situations where your honesty and integrity may be questioned". The matter of interests must be viewed within the context of the Code as a whole and regard should continue to be paid to the perception of the public.

*Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

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To: Audit and Governance Committee
Date: 14 January 2021
Report of: Head of Financial Services
Title of Report: Setting of the Council Tax Base 2021-22

Summary and recommendations													
Purpose of report:	To set the "Council Tax Base" for 2021-22 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.												
Key decision:	No												
Cabinet Member with responsibility:	Councillor Ed Turner, Cabinet Member for Finance and Asset Management												
Corporate Priority:													
Policy Framework:													
Recommendations: the Committee is recommended to agree													
<ol style="list-style-type: none"> that the 2021/22 Council Tax Base for the City Council's area as a whole is set at 45,705.6 (as shown in Appendix 1) that the projected level of collection is set at 98% that the tax bases for the Parishes, and for the Unparished Area of the City (as shown in Appendix 2) be set as follows: <table border="1" data-bbox="231 1473 1353 1800"> <tbody> <tr> <td>Unparished Area of the City</td> <td>38,124.7</td> </tr> <tr> <td>Littlemore Parish</td> <td>1,827.1</td> </tr> <tr> <td>Old Marston Parish</td> <td>1,278.3</td> </tr> <tr> <td>Risinghurst & Sandhills Parish</td> <td>1,550.7</td> </tr> <tr> <td>Blackbird Leys Parish</td> <td>2,924.8</td> </tr> <tr> <td>City Council Total</td> <td>45,705.6</td> </tr> </tbody> </table> 		Unparished Area of the City	38,124.7	Littlemore Parish	1,827.1	Old Marston Parish	1,278.3	Risinghurst & Sandhills Parish	1,550.7	Blackbird Leys Parish	2,924.8	City Council Total	45,705.6
Unparished Area of the City	38,124.7												
Littlemore Parish	1,827.1												
Old Marston Parish	1,278.3												
Risinghurst & Sandhills Parish	1,550.7												
Blackbird Leys Parish	2,924.8												
City Council Total	45,705.6												

Appendices	
Appendix 1	Oxford City Council Tax Base 2021-22
Appendix 2	Parish Councils' Tax Bases 2021-22

Appendix 3	Dwellings by valuation band at 30 th Nov 2020
Appendix 4	Risk Register

Introduction and background

1. Responsibility for setting the Council Tax Base for the City Council's area as a whole and for the individual parishes is delegated to the Audit and Governance Committee.
2. The Tax Base is the estimate of the taxable capacity of the area for the period. The numbers of dwellings in each valuation band are converted to Band D equivalents. The starting point is the current number of dwellings, exemptions and discounts as at 30 November 2020 and projections are then made for expected movements over the period 1 December 2020 – 31 March 2022. Separate calculations are required for a) the whole of the Authority's area and b) the individual Parishes and the Unparished area of the City.
3. The Tax Base is used by the Council to calculate the yield from Council Tax for 2021/22, and by Oxfordshire County Council and the Police and Crime Commissioner (Thames Valley) to apportion their precepts from 1 April 2021.

Council Tax Reduction Scheme

4. From 1 April 2019 the Council's Formula Grant has reduced to zero consequently the total cost of the Council Tax support scheme arising from reduced council tax income is currently estimated at £1.8 million funded completely by the Council.
5. Oxford's caseload has reduced over the last few years so the impact on the Tax Base has not been as significant. That caseload for this year was originally estimated at 6,185 but due to the effects of the pandemic this figure has increased and the forecast for 2021/22 is 6,470 (see paragraph 10).

Factors taken into account in the calculation of the Tax Base

6. The following factors are taken into account when calculating the tax base:
 - **Dwellings:** The number of dwellings in each valuation band as at 30 November 2020 (see Appendix 3 attached).
 - **Exemptions and Discounts:** Not all dwellings are liable for the full Council Tax charge, some are exempt. Others can attract a discount, either at 25%, 50% or 100% dependent on the number of adults who are resident. The level of exemptions and discounts reduces the Tax Base.
 - The estimate of the number of dwellings that will be eligible for a 25% discount in 2021/22 (recently built or uninhabitable dwellings) is 106. This figure is shown in line 7 of Appendix 1 and is based on data as at 30 November 2020.
 - The estimate of the number of dwellings that will be eligible for a 25% discount (primarily dwellings occupied by one adult only) is 18,121. This figure is shown in line 8 of Appendix 1 and is based on data as at 30 November 2020.
 - The estimate of the number of dwellings that will be eligible for a 50% discount (primarily dwellings where all the occupiers are disregarded)

is 162. This figure is shown in line 9 of Appendix 1 and is based on data as at 30 November 2020.

- **Disability Reductions:** Where there is a disabled occupant, and adaptations have been undertaken for their benefit, the dwelling is treated as being in the band below the one in which it was actually valued (lines 4 and 5 of Appendix 1)
- **Council Tax Reduction Scheme:** The estimate of the total number of dwellings that will be eligible for discounts under the Council Tax Reduction Scheme in 2021/22 is 6,470 compared to 6,185 on which the tax base was based in 2020/21. The breakdown per band is detailed in line 13 of Appendix 1. Please also see the Risk Register (Appendix 4).
- **Long Term Empty Premium:** On 13 February 2019 the Council approved a Long Term Empty Property Premium from 1 April 2019 charging a 100% premium on those dwellings that have been empty for 2 years and over. At the same time it also approved a 200% premium on dwellings that have been empty for 5 years and over with effect from 1-4-2020 and from 1 April 2021 a 300% premium to be levied on dwellings that have been empty for 10 years and over. As at 30 November 2020 there were 106 dwellings that had been empty for 2 years plus. Of that figure, 22 had been empty for over 5 years including 4 that had been empty in excess of 10 years. The Council continuously monitors empty dwellings in the City and works with owners to bring them back into use. Where an owner is unable or unwilling to bring an empty dwelling back into use, Council officers may consider serving an Empty Dwellings Management Order under the Housing Act 2004, or compulsory purchase.
- **Discretionary elements:** The Council has discretion in the following areas when calculating its Council Tax Base:

(i) **Number of new properties built:** Appendix 3 is the statement issued by the Valuation Office Agency showing the Council's dwelling numbers for each Council Tax band as at November 30th 2020. This data is shown in line 1 of Appendix 1 and is the starting point for the calculation of the Tax Base. Our overall total of dwellings has increased from 61,518 on November 30th 2019 to 62,260 one year later, an increase of 1.2%. However it should be noted that the number of dwellings estimated to be exempt from Council Tax (line 2 of Appendix 1) has increased from 5,745 in 2020/21 to 6,288 in 2021/22. The majority of the increase is student dwellings. When occupied solely by full time students these dwellings are exempt. For the effect on the Tax Base see Table 2 below. In addition there are some building projects nearing completion and a figure of 70 new builds has been included for the remainder of 2020/21 (line 1a of Appendix 1). This number is net of the fact that some of those dwellings will be exempt or liable for a discount.

For 2021/22 an estimate of 418 new dwellings has been built into the calculation (Line 1b) based on planning applications - a 50% discount has been assumed which allows for dwellings not being in the Valuation List for the entire period. The figure of 418 is net of purpose built student accommodation that is planned for completion in 2021/22. Such dwellings will be exempt from Council Tax and will have no effect on the tax base.

(ii) **Allowance for non-collection** -The Council is required to make an allowance for non-collection of Council Tax. Collection of Council Tax in 2020/21 has become more difficult due to problems resulting from the pandemic. Collection rates are currently slightly down on those of 2019/20 but there is confidence that these will recover. Council Tax Support awarded to those Council Tax payers with financial issues has increased by almost 19% compared to the figure at the end of November 2019. In addition it is critical that the tax base is maintained to an optimum level to ensure Council Tax income is maximised. Consequently the Head of Financial Services has recommended that the allowance for 2021/22 remains at 2%.

Calculation method

7. The method used to calculate the Tax Base is prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012/2914). The basic calculation is as follows:

- Number of dwellings in each of the valuation bands
- Less Exempt dwellings
 - Dwellings eligible for the Council Tax Reduction Scheme
 - Disabled reductions
 - Discounts (25% and 50%)
- Convert to Band D equivalents
- Adjust for projected collection rate.

8. Appendices 1 and 2 attached set out the requisite calculations for the Authority as a whole as well as for the Parished and Unparished areas of the City. Table 1 below summarises the Tax Bases.

Table 1 : Council Tax Bases				
	2021/22	2020/21	Change	
	Nos	Nos	Nos	%
Unparished Area	38,124.7	38,392.9	- 268.2	- 0.70
Littlemore	1,827.1	1,804.5	+ 22.6	+ 1.25
Old Marston	1,278.3	1,280.0	- 1.7	- 0.13
Risinghurst and Sandhills	1,550.7	1,474.6	+ 76.1	+ 5.16
Blackbird Leys	2,924.8	2,943.5	- 18.7	-0.64
City Council Total	45,705.6	45,895.5	- 189.9	-0.41

Reasons for overall decreases in Council Tax Base

9. The second half of 2019/20 saw a substantial increase in the number of dwellings in the City occupied solely by full time students. This applied to both purpose built Halls of Residence and also to dwelling houses. On Feb 1st 2020 the total was 380 higher than at 12 months previously, an increase of 6.37%. Although these dwellings are included within the overall totals, they are exempt from the Council Tax whilst they are occupied entirely by full time students. This trend has continued into 2020/21 and in November 2020 the Council received notification of 220 new assessments at the Student Castle development in Osney Lane. When occupied, these will be exempt from Council Tax.
10. The second major reason was a large rise in the number of Council Tax Support claimants due to the pandemic. Included in the 2020/21 tax base was an estimated figure of 6,185 dwellings that would be subject to Council Tax Support. Caseload figures have risen steadily during 2020/21 and by late November the figure of dwellings subject to CTS had reached 6,420. With uncertainty over the duration of the pandemic an estimate of 6,470 has been built into the 2021/22 Tax Base calculation.
11. Tax bases in the Parishes. With the majority of the purpose built student accommodation being situated in the Unparished Area, the Parish tax bases have not been unduly affected by the increase in student dwellings. However the rise in the numbers of Council Tax Support claimants has affected in particular the tax bases of Blackbird Leys and Littlemore. The estimate of the number of dwellings eligible for Council Tax Support has increased by 27.4 in Blackbird Leys and by 21.5 in Littlemore. The Littlemore tax base though has benefited from a growth in their number of dwellings. Rishingurst & Sandhills has benefitted from the new residential development on the former Neilsens site adjacent to the Thornhill Park & Ride. The 140 new dwellings (a 7.8% increase in the Parish's total) has resulted in a 5.16% increase in that tax base.
12. Table 2 below shows the principal changes between the calculations of the actual tax base for 2020/21 and that proposed for 2021/22 (figures from 2020/21 report in brackets).

Table 2 : Estimated change in Tax Base	
	Numbers (Band D equivalents)
Brought Forward	45,895.5 (45,294.5)
New dwellings	+ 726.0 (+ 451.0)
Exemptions	- 543.0 (+ 38.0)
Council Tax Support caseload	- 285.2 (+ 75.5)
Rise in Discounts (offset partially by Long Term Empty Premium)	- 87.7 (+ 36.5)
Estimated total	45,705.6 (45,895.5)
Net Change	- 189.9 (+ 601)

Risk Implications

13. A risk assessment has been undertaken and the risk register is attached at Appendix 4.

Equalities Impact Assessment

14. There are no Equalities Impact Assessment implications relating to the setting of the Tax Base as detailed in this report.

Financial Implications

15. These are all included within the main body of the report.

Legal implications

16. The Local Government Finance Act 1992 states that Billing Authorities are to calculate their Council Tax Base figures as at 30 November preceding the financial year to which the Tax Base applies. These figures must be notified to the major precepting authorities by the following 31 January.

17. The method used to calculate the Tax Base is prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012/2914).

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Background Papers:	
1	Statement of numbers and Bands of dwellings issued by the Valuation Office Agency dated Nov 30 th 2020 (Appendix 3)

APPENDIX 1

SETTING OF THE COUNCIL TAX BASE FOR 2021/2022
TOTAL FOR OXFORD CITY COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at NOV 30th 2020		2,940.0	9,796.0	19,364.0	16,008.0	7,278.0	2,981.0	3,284.0	609.0	62,260.0
2a. Estimated new dwellings for Dec 1st - Mar 31 2021		3.0	11.0	22.0	18.0	8.0	3.0	4.0	1.0	70.0
2b. Estimated new dwellings 2021-22		18.0	66.0	131.0	108.0	49.0	20.0	22.0	4.0	418.0
2c. Number of dwellings exempt 2021/22		760.0	881.0	1,123.0	1,617.0	1,174.0	282.0	247.0	204.0	6,288.0
3. No. of chargeable dwellings for 2021/22 (lines 1+1a+1b -2)		2,201.0	8,992.0	18,394.0	14,517.0	6,161.0	2,722.0	3,063.0	410.0	56,460.0
4. Number of chargeable dwellings (line 3) subject to disabled reduction on 30 November 2020		3.0	18.0	67.0	59.0	23.0	13.0	9.0	8.0	200.0
5. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 4 after reduction)	3.0	18.0	67.0	59.0	23.0	13.0	9.0	8.0		200.0
6. Number of chargeable dwellings adjusted in accordance with lines 4 and 5 (lines 3-4+5)	3.0	2,216.0	9,041.0	18,386.0	14,481.0	6,151.0	2,718.0	3,062.0	402.0	56,460.0
7. Est. of number of dwellings in line 6 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	14.0	20.0	17.0	22.0	11.0	8.0	12.0	2.0	106.0
8. Number of dwellings in line 6 entitled to a 25% discount (Single Person or Disregards) on 30 November 2020	0.0	1,203.0	4,612.0	5,709.0	3,885.0	1,534.0	600.0	544.0	34.0	18,121.0
9. Number of dwellings in line 6 entitled to a 50% discount (All residents disregarded) on 30 November 2020	1.0	16.0	10.0	35.0	29.0	22.0	11.0	24.0	14.0	162.0
10. Additional 50% discounts for new dwellings	0.0	18.0	66.0	131.0	108.0	49.0	20.0	22.0	4.0	418.0
11. Dwellings subject to Long Term Empty Premium (100%)	0.0	5.0	16.0	20.0	16.0	9.0	4.0	4.0	5.0	79.0
11a. Dwellings subject to Long Term Empty Prem (200%)	0.0	3.0	5.0	4.0	6.0	3.0	0.0	1.0	0.0	22.0
12. Number of dwellings in line 6 assumed to be entitled to no discounts / premium (lines 6-7-8-9-10-11-11a)	2.0	957.0	4,312.0	12,470.0	10,415.0	4,523.0	2,075.0	2,455.0	343.0	37,552.0
13. Est. number of dwellings eligible for Council Tax Support during 2021/22 (in Band D equivalents)	1.0	526.0	2,235.8	2,578.1	894.5	203.4	21.1	10.5	0.0	6,470.4
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 7 x 0.75) +(line 8 x 0.75)+ (lines 9 and 10 x 0.5) + (line 11 x 2.0)+(line 11a x 3.0) + line 12-line 13	1.55	1,379.75	5,635.20	14,321.40	12,569.25	5,540.85	2,533.40	2,895.50	389.00	45,265.90
15. Ratio to band D	5\9	6\9	7\9	8\9	1.0	11\9	13\9	15\9	18\9	
16. Number of band D equivalents (line 14 x line 15)	0.86	919.83	4,382.93	12,730.13	12,569.25	6,772.15	3,659.36	4,825.83	778.00	46,638.34
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2021/22										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										46,638.34
19. At projected collection rate of 98%										45,705.6

Notes

- Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)
- Line 7 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2020
- Line 10 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2021-22 comes from Planning's Housing Trajectory plan
- Lines 11 & 11a - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2020
- Line 13 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2020

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APPENDIX 2

SETTING OF THE COUNCIL TAX BASE FOR 2021/2022

Page 1 of 5

LITTLEMORE PARISH COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2020		262.0	439.0	1,430.0	315.0	156.0	62.0	10.0	6.0	2,680.0
1a. Estimated new dwellings for Dec 1st - Mar 31 2021		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b. Estimated new dwellings 2021-22		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Number of dwellings exempt 2021/22		7.0	14.0	28.0	8.0	1.0	1.0	0.0	0.0	59.0
3. No. of chargeable dwellings for 2021/22 (lines 1+1a+1b -2)		255.0	425.0	1,402.0	307.0	155.0	61.0	10.0	6.0	2,621.0
4. Number of chargeable dwellings (line 3) subject to disabled reduction on 30 November 2020		1.0	0.0	8.0	2.0	0.0	1.0	0.0	1.0	13.0
5. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 4 after reduction)	1.0	0.0	8.0	2.0	0.0	1.0	0.0	1.0		13.0
6. Number of chargeable dwellings adjusted in accordance with lines 4 and 5 (lines 3-4+5)	1.0	254.0	433.0	1,396.0	305.0	156.0	60.0	11.0	5.0	2,621.0
7. Est. of number of dwellings in line 6 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0
8. Number of dwellings in line 6 entitled to a 25% discount (Single Person or Disregards) on 30 November 2020	0.0	125.0	244.0	390.0	64.0	39.0	14.0	2.0	0.0	878.0
9. Number of dwellings in line 6 entitled to a 50% discount (All residents disregarded) on 30 November 2020	0.0	1.0	3.0	15.0	1.0	0.0	1.0	1.0	0.0	22.0
10 Additional 50% discounts for new dwellings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11. Dwellings subject to Long Term Empty Premium (100%)	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	2.0
11a. Dwellings subject to Long Term Empty Prem (200%)	0.0	3.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	5.0
12. Number of dwellings in line 6 assumed to be entitled to no discounts / premium (lines 6-7-8-9-10-11-11a)	1.0	125.0	185.0	987.0	240.0	117.0	45.0	8.0	5.0	1,713.0
13. Est. number of dwellings eligible for Council Tax Support during 2021/22 (in Band D equivalents)	0.5	86.6	108.7	147.7	24.0	4.8	0.0	0.0	0.0	372.3
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 7 x 0.75) +(line 8 x 0.75)+ (lines 9 and 10 x 0.5) + (line 11 x 2.0)+(line 11a x 3.0) + line 12-line 13	0.50	141.65	263.80	1,147.05	264.50	141.45	56.00	10.00	5.00	2,029.95
15. Ratio to band D	519	619	719	819	1.0	1119	1319	1519	1819	
16. Number of band D equivalents (line 14 x line 15)	0.28	94.43	205.18	1,019.60	264.50	172.88	80.89	16.67	10.00	1,864.43
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2021/22										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										1,864.43
19. At projected collection rate of 98%										1,827.1

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Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 7 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2020

Line 10 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2021-22 comes from Planning's Housing Trajectory plan

Lines 11 & 11a - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2020

Line 13 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2020

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SETTING OF THE COUNCIL TAX BASE FOR 2021/2022

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OLD MARSTON PARISH COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2020		84.0	42.0	347.0	783.0	150.0	25.0	75.0	3.0	1,509.0
1a. Estimated new dwellings for Dec 1st - Mar 31 2021		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b. Estimated new dwellings 2021-22		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Number of dwellings exempt 2021/22		1.0	3.0	9.0	10.0	4.0	0.0	1.0	0.0	28.0
3. No. of chargeable dwellings for 2021/22 (lines 1+1a+1b -2)		83.0	39.0	338.0	773.0	146.0	25.0	74.0	3.0	1,481.0
4. Number of chargeable dwellings (line 3) subject to disabled reduction on 30 November 2020		1.0	0.0	3.0	5.0	0.0	0.0	1.0	0.0	10.0
5. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 4 after reduction)	1.0	0.0	3.0	5.0	0.0	0.0	1.0	0.0		10.0
6. Number of chargeable dwellings adjusted in accordance with lines 4 and 5 (lines 3-4+5)	1.0	82.0	42.0	340.0	768.0	146.0	26.0	73.0	3.0	1,481.0
7. Est. of number of dwellings in line 6 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	0.0	1.0	0.0	0.0	1.0	0.0	2.0
8. Number of dwellings in line 6 entitled to a 25% discount (Single Person or Disregards) on 30 November 2020	0.0	43.0	21.0	139.0	194.0	40.0	5.0	15.0	0.0	457.0
9. Number of dwellings in line 6 entitled to a 50% discount (All residents disregarded) on 30 November 2020	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 Additional 50% discounts for new dwellings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11. Dwellings subject to Long Term Empty Premium (100%)	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	1.0
11a. Dwellings subject to Long Term Empty Prem (200%)	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0
12. Number of dwellings in line 6 assumed to be entitled to no discounts / premium (lines 6-7-8-9-10-11-11a)	1.0	39.0	21.0	200.0	572.0	106.0	21.0	57.0	3.0	1,020.0
13. Est. number of dwellings eligible for Council Tax Support during 2021/22 (in Band D equivalents)	0.0	7.3	1.5	47.9	35.7	3.5	0.0	0.0	0.0	95.9
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 7 x 0.75) +(line 8 x 0.75)+ (lines 9 and 10 x 0.5) + (line 11 x 2.0)+(line 11a x 3.0) + line 12-line 13	1.00	63.95	35.25	259.35	684.55	132.50	24.75	69.00	3.00	1,273.35
15. Ratio to band D	5.9	6.9	7.9	8.9	1.0	11.9	13.9	15.9	18.9	
16. Number of band D equivalents (line 14 x line 15)	0.56	42.63	27.42	230.53	684.55	161.94	35.75	115.00	6.00	1,304.38
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2021/22										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										1,304.38
19. At projected collection rate of 98%										1,278.3

Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 7 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2020

Line 10 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2021-22 comes from Planning's Housing Trajectory plan

Lines 11 & 11a - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2020

Line 13 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2020

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SETTING OF THE COUNCIL TAX BASE FOR 2021/2022

RISINGHURST & SANDHILLS PC

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2020		20.0	373.0	304.0	1,028.0	98.0	95.0	23.0	0.0	1,941.0
1a. Estimated new dwellings for Dec 1st - Mar 31 2021		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b. Estimated new dwellings 2021-22		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Number of dwellings exempt 2021/22		3.0	5.0	6.0	27.0	1.0	0.0	0.0	0.0	42.0
3. No. of chargeable dwellings for 2021/22 (lines 1+1a+1b -2)		17.0	368.0	298.0	1,001.0	97.0	95.0	23.0	0.0	1,899.0
4. Number of chargeable dwellings (line 3) subject to disabled reduction on 30 November 2020		0.0	0.0	4.0	5.0	0.0	1.0	0.0	0.0	10.0
5. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 4 after reduction)	0.0	0.0	4.0	5.0	0.0	1.0	0.0	0.0		10.0
6. Number of chargeable dwellings adjusted in accordance with lines 4 and 5 (lines 3-4+5)	0.0	17.0	372.0	299.0	996.0	98.0	94.0	23.0	0.0	1,899.0
7. Est. of number of dwellings in line 6 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8. Number of dwellings in line 6 entitled to a 25% discount (Single Person or Disregards) on 30 November 2020	0.0	12.0	185.0	105.0	222.0	18.0	20.0	2.0	0.0	564.0
9. Number of dwellings in line 6 entitled to a 50% discount (All residents disregarded) on 30 November 2020	0.0	1.0	0.0	1.0	0.0	1.0	0.0	0.0	0.0	3.0
10 Additional 50% discounts for new dwellings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11. Dwellings subject to Long Term Empty Premium (100%)	0.0	0.0	0.0	1.0	1.0	0.0	1.0	0.0	0.0	3.0
11a. Dwellings subject to Long Term Empty Prem (200%)	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
12. Number of dwellings in line 6 assumed to be entitled to no discounts / premium (lines 6-7-8-9-10-11-11a)	0.0	4.0	186.0	192.0	773.0	79.0	73.0	21.0	0.0	1,328.0
13. Est. number of dwellings eligible for Council Tax Support during 2021/22 (in Band D equivalents)	0.0	1.1	77.9	42.9	43.9	1.0	1.8	0.0	0.0	168.6
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 7 x 0.75) +(line 8 x 0.75)+ (lines 9 and 10 x 0.5) + (line 11 x 2.0)+(line 11a x 3.0) + line 12- line 13	0.00	12.40	249.85	230.35	897.60	92.00	88.20	22.50	0.00	1,592.90
15. Ratio to band D	5.9	6.9	7.9	8.9	1.0	11.9	13.9	15.9	18.9	
16. Number of band D equivalents (line 14 x line 15)	0.00	8.27	194.33	204.76	897.60	112.44	127.40	37.50	0.00	1,582.30
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2021/22										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										1,582.30
19. At projected collection rate of 98%										1,550.7

Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 7 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2020

Line 10 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2021-22 comes from Planning's Housing Trajectory plan

Lines 11 & 11a - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2020

Line 13 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2020

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SETTING OF THE COUNCIL TAX BASE FOR 2021/2022

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BLACKBIRD LEYS PARISH COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2020		287.0	1,300.0	2,960.0	445.0	46.0	1.0	0.0	2.0	5,041.0
1a. Estimated new dwellings for Dec 1st - Mar 31 2021		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b. Estimated new dwellings 2021-22		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Number of dwellings exempt 2021/22		7.0	18.0	16.0	2.0	1.0	0.0	0.0	0.0	44.0
3. No. of chargeable dwellings for 2021/22 (lines 1+1a+1b -2)		280.0	1,282.0	2,944.0	443.0	45.0	1.0	0.0	2.0	4,997.0
4. Number of chargeable dwellings (line 3) subject to disabled reduction on 30 November 2020		0.0	2.0	13.0	5.0	2.0	0.0	0.0	1.0	23.0
5. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 4 after reduction)	0.0	2.0	13.0	5.0	2.0	0.0	0.0	1.0		23.0
6. Number of chargeable dwellings adjusted in accordance with lines 4 and 5 (lines 3-4+5)	0.0	282.0	1,293.0	2,936.0	440.0	43.0	1.0	1.0	1.0	4,997.0
7. Est. of number of dwellings in line 6 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	2.0
8. Number of dwellings in line 6 entitled to a 25% discount (Single Person or Disregards) on 30 November 2020	0.0	232.0	744.0	790.0	103.0	8.0	0.0	0.0	0.0	1,877.0
9. Number of dwellings in line 6 entitled to a 50% discount (All residents disregarded) on 30 November 2020	0.0	0.0	1.0	1.0	0.0	0.0	0.0	1.0	1.0	4.0
10 Additional 50% discounts for new dwellings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11. Dwellings subject to Long Term Empty Premium (100%)	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
11a. Dwellings subject to Long Term Empty Prem (200%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. Number of dwellings in line 6 assumed to be entitled to no discounts / premium (lines 6-7-8-9-10-11-11a)	0.0	50.0	547.0	2,143.0	337.0	35.0	1.0	0.0	0.0	3,113.0
13. Est. number of dwellings eligible for Council Tax Support during 2021/22 (in Band D equivalents)	0.0	126.5	426.8	470.0	70.9	17.0	1.0	0.0	0.0	1,112.2
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 7 x 0.75) +(line 8 x 0.75)+ (lines 9 and 10 x 0.5) + (line 11 x 2.0)+(line 11a x 3.0) + line 12-line 13	0.00	97.50	680.70	2,267.50	343.35	24.00	0.00	0.50	0.50	3,414.05
15. Ratio to band D	519	619	719	819	1.0	1119	1319	1519	1819	
16. Number of band D equivalents (line 14 x line 15)	0.00	65.00	529.43	2,015.56	343.35	29.33	0.00	0.83	1.00	2,984.50
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2021/22										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										2,984.50
19. At projected collection rate of 98%										2,924.8

Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 7 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2020

Line 10 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2021-22 comes from Planning's Housing Trajectory plan

Lines 11 & 11a - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2020

Line 13 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2020

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**SETTING OF THE COUNCIL TAX BASE FOR 2021/2022
UNPARISHED AREA OF OXFORD CITY COUNCIL**

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2020		2,287.0	7,642.0	14,323.0	13,437.0	6,828.0	2,798.0	3,176.0	598.0	51,089.0
1a. Estimated new dwellings for Dec 1st - Mar 31 2021		3.0	11.0	22.0	18.0	8.0	3.0	4.0	1.0	70.0
1b. Estimated new dwellings 2021-22		18.0	66.0	131.0	108.0	49.0	20.0	22.0	4.0	418.0
2. Number of dwellings exempt 2021/22		742.0	841.0	1,064.0	1,570.0	1,167.0	281.0	246.0	204.0	6,115.0
3. No. of chargeable dwellings for 2021/22 (lines 1+1a+1b -2)		1,566.0	6,878.0	13,412.0	11,993.0	5,718.0	2,540.0	2,956.0	399.0	45,462.0
4. Number of chargeable dwellings (line 3) subject to disabled reduction on 30 November 2020		1.0	16.0	39.0	42.0	21.0	11.0	8.0	6.0	144.0
5. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 4 after reduction)	1.0	16.0	39.0	42.0	21.0	11.0	8.0	6.0		144.0
6. Number of chargeable dwellings adjusted in accordance with lines 4 and 5 (lines 3-4+5)	1.0	1,581.0	6,901.0	13,415.0	11,972.0	5,708.0	2,537.0	2,954.0	393.0	45,462.0
7. Est. of number of dwellings in line 6 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	14.0	20.0	14.0	21.0	11.0	8.0	11.0	2.0	101.0
8. Number of dwellings in line 6 entitled to a 25% discount (Single Person or Disregards) on 30 November 2020	0.0	791.0	3,418.0	4,285.0	3,302.0	1,429.0	561.0	525.0	34.0	14,345.0
9. Number of dwellings in line 6 entitled to a 50% discount (All residents disregarded) on 30 November 2020	1.0	14.0	6.0	18.0	28.0	21.0	10.0	22.0	13.0	133.0
10 Additional 50% discounts for new dwellings	0.0	18.0	66.0	131.0	108.0	49.0	20.0	22.0	4.0	418.0
11. Dwellings subject to Long Term Empty Premium (100%)	0.0	5.0	15.0	17.0	14.0	9.0	3.0	4.0	5.0	72.0
11a. Dwellings subject to Long Term Empty Prem (200%)	0.0	0.0	3.0	2.0	6.0	3.0	0.0	1.0	0.0	15.0
12. Number of dwellings in line 6 assumed to be entitled to no discounts / premium (lines 6-7-8-9-10-11-11a)	0.0	739.0	3,373.0	8,948.0	8,493.0	4,186.0	1,935.0	2,369.0	335.0	30,378.0
13. Est. number of dwellings eligible for Council Tax Support during 2021/22 (in Band D equivalents)	0.5	304.5	1,620.9	1,869.6	720.0	177.1	18.3	10.5	0.0	4,721.4
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 7 x 0.75) +(line 8 x 0.75)+ (lines 9 and 10 x 0.5) + (line 11 x 2.0)+(line 11a x 3.0) + line 12-line 13	0.00	1,064.25	4,405.60	10,417.15	10,379.25	5,150.90	2,364.45	2,793.50	380.50	36,955.60
15. Ratio to band D	5	6	7	8	1	11	13	15	18	
16. Number of band D equivalents (line 14 x line 15)	0.00	709.50	3,426.58	9,259.69	10,379.25	6,295.54	3,415.32	4,655.83	761.00	38,902.71
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2021/22										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										38,902.71
19. At projected collection rate of 98%										38,124.7

Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 7 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2020

Line 10 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2021-22 comes from Planning's Housing Trajectory plan

Lines 11 & 11a - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2020

Line 13 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2020

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**Statement of Numbers and Bands
of all Properties shown in the
1993 Valuation List for the
Billing Authority Area
of Oxford
BA Code 3110
As at 30-NOV-2020**

Band	Numbers
A	2940
B	9796
C	19364
D	16008
E	7278
F	2981
G	3284
H	609
Grand Total of All Properties In Valuation List	62260

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Appendix 4

Risk Register

Council report – Setting of the Council Tax Base 2021-22

Date – Jan 14th 2021

Author – Adrian Wood (Finance)

No.	Risk Description Link to Corporate Obj	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid	Current Risk		
Risk Score Impact Score: 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic = Almost Certain Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain											
25		I	P		Mitigating Control: Level of Effectiveness: (HML)	I	P	Action: Action Owner: Mitigating Control: Control Owner:	Outcome required: Milestone Date:	I	P
	COUNCIL TAX DEBIT A reduced debit (and lower tax base) could mean the City Council having to borrow to meet the Precept demands of the County Council and the Police and Crime Commissioner. Also the City Council would have less Council Tax Income to fund services.	4	3	There could be less new builds than estimated in the remainder of 2020/21 and in 2021/22. In addition there could be increased numbers of exemptions/discount cases.	Assumptions used in numbers of new builds are conservative. The estimate is reduced by 50% to allow for possible delays in these new properties being built and occupied in 2021/22. Council Tax Officers in Financial Services are reviewing existing exemption and discount cases to ensure these should still be granted.	3	2	Continuing monitoring of external trends (Adrian Wood). Monthly position on actual tax base is calculated and reported to the Head of Service of Financial Services (Adrian Wood). Significant changes to be reported to CEB (Adrian Wood). Mitigating control	Assumptions remain as accurate as possible to minimise the possibility of shortfall. Monthly reviews.	3	2

				Assumptions are based on prior years/historical trends and take account of external impacts.			owner: Nigel Kennedy				
	COUNCIL TAX COLLECTION RATE A shortfall in income actually received would mean the City having to borrow to meet the Precept demands (see above).	4	3	Taxpayers withholding some or all of their Council Tax payments	We eventually collect over 99% of the collectable debit for each period. Council Tax officers in Financial Services carry out regular reminder runs in cases of non-payment followed by Magistrates Court proceedings (if necessary).	3	2	Monthly position on collection rate for current year (and arrears) is calculated and reported (Adrian Wood). Significant changes to be reported to CEB (Adrian Wood). Mitigating control owner: Nigel Kennedy	Collection rate remains as on course as possible to minimise the possibility of shortfall. Monthly reviews.	3	2
26	COUNCIL TAX INCREASE FROM APRIL 2021 The Spending Review (Nov 25 th 2020) announced that the referendum threshold for increases in Council Tax in 2021/22 will be 2% for both the District and the County Council. In addition there will likely be an adult social care precept of 3% on top of the core principle.	4	4	Taxpayers will find it increasingly difficult to pay the full amount of Council Tax due.	The Head of Service has stated that if needed further resources will be put into the collection / recovery process.	3	2	Collection of the 2021/22 debit will be monitored and reported at least monthly by the Finance Technical Officer (Adrian Wood). The HoS will be kept closely informed and the position discussed at the monthly Performance meetings.	The collection rate to remain on course as much as possible to minimise the possibility of a shortfall arising.	3	2

	<p>COUNCIL TAX SUPPORT SCHEME Minor changes only were made to Oxford's scheme for 2020/21. Recently there has been consultation over the scheme format for 2021/22 but no decisions have yet been made. Our number of CTS claimants had been steadily dropping over the last few years but grew significantly in 20/21 due to the pandemic. There remains uncertainty over BREXIT and what the effects of a "No Deal" leave could mean for our caseload and an increased cost to the Authority.</p>	4	3	<p>More taxpayers may need to claim assistance towards the payment of their Council Tax by applying for Council Tax Support. This will reduce the Council's Council Tax income and lead to increasing costs of providing the CTS scheme.</p>	<p>In the calculation of the 2021/22 Tax Base (Appendix 1) a figure of 6,470.4 has been included as the estimated number of dwellings eligible for Council Tax Support. This compares to the figure of 6,185.2 estimated for 20/21. The increase is due to the pandemic and uncertainty over its duration.</p>	3	2	<p>Our numbers of claimants are reviewed monthly and reported to the HoS by the Finance Technical Officer (Adrian Wood). The same applies to our numbers of Council Tax exempt dwellings.</p>	<p>An increased estimate of the number of dwellings eligible for Council Tax Support has been included in the 2021/22 calculation. In addition Council Tax staff will constantly be reviewing dwellings that are exempt from the Council Tax to ensure that the exemption should still apply. These savings will be offset against any increase in the Council Tax Support caseload.</p>	3	2
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To: **Audit and Governance Committee**
Date: **14 January 2021**
Report of: **Head of Financial Services**
Title of Report: **Progress with the Housing Benefit External Audit with KPMG.**

Summary and recommendations	
Purpose of report:	To report upon progress on the external audit review of the Housing Benefit Subsidy claim on 2019-2020.
Key decision:	Yes
Cabinet Member:	Councillor Ed Turner Cabinet Member for Finance and Asset Management
Corporate Priority:	all
Policy Framework:	Budget
Recommendation: the Committee is recommended to	
1. Note	
<ul style="list-style-type: none"> • KPMG are the new auditors for the Housing Benefit external audit process • the outcome of the Audit Report to the Department for Work and Pensions (DWP) for 2019-20 	

Appendices	
Appendix 1	KPMG Progress Report

Introduction and background

1. Following a competitive tendering process in February 2020 the responsibility for the auditing of the Councils annual Housing Benefit Claim was awarded to KPMG on a rolling 1 year contract. As this year has been a successful partnership in completing this audit review, the Council have notified the DWP that contract into 2021/22 for the audit of the Subsidy Claim for 2020/21.
2. Oxford City Council is legally required to complete an annual review of the subsidy claim form for the previous year. Due to Covid 19, the normal completion date of November 31st 2020 was extended until January 31st 2021. This Council will have

the audit review and reporting documentation with the DWP on time. This is an excellent position to be in as the current national position for other Local Authorities is that less than 50% of audits will be completed by the end of January 2021.

Audit Report

3. At the time of writing this report the audit is partially completed with only a single workbook left to review with the Auditors, although this is expected to have been completed by the date of the Audit and Governance meeting. The report from the auditor to date is shown in Appendix 1 and Laura Bessell, Benefits Manager and Laura Bedford of KPMG will give a verbal update at the January Audit and Governance meeting on the final position.
4. The original claim submitted by the Council to DWP in May 2020 in respect of the year 2019-20 was for a total amount of £43,709,545. One of the key aspect of this claim is in respect of local authority errors either arising from mistakes made in the entitlement of benefit by staff or overpayment of benefit due to delays in processing changes in benefit entitlement arising from changes in the circumstances of the claimant. Full benefit expenditure can be lost if the value of such errors is in excess of certain thresholds set as a percentage of the total benefit expenditure by DWP. In 2019-20 the thresholds are shown below
 - Upper threshold £224,185 (0% of benefit expenditure claimable if equalled or exceeded)
 - Lower threshold £199,275 (40% of benefit expenditure claimable if equalled or exceeded)

Total local authority error as submitted was £187,639 i.e. £11,636 below the lower threshold and at this level full housing benefit expenditure is claimable from the DWP. Where total errors are over the lower threshold subsidy is lost on such expenditure and if above the upper threshold expenditure on such errors is lost in total.

5. During the review further workbooks were required to be carried out as an error was found by the auditors in claims which had an income of State Retirement Pension and this has resulted in further checking. From this checking a further 5 more claims errors were found and resulted in over claimed expenditure. An updated position will be verbally reported to committee
6. This additional error was not identified previously in our audits. Looking at the way in which the Benefit Service automates data from the DWP in relation to State Retirement Pension from April 2020, the Service is not expecting this error to continue. We will be working with KPMG on the new processes in place which will now mitigate error in the system going forward.

Financial Implications

7. These are included in the report.

Legal Implications

8. The authority is required to have claims submitted for reimbursement of Housing Benefit expenditure from DWP audited by independent auditors. KPMG undertake this role on behalf of the Council.

Report author	Laura Bessell
Job title	Benefits Manager
Service area or department	Financial Services
Telephone	01865 252649
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Background Papers: None

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Progress Report on Housing Benefit Subsidy Claim 2019/20

**Oxford City
Council**

January 2021



Summary for Audit and Governance Committee

Introduction & background

This report summarises the progress of the work that we have carried out on the Authority's 2019/20 Housing Subsidy Benefit grant claim to December 2020.

- Under the Department for Work and Pensions (DWP) Housing Benefits Assurance Process we were engaged by the Authority to complete the 2019/20 Housing Benefit Subsidy claim. This has a value of £43.7 million.
- We commenced our work in summer 2020, with both KPMG and the Authority successfully working remotely due to the impact of Covid-19.
- We have worked closely with the benefits team and have held regular catch up calls to track progress and discuss, plus resolve any technical queries.
- Good progress has been made, and we expect to complete our work ahead of the revised DWP deadline of 29 January deadline.

Certification & assurance results

Our certification work on Housing Subsidy Benefit claim includes:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments and verifying the accurate completion of the claim form.

We are due to complete our testing and issue our HBAP Accountants Report to the DWP in January 2021. The claim will be subject to a qualification letter, as in previous years. The following issues will be reported which are comparable to those found in 2018/19:

- Incorrect assessment of earned income across all benefit types;
- Misclassification of overpaid benefit (claimant error) across all benefit types;
- Incorrect assessment of claimant capital in relation to HRA rent rebates;
- Incorrect calculation of student loan income in respect of HRA rent rebate and rent allowance cases; and
- Incorrect assessment of child tax credit income in relation to non HRA rent rebates, and HRA rent rebate cases.

New errors were also identified in the following areas in 2019/20:

- Incorrect assessment of state retirement pension income in respect of HRA rent rebate and rent allowance cases;
- Misclassification of overpaid benefit (local authority error and admin delay) in respect of HRA rent rebate cases; and
- Miscalculation of rent allowance (LHA) eligible rent.

Some areas of the claim have been subject to 100% testing therefore we anticipate that adjustments will be necessary to the Authority's claim.

Summary for Audit and Governance Committee (cont.)

Audit Team

The core members of our audit team members are outlined below:



Andrew Cardoza

Director
Local Government
KPMG LLP UK



Daniel Hayward

Senior Manager
Local Government
KPMG LLP UK



Laura Bedford

Manager
Local Government
KPMG LLP UK

Fees

Our fee per our engagement letter for certifying the Authority's 2019/20 Housing Benefit Subsidy grant is £19,000.

We anticipate that the final fee will be higher than the planned fee due to additional testing being required on the incorrect assessment of state retirement pension income in respect of HRA rent rebate and rent allowance cases, misclassification of overpaid benefit (local authority error and admin delay) in respect of HRA rent rebate cases, and the miscalculation of rent allowance (LHA) eligible rent.

Looking forward, the Benefits Manager has notified the DWP of Oxford City Council's intention to continue to contract with KPMG in relation to the audit of the Housing Benefits Subsidy claim in 2020/21.



The key contacts in relation to our audit are:

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psa.a.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Cardoza the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner Tim Cutler, by email to Tim.Cutler@kpmg.co.uk.

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INTERNAL AUDIT PROGRESS REPORT

Oxford City Council

January 2021

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SUMMARY OF 2020/21 WORK

Internal Audit

This report is intended to inform the Audit Committee of progress made against the 2020/21 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

2020/21 Internal Audit Plan

We are pleased to present the following reports to this Audit Committee meeting:

- Treasury Management
- Key Financial Controls- Data Analytics
- Accounts Receivable
- Follow up Report

We are due to commence the following audits in January/February 2021 and anticipate to present these at the next audit committee:

- Channel Shift
- Car Parking
- Corporate Performance
- Companies Oversight
- Planning Services.

REVIEW OF 2020/21 WORK

Audit Area	Audit Days	Executive Lead	Planning	Fieldwork	Reporting	Opinion	
						Design	Effectiveness
Audit 1: Car Parking	10	Nigel Kennedy	✓	22 Feb 21			
Audit 2: Channel Shift	15	Helen Bishop and Nadeem Murtuja	✓	11 Jan 21			
Audit 3: Companies Oversight	15	Nigel Kennedy	✓	4 Jan 21			
*Audit 4: Housing Rents	13	Nigel Kennedy	✓	11 Jan 21			
Audit 5: Community Strategy	15	Ian Brooke	✓	TBC			
*Audit 5: Environment	15	Jo Colwell	✓	1 March 21			
Audit 6: Accounts Receivable	15	Nigel Kennedy	✓	19 Oct 20	✓	Substantial	Moderate
Audit 7: Payroll and Overtime	15	Helen Bishop	✓	21 Sept 20	✓	Substantial	Substantial
Audit 8: Key Financial Controls - Data Analytics	15	Nigel Kennedy	✓	10 Jul 20	✓	Moderate	Moderate
Audit 9: Income Collection and Cashiers	15	Nigel Kennedy	✓	8 Mar 21			
Audit 10: Treasury Management	12	Nigel Kennedy	✓	2 Nov 20	✓	Substantial	Substantial
Audit 11: Planning Services	15	Adrian Arnold	✓	5 Oct 20	✓	Moderate (Draft)	Substantial (Draft)
Audit 12: Corporate Performance	15	Helen Bishop	✓	7 Dec 20			
Audit 13: *Enforcement Restructure	12	Nigel Kennedy	✓	TBC			

EXECUTIVE SUMMARY - TREASURY MANAGEMENT

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Substantial	The controls that are in place are being consistently applied.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	0
Low	1

TOTAL NUMBER OF RECOMMENDATIONS:

CRR/BAF REFERENCE:

- 1.Enable An Inclusive Economy
- 2.Deliver More Affordable Housing
- 3.Support Thriving Communities
- 4.Pursue A Zero Carbon Oxford

BACKGROUND:

Good treasury management is a key element of the effective management of working capital, ensuring that the organisation has cash available to meets its obligations while ensuring any surplus cash is managed within the Council's appetite for risk and return.

Legislation requires local authorities to have regard for statutory practices in relation to treasury management, including CIPFA's Treasury Management in the Public Services Code of Practice, which provides guidance on recommended treasury management practices.

The Council held investments of £86.97 million as at 31 March 2020. Net interest earned during the financial year 2019/20, including from loans to companies was £2.78 million against a target of £2.22 million, which primarily relates to investment balances being higher than anticipated during the year.

The Treasury Manager confirmed that the planned borrowing for the year has been postponed due to the Covid-19 pandemic. Therefore, we have not tested borrowings in this review.

In July 2020, the Council participated in the Public Works Loan Board (PWLB) Consultation. The aim of this consultation was to develop a proportionate and equitable way to prevent local authorities from using PWLB loans to buy commercial assets primarily for yield, without

impeding their ability to pursue service delivery, housing, and regeneration under the prudential regime as they do now. Following this consultation, the government is publishing revised lending terms for the PWLB and guidance to support LAs to determine if a proposed project is an appropriate use of PWLB loans. These new terms will apply to all loans arranged from 26 November 2020.

Treasury is noted as one of only two high risks identified by the Council.

GOOD PRACTICE:

Throughout the audit a number of good practice points were identified. These points demonstrate the commitment to strong internal controls and have helped inform the final internal audit opinions:

- The Council have a Treasury Management Strategy in place that was approved by the Cabinet on 12 February 2020. The Strategy is reviewed and approved annually, ensuring that relevant economic factors are considered in the management of investments
- There are Appendices to the Strategy which clearly set out the minimum credit criteria, the maximum amount of investment and maximum maturity periods allowed for the specified and non-specified investments
- For a sample of seven investments and three Money Market Funds that were processed between 1 November 2019 and 31 October 2020, the monetary and the maturity limits met the criteria set out in the Council's Treasury Management Strategy.
- There were adequate segregation of duties in completing, checking and approving the investments for all the sampled cases
- The Council prepare mid-year and year-end Treasury Management Reports that are presented to the Cabinet, outlining the Council's activity and performance for the previous six months/ one year. The Treasury Manager Annual Report 2019/20 was presented to the Cabinet on 9 September 2020 and the Treasury Management Mid-Year Report 2019/20 was presented on 19 December 2019
- Monthly reports are prepared for internal monitoring purposes which include details of all specified and non-specified investments, variance analysis of forecast vs actual cash flow for the month and an analysis of investments by counter-party, type, duration and maturity profile
- Cash flow forecasting and monitoring is undertaken on a daily basis and covers a wide range of factors to ensure an accurate position is reported at all times. Some of the factors included are Local Government Pension (LGPS) contributions, Business rates, Salaries, Income collection, Car park income, Commercial rents and Value Added Tax.

KEY FINDINGS:

Finding	Summary of Recommendations	Owner	Due date
<p>We reviewed bank reconciliations for the General Fund Account and group of companies for July, August and September 2020. We noted that eight reconciliations were not completed within two weeks from the end of the month (Finding 1 - Low).</p>	<p>The reconciliations should be prepared and authorised within two weeks from the end of the month, in line with good practice. Half-yearly spot checks should be undertaken and recorded to ensure compliance.</p> <p>Management Response:</p> <p><i>There were specific reasons for the delayed completions, some were due to technical issues and some were because of a conscious prioritisation of workloads by management. In addition to the actual reconciliations, we maintain an overall monitoring sheet which I attach.</i></p> <p><i>Throughout July and August, Financial Accounting Team resources were prioritised to assist external auditors (Mazars & EY) in their respective audits of 2019/20 Financial Statements for the Council's wholly owned companies and the Council. This was to ensure statutory reporting deadlines for the publication of audited Financial Statements could be met. In addition to this, the Council officer responsible for preparing bank reconciliations for the General Fund, Drawing Account, and Housing Benefit Account was unable to access <u>Barclays.net</u> (the banking web platform) for several weeks in September due to IT problems. Consequently the August bank recs for Council accounts could not be prepared until later in September.</i></p> <p><i>The reconciliations monitor is maintained by the Senior Financial Accountant, which notes the reasons for delay affecting company bank recs for July and Council bank recs for August in a comment against each one.</i></p>	<p>Andrew Friar, Senior Financial Accountant</p>	<p>1st Jan 21</p>

CONCLUSION:

The Council has an adequate Treasury Management Strategy in place, the monetary and the maturity limits for the sampled investments were undertaken in line with the requirements set out in the Strategy. There are robust controls around monitoring of the Council's Treasury Management activities and performance reported to the Cabinet via mid-year and year-end reports and cash flow forecasting is undertaken on a daily basis. We noted minor issues around timeliness of the reconciliations undertaken.

Therefore, we have concluded on a substantial opinion for both the control design and operational effectiveness.

EXECUTIVE SUMMARY - KEY FINANCIAL CONTROLS - DATA ANALYTICS

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I FOR DEFINITIONS)

High	0
Medium	2
Low	0

TOTAL NUMBER OF RECOMMENDATIONS: 2

BACKGROUND:

The Council uses Agresso as its main financial management system, which holds transactions and standing data for accounts payable and accounts receivable, which the finance department are responsible for. The finance team can run scripts on Agresso in order to extract necessary datasets. There have been no upgrades or changes to the Agresso system for the last three years. The purchasing scheme of delegation is continuously updated each year as staff change roles. We take note of varying authorisation limits year-to-year where we run test relevant to accounts payable transaction approvals. The Council has not defined credit limits for its creditors, so we have extracted aged debtors analysis and agreed with management which debtors require further review. The Council's ICT team own and manage file transfer protocol (FTP) sites which we have used for transferring sensitive payroll information. HR are responsible for payroll and payroll transactional data is stored on the Midland iTrent system. The Midland iTrent system has had no upgrades or changes in the last three years. The Council has not defined thresholds for overtime, so we extracted overtime payments which account for a significant proportion (percentage agreed with audit owners during fieldwork) of total employee pay. The Council does not process significant number and/or value of expenses payments.

GOOD PRACTICE:

No exceptions were noted in the following areas:

Payroll

- Only three leavers have been processed for the dates reviewed. All were for future dates in August and September, hence no overpayments were noted.
- All transactions were assigned a valid Personal Reference: People field reference.
- We ran an exclusion match (matching employee reference but excluding same surname) which returned no results.
- 16 employee records matched on National Insurance number (NINO) but further review confirmed all were valid double entries due to different reporting units.
- Duplicate entries with matching addresses were confirmed to have shared surnames and were in the same family with a shared address.
- Invalid NINO format scripts were run based on format, length and characters in the prefix and suffix and no exceptions were identified.
- No null (empty) entries were identified in the following fields: NINO, name, address, employee reference, date of birth, and tax code.
- We ran an age script and confirmed the youngest member of staff was 17 years old as

at August 2020.

Accounts Receivable

- Aged debtor analysis is run and reviewed by management regularly.
- We ran a match on names with different addresses which returned no results.
- We ran a match on names and addresses and identified no matches.

Accounts Payable

- We did not identify any transactions with round sum values.
- We identified two transaction which were paid on the weekend but this is allowed at the Council.
- We did not identify any suppliers with duplicate customer references.

KEY FINDINGS:

Area	No. of tests planned	No. of tests with no exceptions	No. of tests with exceptions	Data not available / sufficient
Payroll	19	14	4	1
Accounts Payable	12	3	6	3
Accounts Receivables	4	3	0	1
Total	35	20	10	5

DATA ANALYTICS RESULT		
Finding	Management Response	Responsible Individual and Implementation Date
Finding 1 - Payroll (Medium)		
Ref 1.1 - We ran a duplicate key matching: reference, surname and forename, element type, value, and period. We identified two transactions which appeared to be duplicates. Value of single transactions were £3,350.39.	<i>We confirmed that the employee identified within the transaction was not paid twice. When the system extracts a report it reports against the individual rather than their position hence identifying the duplicate transaction. - This exception was investigated and deemed reasonable</i>	Simon Edington - Operations Manager (Payroll & HR Support)

<p>Ref 1.2 - we ran a duplicate match on sort code and account number (78 same surname but different forename -- shared bank accounts). 28 employees had same forenames (duplicate accounts) or different names (potential errors).</p>	<p><i>We reviewed each exception and noted that the report extracted the employee's payroll reference number and also their elections group reference number. We can confirm that the employees identified with this exception were on two different payrolls.</i></p> <p><i>We also noted that there were two employees with the same bank account and sort code number who banked with Coventry Building society. All Coventry building society accounts have the same sort code and account number and payments are recognised via the individual's name. - The exceptions were all investigated and deemed reasonable.</i></p>	<p>Simon Edington - Operations Manager (Payroll & HR Support)</p>
<p>Ref 1.3 - total of 24 employees had duplicate surnames and forenames but different personal references.</p>	<p><i>There should be a payroll reference number and a post number in two different columns however, it is not identifying them as being two separate entities instead it has extracted both the tax element and the position element. The exceptions were all investigated and deemed reasonable.</i></p>	<p>Simon Edington - Operations Manager (Payroll & HR Support)</p>
<p>Ref 1.4 - a total of 13 employees matched on same whole address details with different surnames.</p>	<p><i>We can confirm that all employees identified were family members who shared the same address. The exceptions were all investigated and deemed reasonable.</i></p>	<p>Simon Edington - Operations Manager (Payroll & HR Support)</p>
<p>Finding 2 - Accounts Payable (Medium)</p>		
<p>Ref 2.1 - we ran a duplicate match based on creditor reference, invoice number and value of payment which returned a total of eight transactions with a potential duplicate value of £13,073.</p>	<p><i>All transactions were investigated we can confirm that these were reversals, credits/refunds and therefore no duplicate transactions. The exceptions were all investigated and deemed reasonable.</i></p>	<p>Anna Winship - Management Accounting Manager</p>

<p>Ref 2.2 - we matched the creditor references for all transactions to the creditor references in the list of suppliers and identified four which did not match.</p>	<p><i>These will be investigated further to understand why they were created in the system.</i></p>	<p>Anna Winship - Management Accounting Manager <i>Implementation Date: February 2021</i></p>
<p>Ref 2.4 - we ran a duplicate match for supplier bank details and identified a total of 149 suppliers with duplicate bank details to at least one other entry.</p>	<p><i>We reviewed the list of suppliers and noted there were variations as follows:</i></p> <ul style="list-style-type: none"> • <i>All related organisations</i> • <i>Same organisation with changed name</i> • <i>Same organisation with extra space in name</i> <p><i>However, all organisations were genuine. We will undergo a cleansing process and closedown accounts no longer in use however there was no fraudulent activity suspected.</i></p>	<p>Anna Winship - Management Accounting Manager <i>Implementation Date: February 2021</i></p>
<p>Ref 2.5 - we ran a match on supplier name and address but with different bank account numbers and identified ten suppliers which could require review.</p>	<p><i>These are all landlords and it is common practice to have more than one bank account</i></p>	<p>Anna Winship - Management Accounting Manager</p>
<p>Ref 2.7 - we joined and matched supplier bank details with employee bank details and identified ten entries (employees and suppliers) which matched.</p>	<p><i>We reviewed details and noted two were Councillor payments and two were for landlord payments. Other reasons included: advances in payroll, payment prior to being on payroll (contractor before employee, or expenses paid outside of payroll.</i></p> <p><i>In addition, six suppliers have not been used since 2015 - 2018.</i></p> <p><i>All transactions were not deemed as fraudulent.</i></p>	<p>Anna Winship - Management Accounting Manager</p>
<p>Ref 2.6 - we ran a match for supplier name and address and identified a total of 16 duplicate suppliers.</p>	<p><i>These suppliers were identified as part of ref 2.4 and 2.5 and will be addressed as above.</i></p>	<p>Anna Winship - Management Accounting Manager See above</p>

We were not able to perform data interrogation schedules on the following areas as the data was not available in some areas:

Overtime

- Overtime datasets were not provided by management. There was confirmation that the proportion of overtime is insignificant for Council staff.

Accounts Payable

- Identities of requestors and approvers were not provided in the transactional data.
- Purchase order (PO) information and PO authorisation data was not provided in the transactional datasets.

Accounts receivable

- Credit terms for debtors were not provided within the datasets extracted.

CONCLUSIONS:

The data analytics undertaken has identified several exceptions in the key financial datasets provided. We have reviewed these with management and have confirmed they appear to be valid exceptions which will need rectifying (i.e. duplicate entries need to be removed from the system).

EXECUTIVE SUMMARY - ACCOUNTS RECIEVABLE

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

	0
Medium	1
Low	4

TOTAL NUMBER OF RECOMMENDATIONS: 5

CRR/BAF REFERENCE:

Enable an inclusive economy.

BACKGROUND:

Oxford City Council (the Council) has a central Incomes team, which is managed by a dedicated Income Team Leader, for those transactions which come through the Council's main financial system, Agresso.

This review considered those accounts receivable raised in Agresso which cover Council activities such as licensing, subscriptions, trade and garden waste and parks and leisure. Our scope did not cover Council Tax, Business Rates and Benefits.

The Council provide comprehensive income collection services for Oxford Direct Services (ODS) and Oxford Direct Services Trading Limited (ODSTL), with this relationship outlined in a dedicated SLA Income Collection in effect since 2018. We tested the Council's processes involving raising invoices, subsequent debt recovery and write-offs. Our sample-based testing included procedures relating to both the Council and ODS.

A review of Accounts Receivable was performed and reported in November 2018 which led to a moderate opinion for design and limited opinion for control effectiveness.

GOOD PRACTICE:

- The following areas of good practice were identified:
- The Council has a robust set of financial rules outlined within their Constitution, which highlights the processes of budget setting and budgetary control, ordering and paying for goods and services, and income collection. This was last updated in January 2020. In addition, there are supplementary policies, including a Corporate Debt Management Policy for all officers at the Council, and a specific Sundry Debtors Guide for the Income Team.
 - There is an automatic work flow to set up new users within Agresso which requires initial line manager approval.

- The Council has introduced a mandatory tick box within Agresso to confirm that service areas are completing appropriate due diligence checks. If this box is not ticked, the next stage of the work flow to set up a customer will not be completed.
- For a sample of 15 invoices raised between April and October 2020, split equally across the Council, ODS and ODSTL, there were appropriate segregation of duties between requesting and approving invoices.
- The Income Team Leader runs monthly reports to assess the performance of the team, in relation to payments received and debt recovery. Similar management information and KPIs are reported to ODS as per the SLA, on a monthly basis.
- For a sample of 15 debts written-off, split equally across the Council, ODS and ODSTL, the relevant forms were completed by the Income Officers, appropriate approval was gained by the S151 Officer or the ODS Head of Finance, and the debts were processed on Agresso as required.
- The SLA between the Council and ODS clearly outlines the responsibilities and liabilities of both parties. This includes a description of services, time lines for debt recovery arrangements and reportable KPIs.

KEY FINDINGS:

Finding	Summary of Recommendations	Owner	Due date
Finding 1 (Medium) - For three overdue ODS debts, reminder letters had not been sent in line with the agreed timescales	<p>a) Within the process, there should be a monthly review completed by the Incomes Team Leader to verify that each Income Officer is running the reminder letter reports as expected. . This will mitigate the lack of automation of letters, which is considered unfeasible as there still needs to be a sense check of the report to cross reference with customer case notes prior to sending reminder letters.</p> <p>b) The process notes for Income Officers should be updated to include the above manager check, and to increase clarity of the responsibility and expectations of each Income Officer.</p> <p>Management Response A. A monthly check has been implemented. It will be done in the first week of each month - looking at the previous months reminder runs by company and customer group. B. We are currently reviewing all of our procedure notes - the aim being to tailor them for distanced learning. The updated procedure note for reminders will include details of the team leader/senior officer monthly review.</p>	Neil Markham, Income Team Leader	Jan 21
Finding 2 (Low) - Review of the ODS Income & Collection and Write-Off policies showed that they have not been reviewed or updated since inception of ODS in 2018	<p>Both the Council and ODS should review the Income and Collection Policy and Write-off Policy on a regular basis, at least annually.</p> <p>Management Response A review schedule will be created. This will include a full review/update to commence in the new year along with an agreed annual review plan date.</p>	Neil Markham, Income Team Leader	Apr 21

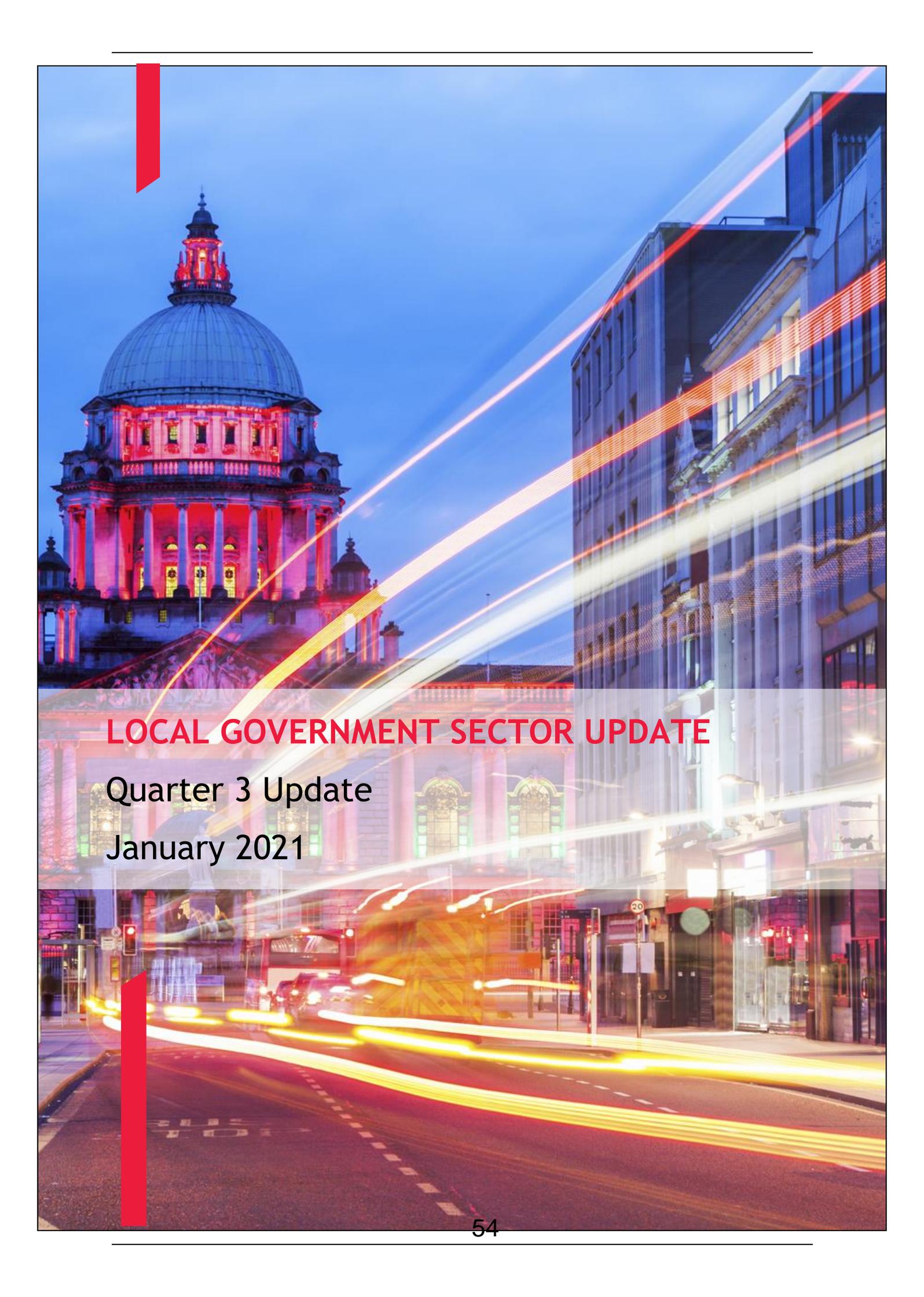
<p>Finding 3 (Low) - The monthly review of amendments to customer bank details is insufficient to identify if multiple or irregular changes have occurred within a short period of time</p>	<p>a) In the previous audit completed in 2018/19, a recommendation was raised relating to automatic notifications from Agresso for when customer details have been changed more than once in six months. At the time, Agresso did not have this functionality. The Council should reassess and explore if this is now viable.</p> <p>b) If this is not feasible, the Income Team Leader should undertake an additional quarterly check to ensure there have been no irregular patterns of changes.</p> <p>Management Response</p> <p>A. A new ICT request will be raised to explore the feasibility of automatic change notifications</p> <p>B. If Agresso still lacks this functionality an additional quarterly check will be designed and implemented for 21/22.</p>	<p>Neil Markham, Income Team Leader</p>	<p>Apr 21</p>
<p>Finding 4 (Low) - There is inconsistency with the level of due diligence being completed by Service Areas across the Council, and the Sundry Debtors Guide does not clearly outline exceptions to the process</p>	<p>a) The Sundry Debtors Guide should be updated to align with the levels of due diligence options within Agresso.</p> <p>b) The guide should also be updated to outline further examples of when due diligence is not appropriate.</p> <p>c) Within Agresso, the level of checks should be changed to the following: not applicable, none, light, moderate and enhanced. This will allow 'not applicable' to be used for cases identified in (b) above.</p> <p>d) The Incomes Team Leader should periodically run a report from Agresso that identifies where 'none' has been selected as an option. This will allow for analysis or spot checks to be completed of Service Areas that are consistently completing lower levels of due diligence than appropriate.</p> <p>e) Council-wide communications should be sent to all Service Areas as a reminder of the new process. This could also include discussions with Heads of Services to highlight the importance of due diligence, which is then fed back to their areas.</p> <p>Management Response</p> <p>A. The Sundry Debtors Guide will be updated to align with the levels of due diligence options within Agresso</p> <p>B. From feedback given by our auditor the guide will be expanded to include areas of the business where CDD is not appropriate</p> <p>C. Agresso to be updated as per recommendation</p> <p>D. Report to be designed as per recommendation</p> <p>E. Once the above recommendations have been implemented we plan to send a</p>	<p>Neil Markham, Income Team Leader</p>	<p>Mar 21</p>
	<p>council wide communication. A plan for service head discussions (Specifically the best approach for those) will also be</p>		

CONCLUSION:

Overall, the Council has financial systems in place that are designed effectively to ensure that income transactions are not processed without appropriate approval, and a segregation of duties is maintained where required. Procedures around debt write-offs, management reporting and changes to customer details are being consistently applied, and have improved significantly since our last audit.

However, there continues to be some exceptions with sending out timely reminder letters. Whilst there were also some minor issues relating to due diligence for new customers, this is a relatively new process within the Council and increased clarity and buy-in should address the issue over time.

We have therefore provided substantial assurance over control design and moderate assurance over operational effectiveness.



LOCAL GOVERNMENT SECTOR UPDATE

Quarter 3 Update

January 2021

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members.

FINANCE

Minister to appoint experts to address ‘appalling’ management at council

Local government secretary Robert Jenrick is to appoint an expert panel to help address “appalling” financial management issues at Nottingham City Council, following a government rapid review.

In his response to the review, Jenrick agreed with the recommendations outlined in the report, to tackle financial management issues within the council. The review found that repeated warnings over long-term financial sustainability at the authority had been ignored for four years.

The council will need to produce a three-year recovery plan by January 2021, to restore its financial position as it faces a funding gap of between £53m and £64m by the end of 2023-2024. Jenrick said: “The rapid review into Nottingham City Council highlighted appalling financial and management issues within the council.

“Taxpayers and residents have been let down by years of disgraceful mismanagement and inept ventures, such as Robin Hood Energy, that have wasted tens of millions of pounds that should be being spent on public services.

“I will be appointing an independent expert panel to help urgently address this by producing and delivering a comprehensive recovery plan.” Nottingham City Council will also be legally limited on the amount of money it is allowed to borrow, as its debt in relation to its budget has risen to the highest of all comparable cities. The review said that financing costs for the debt are 16.7% of its net revenue.

<https://www.publicfinance.co.uk/2020/12/minister-appoint-experts-address-appalling-management-council>

Redmond proposal for oversight body rejected

The Ministry for Housing, Communities and Local Government has rejected the proposal of a new audit oversight body as outlined in the Redmond Review.

The review, published in September, called for a new body - the Office of Local Audit and Regulation - oversee local authority audit. However, in its response, published today, the department said it is not currently persuaded that a new arms-length body is required.

It added that unless there is an exceptional reason for a new body, the government will look to explore new options.

The response said: “The creation of a strong system leader for local audit, especially in the form of a new body, would entail significant structural reform.

“We first want to understand in more detail how a system leader could grip and resolve the weaknesses in the local audit system which the Redmond Review describes, and that any

consequences of its establishment, such as potential conflicts of interest within the organisation, are identified and can be mitigated.”

The government did, however, agree with the recommendations of a review of the current fee structures in local audit, to provide greater flexibility to meet audit firms' costs.

An additional £15m will be allocated to local authorities to help fund additional costs arising from the change in audit fees next year.

<https://www.publicfinance.co.uk/2020/12/redmond-proposal-oversight-body-rejected>

Croydon seeks permission to borrow its way out of budget crisis

London Borough of Croydon has requested permission from the government to use borrowing earmarked for capital projects on filling its revenue budget gap instead.

Earlier this month, the council issued its second section 114 notice stopping all but essential spending, saying it cannot balance its budget without government support.

The council has now submitted a request for a capitalisation direction allowing it to use £70m of capital resources on services in the current financial year and £80m in the next year.

Hamida Ali, leader of the council, said: “We are clear about the scale of our serious financial situation but we also know what improvements we need to make to put things right in the months and years to come.

“We are asking MHCLG for a loan that will support our plans to live within our means while we continue vital services, particularly supporting and protecting vulnerable residents, keeping people safe and reducing inequality.”

A report to a meeting of the council this week said that the council would look to ‘front-load’ service reductions and efficiency savings to reduce the amount of borrowing required.

However, the council has also unveiled plans to slash its previously planned capital expenditure by £155m, which totals 45% of its originally planned investment in projects for the year.

<https://www.publicfinance.co.uk/2020/12/croydon-seeks-permission-borrow-its-way-out-budget-crisis>

LGPS exit cap relaxed on ‘compassionate grounds’

The exit payment cap for Local Government Pension Schemes in England can be relaxed for some employees on “compassionate grounds”, the government has said.

In a guidance document, the Ministry for Housing, Communities and Local Government said that LGPS members will not be liable if the restrictions will cause “genuine hardship”.

The payment cap limits redundancy payments and pension scheme strain costs by local authorities through early retirement to £95,000, with employees needing to either pay the strain cost or take a reduced pension.

The guidance said: “The discretionary relaxation process relates to circumstances where ministers agree that it is necessary or desirable to relax the restrictions imposed by the regulations, [including] compassionate grounds owing to genuine hardship - exceptional circumstances where an exit payment of £95,000 would lead to genuine hardship.”

<https://www.publicfinance.co.uk/2020/12/lgps-exit-cap-relaxed-compassionate-grounds>

Up to 5% of councils risk 'financial failure' under hard Brexit

As many as one in 20 local authorities in England risk financial failure as a result of a disruptive European Union Exit, according to a leaked government report.

The Reasonable Worst Case Scenario report, shared by Robert Peston on Twitter, said that the government would need to provide additional financial support to councils if they begin to fail.

Further sector-led support may also be needed for local authorities including non-statutory reviews of affected councils' approach, the report said.

The report also said that local resilience forums could also face funding pressures due to Covid-19 and continuing issues including cold winter weather and flooding, which limits their ability to prepare for the end of the transition period.

It added that these funding issues will particularly affect port areas and regions most affected by a no-deal scenario, and may require military aid support or specialist support.

The Treasury has also been warned of an increased likelihood of a systemic economic crisis, which would have major impacts on employment, international trade and commerce and market stability.

<https://www.publicfinance.co.uk/2020/12/5-councils-risk-financial-failure-under-hard-brexit>

Liverpool mayor arrested in bribery probe

Liverpool City Council mayor Joe Anderson is reported to be among five people arrested in connection with offences of bribery and witness intimidation.

On Saturday, Merseyside Police confirmed that the five had been released on bail pending further further investigation into building and development contracts in the city.

In a statement published by the Liverpool Echo, Anderson said he had co-operated fully with police and was interviewed for six hours before being released on bail.

Police have not confirmed Anderson was among those arrested but released a statement on Friday saying: "We can confirm that five people arrested in connection with offences of bribery and witness intimidation as part of an investigation on into building and development contracts in Liverpool have been released on condition bail, pending further inquiries."

Anderson became the first directly elected mayor of Liverpool in 2012, and won a second term in May 2016.

A letter from Catherine Frances, director general of local government and public services in the Ministry of Housing, Communities and Local Government, has asked Liverpool City Council to submit any plans to dispose of land to the department by 11 December.

<https://www.publicfinance.co.uk/2020/12/liverpool-mayor-arrested-bribery-probe>

IT

Crisis communications - cyber attack

What do you do when your online systems are unavailable, either through technical fault or cyber-attack? How do you respond to an emergency when your digital channels are down?

Our top tips for local government communicators

Create a crisis communications plan (and keep a hard copy)

A comprehensive crisis communications plan that is integrated into your organisation's wider emergency and civil contingency planning is essential for all organisations.

Effective crisis communication plans should include

- Details of who will form your crisis communications team (typically your chief executive, leader, head of communications, head of legal, head of HR, head of governance, head of IT etc) and their contact details
- a timeline of when the crisis communications team should meet during the first few hours, days or weeks of the crisis
- who will have responsibility for signing off key messages
- a list of the audiences you will need to reach during a crisis (including contact details)
- a list of stakeholders you will need to reach or work with during a crisis (including contact details)
- a list of which channels you will use to communicate your messages
- copies of any passwords needed to access corporate communication channels

<https://www.local.gov.uk/our-support/guidance-and-resources/comms-hub-communications-support/cyber-attack-crisis>

Environment

Climate-related incidents affecting eight in ten councils - LGA research

The LGA's latest research on the effects of climate change on local authorities shows that eight in ten councils have suffered climate-related incidents in the last five years - including over 23,000 properties in England being affected by flooding during this period

Eight in ten councils surveyed by the Local Government Association have been affected by a climate-related incident in the last five years - with just over 23,000 properties in England affected by flooding in the last five years

The LGA said councils have been working hard to develop policy and action to tackle climate change since the Government laid plans in June 2019 to reach net zero carbon emissions by 2050.

The Climate Change Survey 2020 assesses what actions councils have already taken to mitigate and/or adapt to climate change. It also asks what policy changes would enable them to do this more effectively in the future.

The survey found that nine out of 10 councils had since declared a climate emergency, around 80 per cent had set an official target for the authority to become carbon neutral

The most frequently identified barrier to tackling climate change was funding (96 per cent), followed by legislation or regulation (93 per cent) and lack of workforce capacity (88 per cent).

<https://www.local.gov.uk/climate-related-incidents-affecting-councils>

HOUSING

Council to wind up housing company

Merton Council plans to wind up its wholly owned housing company Merantun Development Ltd, after the company's business case was deemed "no longer viable".

The plan was outlined in a council report to be discussed at a special meeting on Monday, which said that the council had made progress on four sites, securing planning permission in July 2020. However, external factors including Covid-19 and the financial risks relating to the pandemic, mean the company is unable to meet the objectives in its business plan, the council said. The company is set close before construction on any homes began.

The report said: "A number of factors have impacted on the original business plan, such as increases in costs of construction, costs of borrowing, Covid-19 and Brexit impacts leading to a softening in the housing market.

Latest accounts show that the firm reported operating losses over the 2017-18 and 2018-19 period of £450,000.

<https://www.publicfinance.co.uk/2020/12/council-wind-housing-company>

Government reduces New Homes Bonus

The government is to reduce the New Homes Bonus to free up funding for local authority grants, it announced as part of the provisional local government finance settlement.

The New Homes Bonus was introduced to incentivise housebuilding by providing cash for areas that allow new homes to be built. It was due to close following publication of the fair funding review, scheduled for last April.

Following the delay of the review, the scheme was extended - although funding has been reduced from £907m to £622m for 2021-2022.

The government is proposing to redirect the remaining funds to help deliver the £150m social care grant, a £13m increase in the revenue savings grant, and the new £111m lower-tier services grant, as outlined in the financial settlement.

The lower-tier services grant would be available to councils to fund services such as homelessness, planning, recycling and refuse collection, and leisure services.

<https://www.publicfinance.co.uk/2020/12/government-reduces-new-homes-bonus>

Spelthorne commercial income set to rise despite Covid-19

Spelthorne Borough Council is budgeting for an increase in income from its commercial property portfolio during the current financial year, enabling it to underspend its budget by £1.5m.

The council has faced severe criticism from a number of quarters for its commercial investment strategy, which has seen it acquiring £1bn of offices and shopping centres in recent years.

However, the council is expecting to ride out a full year of Covid-19 with just over £53m of rental income, up from the £51m it received last year.

Latest monitoring data from the council shows that after £24.0m of loan repayments, £11.9m of minimum revenue provision, and a net contribution of £4.0m to a sinking fund, the authority will have £9.9m left to fund services.

This is higher than the £8.2m it expects to receive from council tax during the year.

The figures show that council is budgeting for a raid on the sinking fund reserves to the tune of £1.8m to support three of its properties, the lion's share (£1.4m) coming from the fund on its 12 Hammersmith Grove building in west London.

Overall, however, the council's contingency funds for all 12 of its commercial properties are anticipated to rise from £20.5m to £24.5m over the year.

<https://www.publicfinance.co.uk/2020/12/spelthorne-commercial-income-set-rise-despite-covid-19>

Local authority building acquisition halves

Local authorities' spending on buying property has fallen more than half following the outbreak of Covid-19, according to statistics from the Ministry of Housing, Communities and Local Government.

According to today's update on statistics on capital borrowing and expenditure, from April to September, councils spent £825m on buying land and existing buildings, compared with the £2bn spent in the category during the same period last year, according to the MHCLG.

Overall, council spending on fixed assets for the first half of this year was £6.5bn, around 20% less than the £8.1bn that was spent in the first half of 2019-2020.

David Heyes, finance manager and interim section 151 officer at Torridge District Council told PF: "Some councils may have not have made investments in capital projects as they are uncertain whether they can fund them in the future. The uncertainty on revenue streams I suspect would be the big reason."

<https://www.publicfinance.co.uk/news/2020/12/local-authority-building-acquisition-halves>

APPENDIX I - DEFINITION OF ASSURANCE

Level of Assurance	Design Opinion	Findings from review	Effectiveness Opinion	Findings from review
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.



FOR MORE INFORMATION:

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INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

OXFORD CITY COUNCIL

January 2021

IDEAS | PEOPLE | TRUST



Summary

FOLLOW UP GOING FORWARD - BDO RECOMMENDATIONS

Following the issue of reports, all due high and medium recommendations will be followed up within this report.

RECOMMENDATIONS

- 11 recommendations are due for follow-up with recommendations due prior to the end of **December 2020**.
- Previous recommendations may simply have a revised date that is post this Committee and therefore, will be picked up at the next Committee

Of the 11 recommendations:

- Two Medium Recommendation were completed (Contract Management)
- 9 Medium Recommendations are incomplete these were for Events Management and have not been actioned due to a vacant position for an Events Manager. An Events Manager has recently been recruited and will action the recommendations for the next audit committee. We have issued a 3rd revised due date for these recommendations.

Follow up Process

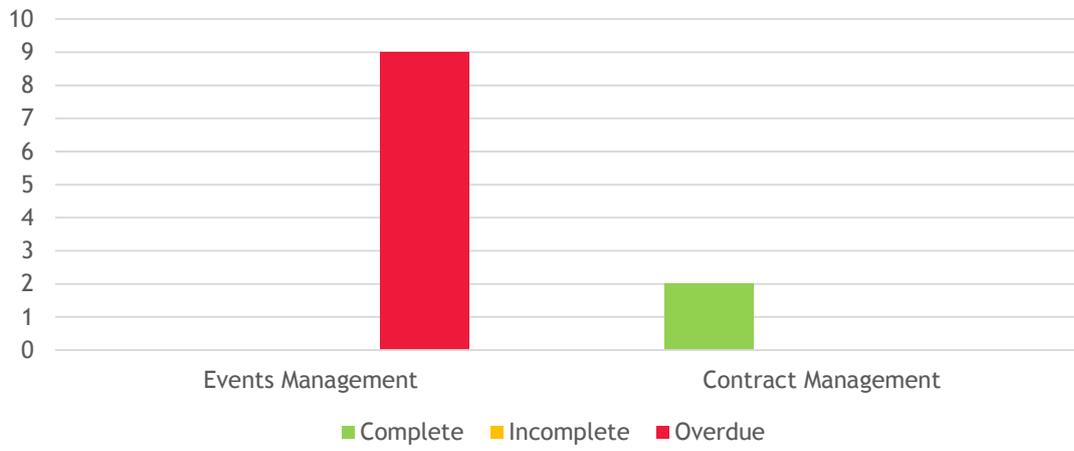
As part of the follow-up process we issued all recommendations due for implementation on or before December 2020 on 20 November 2020. Recommendations due were sent to all responsible officers and the corresponding heads of service. We gave responsible officers four weeks to respond. We subsequently chased officers throughout December 2020.

We are required to escalate non-responses and/or recommendations with several revised due dates to the Operational Delivery Group (ODG). We did not escalate responses to the ODG at this stage as we received all responses in a timely manner. However, recent discussions within the ODG meeting noted that the follow up tracker will be sent to the ODG for review. This is to keep all heads of services informed of the recommendations due and complete.

For all incomplete recommendations, we will:

1. Continue to emphasise to staff to be realistic about the implementation dates when completing their management responses at the completion stage of each internal audit review
2. Issue the recommendations tracker to all the relevant Heads of services on a monthly basis from the December audit committee onwards
3. Issue reminder emails 6 weeks prior to the follow up review to ensure timely completion of each recommendation

Status of 12 Recommendations Complete, Incomplete and Removed



Recommendations: Complete

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Current Progress
2019/20. Contract Management	If the designations should be in use, a contract register should be kept of the designations and the monthly checks should be performed on the platinum contracts by the procurement team	M	Procurement Team	31/10/2019 31/03/2020 31/12/2020	<p>Council's Comments: Whilst the designations will not be used. The Council will put in place a new Experian contract in April 2021 where a supplier alert function is available. This function will be used for high value critical contracts.</p> <p>IA Comments: We were satisfied that the procurement of the new Experian contract with the supplier alert function will fulfil recommendation.</p>
2019/20. Contract Management	If the Council no longer use the contract designations, the guidance should be updated to reflect this	M	Procurement Team	31/10/2019 31/03/2020 31/03/2020	<p>Council's Comments: It has been agreed that the procurement team will not use the contract designations. The procurement strategy has been updated to reflect this.</p> <p>IA Comments: We are satisfied that this recommendation has been implemented.</p>

Recommendations: Overdue

These recommendations have been marked as overdue as they continue to be incomplete despite having previously revised their implementation dates. Therefore, they have now missed at least two implementation dates.

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Current Progress
2019/20. Events Management	The events team and SAG agree on a minimum number of staff required to safely run council-organised events based on the size and risk levels identified in risk assessments. This should be signed-off and documented, so that it may be adhered to for future events. The policy should also state if individuals of a certain grade or holding a particular level of experience and/or formal qualifications are required.	M	Culture & Community Development Manager	29/02/2020 31/05/2020 31/10/2020 28/02/2021	<p>Council's Comments: There has not been an Event Officer in the team since February 2020 and the post has remained vacant during the Covid-19 pandemic. An Event Officer has now been recruited started on 14 December 2020. They will ensure this recommendation is implemented.</p> <p>IA Comments: This will be followed up at the next Audit Committee.</p>
2019/20. Events Management	A formal training policy should be agreed upon that details any standard training required by all events management members, as well as role specific requirements that correspond to the newly classified roles.	M	Culture & Community Development Manager	29/02/2020 31/05/2020 31/10/2020 28/02/2021	<p>Council's Comments: There has not been an Event Officer in the team since February 2020 and the post has remained vacant during the Covid-19 pandemic. An Event Officer has now been recruited started on 14 December 2020. They will ensure this recommendation is implemented.</p> <p>IA Comments: This will be followed up at the next Audit Committee.</p>
2019/20. Events Management	Management should create a more detailed internal strategy for events going forward in Oxford; the events team has shared the Brighton Hove events strategy with us which we understand could be used as a basis for this. This should be drafted by the events team based on current practice and knowledge, then shared with other relevant members of the council to obtain agreement and sign-off.	M	Culture & Community Development Manager	29/02/2020 31/05/2020 31/10/2020 31/03/2021	<p>Council's Comments: There has not been an Event Officer in the team since February 2020 and the post has remained vacant during the Covid-19 pandemic. An Event Officer has now been recruited started on 14 December 2020. They will ensure this recommendation is implemented.</p> <p>IA Comments: This will be followed up at the next Audit Committee.</p>

<p>2019/20. Events Management</p>	<p>The agreed upon objectives policy should also be shared externally with applicants in order to guide applications, this could be an individual document or form part of a larger updated guidance policy.</p>	<p>M</p>	<p>Culture & Community Development Manager</p>	<p>29/02/2020 31/05/2020 31/10/2020 31/03/2021</p>	<p>Council's Comments: There has not been an Event Officer in the team since February 2020 and the post has remained vacant during the Covid-19 pandemic. An Event Officer has now been recruited started on 14 December 2020. They will ensure this recommendation is implemented.</p> <p>IA Comments: This will be followed up at the next Audit Committee.</p>
<p>2019/20. Events Management</p>	<p>The events team should develop their current team structure to ensure it is up-to-date and includes details of the specific roles and responsibilities covered by both the team as a whole and individual members; this should be agreed and shared with more senior management.</p>	<p>M</p>	<p>Culture & Community Development Manager</p>	<p>29/02/2020 31/05/2020 31/10/2020 28/02/2021</p>	<p>Council's Comments: There has not been an Event Officer in the team since February 2020 and the post has remained vacant during the Covid-19 pandemic. An Event Officer has now been recruited started on 14 December 2020. They will ensure this recommendation is implemented.</p> <p>IA Comments: This will be followed up at the next Audit Committee.</p>
<p>2019/20. Events Management</p>	<p>The events management and emergency planning teams should create a combined policy to document which responsibilities and expertise sit with each team. This should be accessible so it can easily be shared with members of the SAG and external event organisers, in order to facilitate the appropriate direction of communications.</p>	<p>M</p>	<p>Culture & Community Development Manager</p>	<p>29/02/2020 31/05/2020 31/10/2020 28/02/2021</p>	<p>Council's Comments: There has not been an Event Officer in the team since February 2020 and the post has remained vacant during the Covid-19 pandemic. An Event Officer has now been recruited started on 14 December 2020. They will ensure this recommendation is implemented.</p> <p>IA Comments: This will be followed up at the next Audit Committee.</p>
<p>2019/20. Events Management</p>	<p>The Council should review their internal policy as to what advice and guidance should and should not be offered by the events</p>	<p>M</p>	<p>Culture & Community Development Manager</p>	<p>31/03/2020 31/05/2020 31/10/2020 28/02/2021</p>	<p>Council's Comments: There has not been an Event Officer in the team since February 2020 and</p>

team			<p>the post has remained vacant during the Covid-19 pandemic. An Event Officer has now been recruited started on 14 December 2020. They will ensure this recommendation is implemented.</p> <p>IA Comments: This will be followed up at the next Audit Committee.</p>	
2019/20. Events Management	If it is deemed that a team member should be regularly giving guidance or approval on areas such as risk assessments then consideration should be given as to what additional training or qualifications that individual should hold	M	<p>Culture & Community Development Manager</p> <p>31/03/2020 31/05/2020 31/10/2020 28/02/2021</p>	<p>Council's Comments: There has not been an Event Officer in the team since February 2020 and the post has remained vacant during the Covid-19 pandemic. An Event Officer has now been recruited started on 14 December 2020. They will ensure this recommendation is implemented.</p> <p>IA Comments: This will be followed up at the next Audit Committee.</p>
2019/20. Events Management	Consider adding a clause to the terms and conditions to state the Council's legal position for any advice given	M	<p>Culture & Community Development Manager</p> <p>31/03/2020 31/05/2020 31/10/2020 28/02/2021</p>	<p>Council's Comments: There has not been an Event Officer in the team since February 2020 and the post has remained vacant during the Covid-19 pandemic. An Event Officer has now been recruited started on 14 December 2020. They will ensure this recommendation is implemented.</p> <p>IA Comments: This will be followed up at the next Audit Committee.</p>

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To: Audit and Governance Committee

Date: 14 January 2021

Report of: Head of Financial Services

Title of Report: The Redmond Review into Local Audit and Local Authority Financial Reporting

Summary and Recommendations

Purpose of report: To provide a summary of the findings of the Redmond Review into Local Audit and Local Authority Financial Reporting.

Key Decision **No**

Cabinet lead member **Councillor Ed Turner**

Policy Framework: n/a

Recommendations:

1) That the Committee consider implementation of the following recommendations from the report:

- a) Require the external auditor to present their annual report to Council**
- b) Support an annual meeting of statutory officers with the key audit partner**
- c) Support the addition of an independent audit committee member to the audit committee**

2) Note the Report including the comments and the summary of the response from MHCLG

Appendices: None

Background

1. The Audit Commission was a statutory corporation established under the Local Government Finance Act 1982 which became operational on 1 April 1983. The

Commission's primary objective was to appoint auditors to a range of local public bodies in England, set the standards for auditors and oversee their work. On 13 August 2010, the Secretary of State for Communities and Local Government, announced that the Commission was to be scrapped and the Commission closed on 31 March 2015, with its functions being split between the voluntary, not-for-profit and private sector.

2. Public Sector Audit Appointments Limited (PSAA) was incorporated by the Local Government Association (LGA) in August 2014. PSAA is a company limited by guarantee without share capital and is a subsidiary of the Improvement and Development Agency (IDeA) which is wholly owned by the LGA. The Secretary of State for Housing Communities and Local Government has specified PSAA as an appointing person under provisions of the Local Audit and Accountability Act 2014. For audits of the accounts from 2018/19, PSAA appoints an auditor to relevant principal local government bodies that opt into its national scheme. Up to and including the financial year 2017/18, PSAA was responsible for publishing an annual report summarising the results of the audits of local authorities and the NHS under a Memorandum of Understanding between PSAA and the Ministry for Housing, Communities and Local Government (MHCLG). When the Memorandum of Understanding lapsed, MHCLG decided not to renew it which means that there is currently no body with responsibility for publishing this annual report.
3. Sir Tony Redmond was commissioned in June 2019 by the MHCLG to produce an independent review of the effectiveness of local audit and the transparency of local authority financial reporting. Sir Tony Redmond is a former Chartered Institute of Public Finance and Accountancy (CIPFA) president. The report was published on 9th September 2020 and can [be accessed online](#)
4. The purpose of the review was to:
 - examine the effectiveness of external audit activity in local government;
 - determine how audit supports public accountability, particularly to service users & council tax payers;
 - consider transparency of financial reporting, particularly whether the published information is understood by the public
5. The response from MHCLG was published on 17 December and can [be accessed online](#)

Summary of findings

6. The report contains 85 pages and so, as would be expected, contains many findings. The key findings are summarised below with the paragraph reference to the Redmond Review Report in brackets and comments underneath where relevant:
 - The Local Audit and Accountability Act 2014 split Audit Commission functions between 6 bodies, none of which has statutory responsibility to ensure that the audit framework operates coherently [2.2.4];

- Following the abolishment of the Audit Commission and MHCLG not commissioning another body after the 2017/18 financial year, no entity has been responsible for collating and reporting on work of public sector external audit work [5.3.12 – 5.3.13];

Comment: Following the abolition of the Audit Commission, responsibilities for external audit have become confusing for practitioners and therefore will be even more confusing to stakeholders

- Onerous audit tendering provisions in 2014 Act resulted in 98% of local authorities accepting PSAA auditor allocation, with market in provision of audit services not expanding as hoped [2.3.1 / 2.3.3];
- Neither the Financial Reporting Council (FRC) or the Institute of Chartered Accountants in England and Wales (ICAEW) are able to sanction auditors whose audit doesn't meet quality standards [2.3.14 / 2.3.19];
- Local authority audit fees fell significantly (42.25% in cash terms since 2015) while audit fees in other sectors have risen significantly [3.2.11 / 4.3.17];
- There has been an increase in the number & size of audit fee variation requests submitted by auditors to PSAA [3.4.2];

Comment: There appears to be two key reasons for this: the contracts did not include costs of the audit of Group Accounts and the reductions in scale fees has resulted in local authority external auditors having no contingencies for any work other than a completely trouble-free or query-free audit which in reality is not realistic.

- There is a view from local authorities that the audit contract doesn't provide complaints mechanism regarding audit services, while PSAA don't accept its role includes contract management [3.4.10 / 3.4.11];

Comment: Since the tendering process was undertaken by PSAA, local authorities have no power to manage contracts meaning that there is not any body fulfilling this role.

- The Accounting Code is long & complex, being highly prescriptive with detailed guidance: an alternative could be principles based Code that requires local authorities to comply with generally accepted accounting practice (GAAP) and only provides detailed guidance for adaptations to GAAP [2.3.24];

Comment: This move could lead to more differences becoming prevalent between the interpretations between different audited bodies and the external auditor.

- CIPFA's sales numbers demonstrate that at least one third of local authorities do not purchase an Accounting Code in any given year [7.2.5];

Comment: The finance team consider it important to obtain the latest Accounting Code in order to ensure compliance with the requirements contained therein. Oxford City Council therefore purchases a copy of the latest code through a CIPFA Publications subscription.

- Concerns have been raised by local authorities about the lack of knowledge, expertise, and continuity in local audit teams [4.3.6];

Comment: There have been changes in the audit team over recent years which can lead to additional pressures on the audit team due to them having to get acquainted with local requirements and differences. This must put an additional strain on already stretched audit resource.

- Audit firms indicate that it is difficult to recruit and retain public sector audit staff: pressures from compressed reporting timetable, and lack of profitability in sector seen as detrimental to career prospects [4.3.12];
- There is significant concern that existing fee structure has contributed to fragility of local audit sector with one of the registered firms deciding not to bid due to the fee levels [4.3.19];

Comment: The fee to this Council for the statement of accounts audit work has reduced from £86k for 2015/16 to £66k planned fee for 2019/20. An additional fee was approved by PSAA for payment for 2018/19 relating to additional work on Group Accounts and pensions.

- Significant audit time is spent on asset and pension valuations; local authorities believe focus should be on the cost of delivering services and financial resilience. Audit firms address valuations in context of FRC quality assurance process; the FRC view is that if audit focus on asset and pension valuations is inappropriate, should be addressed by CIPFA/LASAAC (the Chartered Institute of Public Finance and Local Authority (Scotland) Accounts Advisory Committee Code Board) through modifications to the Accounting Code [4.3.13 / 4.3.14 / 2.3.15];

Comment: Officers believe that too much focus and audit time is spent on assets and pensions when the transactions are reversed out to derive the General Fund balance. These balances and charges to revenue do not have the same impact on the statutory revenue accounts as in the private sector and so the emphasis should reflect this. It should also be noted that pension fund figures are audited within the pension fund accounts and this is in addition to those audits.

- There has been an increase in delayed audit opinions with 40% of the 2018/19 audits not completed by due date. Most common reasons provided by auditors to PSAA are poor quality working papers, potential qualifications, objections to accounts, and insufficient qualified audit staff [4.3.24];

Comment: Although this Council's audit was completed within the revised timeframes, indications are that the national position is the same as 2018/19.

- It is rare for Audit Committee to refer substantive items on to a full Council agenda so that a significant risk majority of elected Council members unaware of serious governance or financial resilience issues [5.3.3 / 5.3.6];

Comment: Although it is the case that at Oxford City Council, matters are not referred, there are not substantive items that would warrant such a referral.

- There has been increasing local authority commercialisation since 2015 which potentially poses risks to financial resilience, with potential lack of transparency on exposure to risk for the reader of financial statements [6.2.9 / 6.2.12];

Comment: Oxford City Council's Group Accounts are material which means that these accounts are included in the audit. Additionally, the Council has prepared Group Accounts since the establishment of the Barton Oxford LLP in

2012 which, although not material at that stage, meant that the Council's group relationships were disclosed in the accounts.

- Sustainability and resilience currently addressed through a 'Going Concern' review, which has been criticised by local authorities because they are unable to face bankruptcy or be wound up by management. The assessment is still valued by auditors [6.3.5];

Comment: A Going Concern assessment is not appropriate in a local authority context unlike in a private sector context due to the statutory nature of local authorities. However it is appropriate that auditors should provide a view on a Council's financial resilience; this should be labelled as such rather than using the private sector terminology so that it is clear to stakeholders what is being assessed.

- Neither financial or Value for Money (VfM) audits include a specific responsibility to provide an opinion on whether a local authority is financially sustainable (the ability to manage budgets over the medium term whilst continuing to deliver high quality and effective services that can be accessed by service users) leading to a potential gap compared to stakeholder expectation [6.1.1 / 4.6.1 / 6.2.8];
- Stakeholder expectation gaps should be partly bridged by the scope of the audit including substantive test of a local authority's financial resilience and sustainability: NAO 2020 Audit Code provides three reporting criteria: Financial sustainability, Governance, Improving economy, efficiency and effectiveness [6.5.2 / 6.5.4];
- There is potential to examine financial resilience in the VfM opinion: the Audit Code effective from 2020-21 requires auditors to provide a narrative statement on arrangements in place, but there is not a requirement to consider local authority systems and performance against specific standards or good practice examples. There is also a lack of guidance on how to assess whether a VfM risk is material [6.3.6 – 6.3.8];

Comment: A test of financial resilience could replace the current Going Concern assessment to be incorporated along with the current VfM assessment into a replacement for the VfM aspects of an audit.

- Local authority accounts are widely considered not to be transparent or easily understandable: to be improved through a new summary statement presented alongside accounts. The review finds that this is preferable to removal of International Financial Reporting Standards (IFRS) as basis for the preparation of accounts, or adjustments to current narrative statement [7.4.1 / 7.5.1 to 7.5.20];

Comment: It is the disparity between IFRS and the statutory basis of local authority finances which directly leads to the lack of transparency and the inclusion of additional statements which reconcile the IFRS accounts back to statute. Additionally the criticism of the level of emphasis placed on asset and pension fund valuations arise through the application of IFRS. The logical response would be to remove the strict application of IFRS where it doesn't align with the local authority legislative basis.

The change to the Comprehensive Income and Expenditure Statement (CIES) led both to the addition of Expenditure and Funding Analysis (EFA) and also

additional supporting notes. It also meant that local authority revenue accounts ceased being directly comparable either between years or between authorities and to additional work being needed on an ongoing basis to revise the CIES and EFA prior year comparatives. This change was intended to provide a direct comparison to the management accounts reporting and to clarify the annual expenditure used and funded by the Council together with the adjustments between the funding and accounting basis to reconcile with the CIES. There are discrepancies between how Councils actually report in-year financial information and the requirements of the CIES and EFA production (for instance in respect of the Housing Revenue Account) and the reformatting of data included in the Movements in Reserves Statement such that the result is that neither aim is achieved.

The production of an additional statement could add more pressures to local authority finance departments which already have very stretched resources. The Council's current narrative report already contains the majority of the content of the proposed summary statement and with a few adjustments could achieve the intended result. If necessary the narrative report could then be extracted into a separate document.

- Statutory guidance would be required to determine the form and content of Summarised Accounts which could include service information and costs, budget setting compared to outturn, and a simplified Balance Sheet 6 [7.5.16].

Comment: As noted above, the Council's narrative report includes the majority of the proposed information and so any statutory guidance should be directed to the format and content of the narrative report to remove the potential additional burden which would be placed on local authority finance teams.

Key Recommendations

7. There were a number of recommendations arising from the review. The main ones are summarised below with comments as appropriate:

- The creation of an Office of Local Audit Regulation to oversee, procure, manage and regulate the external audits of local authorities

Comment: The consistency and clarity this would give is to be welcomed, however it should result in significant additional costs to local government where finances are already under pressure.

- **MHCLG** do not agree that there is enough reason to set up another armslength organisation.
- Annual report from external audit submitted to the first full Council meeting after 30 September each year (enhance public transparency & accountability)

Comment: The Audit and Governance Committee has delegated responsibility to approve the statement of accounts and consider the reports from the external auditors and as things stand, this would continue. A decision would be needed to be taken to change constitutional delegations if it were deemed appropriate to submit the auditor's report to Full Council.

MHCLG strongly agree with the recommendation that the external auditor be required to present an annual audit report to a Full Council meeting,

irrespective of whether the accounts have been certified. Although they note that many local authorities feel existing reporting arrangements to audit committees are sufficient, they believe that presentation to Full Council is an important opportunity for potential risks or concerns to be escalated in a timely way and that this should be best practice. MHCLG will explore options with relevant stakeholders including the LGA and the National Audit Office as to how this can best be achieved, and whether the 30 September milestone is most appropriate. If a legislative opportunity arises, the department will consider enshrining this in statute.

- Local authorities to have at least one independent member on their audit committees

Comment: Any independent members of an audit committee would normally receive payment which would therefore have to be funded by the Council. Additionally there would need to be a recruitment process to identify a suitably skilled and / or qualified individual. There will also be considerations of confidentiality which may have to be addressed if there are any audit reports that have to be on a private part of the agenda. The Council currently has the powers to employ an independent audit committee member although this would need a change to the constitution.

- Formal requirement for statutory officers to meet at least annually with the Key Audit Partner

Comment: It is unclear how the Council itself can make this a formal requirement as suggested by the report, however it is simple to put this in place at officer level.

- All auditors engaged in local audit be provided with the requisite skills and training to audit a local authority revisions in the current fee structure for external audits

Comment: This could result in an increase in fees to Councils of a suggested 25% (£17k for Oxford City Council). Any revision should be after reducing the scope and emphasis for external audit including assets and pensions.

MHCLG have stated that they will make £15 million available to local authorities to meet the anticipated increases in audit fees. How this will be allocated and whether the funding will be sufficient is currently unclear but MHCLG have stated that the allocations will be confirmed once PSAA has set its fee scales for the audit of the 2020/21 accounts.

- New powers to sanction firms for significant audit failures
- External audit teams encouraged to engage more effectively with local authority internal audit functions

Comment: This would be welcomed if it would enable internal audits to be targeted to give assurance on specific areas of systems operation. Currently there is a level of duplication with external audit including walk-through tests in their audit. However it should be noted that although the engagement may be encouraged, it does not mean that it will definitely occur or that it would make any changes to the level of audit.

- Deadlines for audits extended to 30 September extend deadline for publishing audited accounts from 31 July to 30 September

Comment: This would assist audit firms in spreading the pressure of compressed audit periods. Oxford City Council would still wish to complete the accounts and the audit of those accounts prior to any extended deadline although it should be noted that this could only be achieved if external audit resourcing allows this.

MHCLG have stated that, subject to consultation in the new year (2021), they intend to amend regulations to extend the deadline for publishing audited local authority accounts from 31 July to 30 September, for a period of two years (i.e. covering the audit of the 2020/21 and 2021/22 accounting years). At the end of this period there will be a review of whether there is a continued need to have an extended deadline.

- More effective external audit consideration of financial resilience and value for money matters. MHCLG reviews its current framework for seeking assurance that financial sustainability in each local authority in England is maintained.

Comment: Where resilience is to be tested through the external audit, this should be formalised as to exactly what this means so that there is clarity for both auditors and local authorities. The concept of “going concern” applied in private sector audits is not appropriate for local authorities, although financial resilience is and is assessed to some extent at budget setting within the section 151 officer’s section 25 report.

- A simplified standard financial statement of services and costs to be made available to the public and subject to audit enabling comparison to annual budget and council tax. Councils to decide how best to publicise this statement to ensure access for all sections of the communities.

Comment: This statement would be additional to the statement of accounts as the recommendation stands, although the Council’s current narrative report within the statement of accounts includes much of the same information and is in a similar format. Producing something separate could result in additional costs of production and audit and it would be preferable to adapt the narrative report to cover these requirements and, if necessary, produce the report by extracting the Council’s narrative report into a separate publication. It could be argued that since local authority accounts are supposed to report the financial position of the Council to the public, then it should be these that change. The Council currently publishes its accounts on its website. Other approaches, such as posting documents to all householders and potentially translating to other languages could be prohibitively expensive for little if any additional benefit.

MHCLG agree with the recommendations that all local authorities be required to prepare an audited standardised statement of service information and costs which are short and accessible, for example one or two pages. MHCLG hold the view that these should be communicated to all taxpayers and service users, and they will explore how this can be done, for example, alongside or with council tax bills from 2022.

- CIPFA-LASAAC Local Authority Code Board look again at the composition of the statutory accounts to see if improvements can be made to improve their usefulness and understandability.

Comment: This review would be welcomed if it resulted in the removal of time-consuming transactions that both don't add anything to the real position of the Council and also make the accounts confusing and complicated to the reader.

MHCLG agree with this recommendation and state that they will work with CIPFA-LASAAC on simplifications.

Financial Implications

8. These are covered within the main body of the report.

Legal Implications

9. The recommendations have a range of legal bases. Some of the recommendations can be implemented through directions from Government, some will require primary or secondary legislation and others could be voluntarily adopted by the council.

Risk Implications

10. There are no risks associated with the recommendations in this report.

Communication

11. None

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Background papers:

The Redmond Review Report into Local Audit and the Transparency of Local Authority Financial Reporting

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>

Ministry for Housing, Communities, and Local Government response to the review

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-government-response-to-the-redmond-review/local-authority-financial-reporting-and-external-audit-government-response-to-the-independent-review>

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To: Audit and Governance Committee
Date: 14 January 2021
Report of: Head of Financial Services
Title of Report: Risk Management Reporting as at 30 November 2020

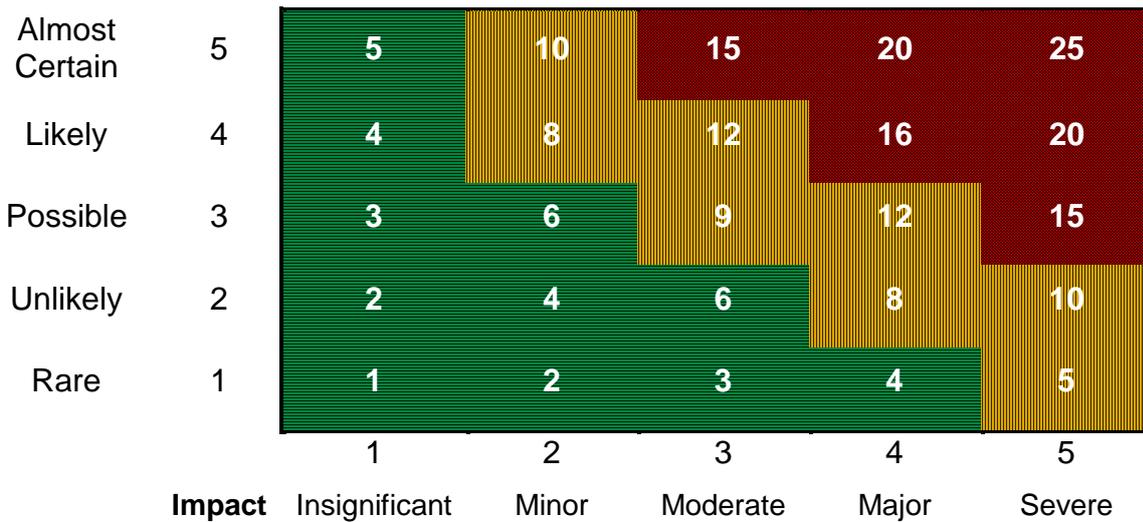
Summary and recommendations	
Purpose of report:	To update the Committee on both corporate and service risks as at 30 November 2020.
Key decision:	No
Cabinet Member with responsibility:	Councillor Ed Turner, Cabinet Member for Finance and Asset Management
Corporate Priority:	n/a
Policy Framework:	n/a
Recommendations: that the Committee reviews the risk management report and notes its contents	

Appendices	
Appendix A	Corporate Risk Register
Appendix B	Risk Management Strategy and Toolkit

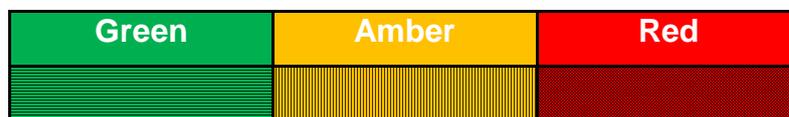
Risk Scoring Matrix

1. The Council operates a 'five by five' scoring matrix based on probability and impact. The methodology for scoring risks is set out below along with a copy of the scoring matrix or 'heat map'.
2. It is possible to get the same score but end up with a different result in the heat map. For example if the probability of an event occurring is high but the impact is low it is likely to have a lower rating on the heat map. However, the higher the potential impact score the more likely the event will be classed as a red risk on the matrix.
3. The risk prioritisation matrix is shown below.

Probability



Key:



Risk Identification

4. **Corporate Risks** – The Corporate Risk Register (CRR) is reviewed by the Corporate Management Team (CMT) on a periodic basis, any new risks are incorporated into a revised version of the CRR. Risk owners of corporate risks are generally Executive Directors.
5. **Service Risks** – Service Area risks are reviewed periodically by Heads of Service and Service Managers. The Financial Accounting Manager has oversight of all risks and on a quarterly basis will review service risks to determine whether they should be considered for inclusion in the Corporate Risk Register.
6. **Project and Programme Risk** – The Council adopts the principles of Prince2 and agile methodologies in addition to recognised industry standards in construction for managing projects. Incorporated within these methodologies is a robust process for the management of risk within a project environment. Each project is managed by the Project Manager who controls and co-ordinates all aspects of the project through to conclusion.

Corporate Risk Register – 30 November 2020

7. The Audit and Governance Committee receives information on risk on a quarterly basis. Given the timing of the Committee the Corporate Risk Register attached at Appendix A is as at 30 November.
8. The number of Red risks remains at three as a result of the continuing challenges surrounding the Covid-19 pandemic.

9. Details of the Red risks are as follows:

- **Housing** – the Council has key priorities around housing which include ensuring housing delivery and supply for the City of Oxford and enabling sufficient house building and investment. Insufficient housing in Oxford leads to an increase in homelessness which has an impact on residents. There are also health and quality of life issues. The Council is implementing delivery methods for temporary accommodation and accommodation for homelessness prevention which include a rent guarantee scheme, a growth deal to facilitate additional affordable housing and a tranche of property purchases to be delivered via real lettings. In addition the Council's housing companies are in the process of constructing new affordable homes and the Cabinet has approved plans which will result in the Council's Housing Revenue Account ("HRA") purchasing the social housing using its new borrowing headroom, following the removal of the HRA borrowing cap by central government. This has become more challenging in the short term due to the Covid-19 pandemic which has paused any delivery in the housing supply.
- **Economic Growth** – this relates to local, national or international factors adversely affecting the economic growth of the City. The economic impact of Covid-19 is continuing to affect the livelihoods and jobs of thousands of people in Oxford. Social distancing and economic uncertainties affect consumption on the High Street and the viability of some retail, hospitality and catering businesses. The wider economy is not immune with redundancies being announced by larger employers in other sectors as well as damaging impacts to education, transport, and property, creative and cultural sectors. Work is continuing to administer the COVID Local Restriction Grants and to plan how best to utilise grant funds to support the local economy and affected businesses. The Council is also communicating with businesses to ensure they understand the need to act on any rule changes for the EU Transition regardless of deal. A joined-up communications approach county-wide has been agreed with Councils, OxLEP and the Local Resilience Forum.
- **Balancing & Delivery of the Financial Plan** – this risk has become red due to the adverse financial impacts arising from the covid-19 pandemic and the economic aftermath. The pandemic and the resulting actions necessary to deal with it has led to far reaching economic impacts. Experts believe that the economy will take years to recover. There is therefore considerable financial uncertainty around the current estimates especially around income streams which is compounded by additional expenditure needed to support the community through the crisis. The short term impact was mitigated through the use of balances and a full reset of budgets was reported to Cabinet in December 2020 and approved.

10. No risks have been closed in the period.

11. The table below shows the levels of Red, Amber and Green current risks over the last 12 months.

Current Risk	Q4 2019/20	Q1 2020/21	Q2 2020/21	Q3 2020/21
Red	1	3	3	3
Amber	10	8	9	7
Green	1	1	0	2
Total risks	12	12	12	12

Service Risk Registers

12. Each year as part of the service planning process, all service risks are reviewed, those no longer relevant are deleted, and any new ones are added.
13. The table below shows the number of service risks as at 30th November compared with the last 12 months.

Current Risk	Q4 2019/20	Q1 2020/21	Q2 2020/21	Q3 2020/21
Red	4	6	5	4
Amber	30	34	38	34
Green	13	11	7	14
Total risks	47	51	50	52
New risks in quarter	0	4	1	2
Closed	0	0	2	0

14. The number of Red risks has reduced to four. One former Red risk, Partnership Working and Devolution has been reduced to Amber.
15. Details of the Red risks are as follows:
- **Community Services** - this relates to the non-achievement of Town Hall income targets. Due to the Covid-19 pandemic, the projected income shortfall is £695k.
 - **Financial Services** – this relates to Management effectiveness and employee ability to deliver services due to the Covid-19 pandemic. This has increased workloads and the volume of emails, which together with the many on-line meetings is placing excessive pressure and demands on staff and managers.
 - **Regulatory Services** – this relates to Public Health Protection. The rise in Covid-19 cases in Oxford continues to cause concern. The response has

been to increase proactive work including holding regular meetings with the Department of Public Health and developing a Covid Secure Team.

- **Housing Services** – this relates to increased homelessness costs which has been additionally impacted due to the Covid-19 crisis.

Business Continuity

16. The Council continues to respond to the COVID-19 pandemic in compliance with Government guidelines. Most staff continue to work from home and all work which couldn't be carried out within Government guidelines has ceased. The locality hubs continue to support vulnerable people and accommodation has been made available for all rough sleepers. St Aldates Chambers Customer Service Centre has re-opened offering residents' face-to-face meetings with staff. To ensure the protection of both staff and customers, significant Covid-19 health and safety measures have been put in place to ensure Covid-secure meetings.
17. The Council's plans for Restart, recovery and renewal is an ongoing process that helps anticipate, prepare, and respond to and recover from the impact of COVID-19. The Services will continue to deliver and develop effective processes to help mitigate risks to the smooth running and delivery of services, ensuring they can best continue to operate to the extent required in the event of COVID-19 and beyond. These include:
 - Task and finish groups
 - Identifying alternative strategies to mitigate further loss and assessing their potential effectiveness in maintaining ability to deliver critical and new - some unknown – service functions
 - Contract variations
 - New ways of working
 - Staff well-being and resilience
 - Service transformation (i.e. using skills and learning to create new structure)
 - Budget review and re-prioritisation
 - Generating new revenue
 - Shielding the most vulnerable
 - Healthy Place Shaping
 - Strengthening and creating new partners
 - Transforming the service business plan to help address new challenges and changing needs.

Risk Management

18. Following recommendations outlined in the Risk Management Audit, the following exercises were carried out with the assistance of Zurich. A review of the Council's Risk Management Strategy and Risk Management Operating Framework. This involved condensing the existing Operating Framework and Strategy documents from a combined total of 36 pages into a single document of 20 pages which

although more concise, still retains all relevant information, such as the reporting framework within the Council. It has been re-titled the Risk Management Strategy and Toolkit. A copy is attached at Appendix B. A Risk Management Workshop for risk owners and risk updaters was held to raise awareness and understanding of risk and risk management and to provide participants with best practice risk management skills, tools and knowledge. Following the Risk Management Workshop, a review of all Service Risk Registers was carried out to check risks were worded correctly and ensure that mitigating controls are SMART. Following the review, feedback was provided to each individual Service Area. In order to monitor and ensure that there is a clear and consistent approach to the management of risk across the organisation, between services and between corporate and service levels, the Risk Management Group will be implementing the following action plan during 2021:-

- Review of Corporate Risk Register - Risk Management Group and Operational Delivery Group Q1 2021
- Sample check review of risks in connection with projects – RMG
- Sample check review of service risks – RMG
- Review of risk in companies and joint ventures - RMG Q1 2021
- Review all Red Risks on a quarterly basis - RMG

Climate Change/Environmental Impact

19. There are no specific impacts arising directly from this report

Equalities Impact

20. There are no equalities impacts arising directly from this report.

Financial Implications

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

Legal Implications

22. There are no legal implications directly relevant to this report but having proper arrangements to manage risk throughout the organisation is an important component of good corporate governance and good business management. There are some legal issues that may arise going forward in the business continuity process but these will be managed on a case by case basis.

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List of background papers: None.

Financial Services

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Risk Management Strategy and Toolkit

December 2020

Version 1.0



Foreword

Welcome to the Council's Risk Management Strategy, revised in January 2020. Risk management is not simply a compliance exercise but an indispensable element of good management and corporate governance, which is essentially the way an organisation manages its business, determines strategy and objectives, and goes about achieving its goals. All organisations face risks in undertaking their business in the sense that there exists the possibility that an event or action will adversely affect their ability to achieve objectives.

As an organisation we face a significant number of risks and it is therefore important that the Council recognise its responsibility to adopt a risk management process and we are fully committed to improving the effectiveness of risk management across the Council.

Ultimately, effective risk management will help to ensure that the Council maximises its opportunities and minimises the impact of the risks it faces, thereby improving our ability to deliver key priorities, improve outcomes for residents, maintain good governance and minimise any damage to its reputation.

Risk Management is the responsibility of everybody at the Council and the aim of this strategy is to explain our approach to Risk Management and the framework that we will operate to ensure that risks are effectively managed across the organisation.

Nigel Kennedy
Head of Financial Services
Oxford City Council

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Introduction

Risk management will help identify and deal with the key risks facing the organisation in the pursuit of its objectives and the process outlined within this strategy should be used to identify and manage all key risks to the Council's ability to deliver its priorities. It covers strategic priorities, operational activities and delivery of services, projects and partnership outcomes.

The Council defines risk as: *"The effect of uncertainty on objectives, often described by an event or a change in circumstances"* and Risk Management as: *"Coordinated activities to direct and control an organisation with regard to risk"*

The benefits of successful risk management include:

- **Increased confidence** – in achieving our priorities and desired outcomes.
- **More efficient service delivery** – fewer disruptions, efficient processes, improved controls.
- **Improved financial performance and value for money** – increased achievement of objectives, reduced impact and frequency of critical risks.
- **Stronger corporate governance and compliance systems** – robust corporate governance, fewer regulatory visits.

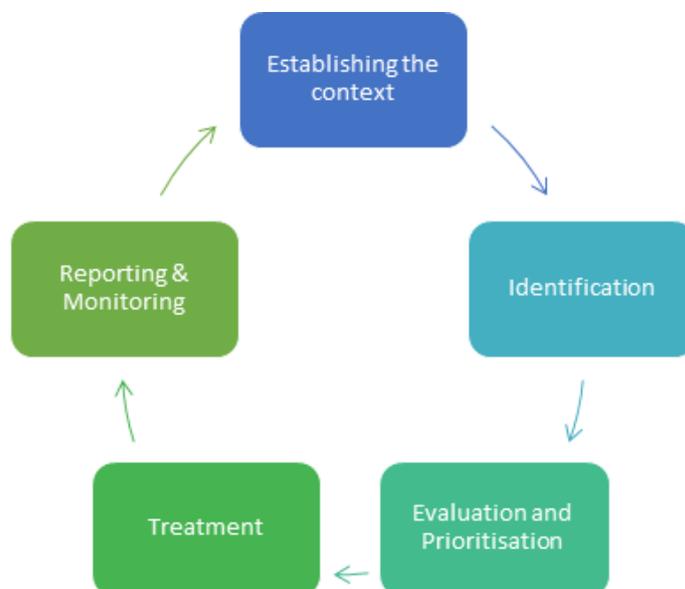
This Risk Management Strategy provides a comprehensive framework and process designed to support managers in ensuring that the Council is able to discharge its risk management responsibilities fully. The strategy outlines the objectives and benefits of managing risk, describes the responsibilities for risk management, and provides an overview of the process that we have in place to manage risk successfully. Detailed information on how to implement this strategy and tools to assist in this are provided in the Risk Management Toolkit at the end of this document. Whilst Financial Services provide risk management support to the council, their role is to facilitate and drive best practice, rather than own risk on behalf of the council.

Risk management should not be seen as a means of reducing all risk to the council. Indeed, in order to deliver our objectives we must have an appetite for a certain amount of risk; only by taking risks can we work innovatively to achieve our aims. As a large and diverse organisation it is recognised that our risk appetite will vary according to the activity undertaken and hence different appetites and tolerances for risk will apply. In this regard, the Council aims to be risk aware, but not overly risk averse, and to actively manage business risks to protect and grow the organisation.

Finally, this document will be reviewed periodically to take account of changing legislation, government initiatives, best practice and experience gained within the Council in adopting the Strategy. Any amendments will be recommended to the **Audit and Governance Committee (A&GC)** to take forward for approval by the **Cabinet**.

Risk Management Process

The Council's risk management process consists of a series of co-ordinated activities, applicable to all levels and activities of the Council.



Step	Activity
Establishing the context	Understanding of key outcomes and objectives for the organisation, directorate, service or project being assessed.
Identification	The step where risks to the organisation are identified and described.
Evaluation and Prioritisation	Assessment of key controls and the prioritising of risks based on likelihood and impact.
Treatment	Deciding what to do about the risks and planning further actions to reduce the risk to an acceptable level where necessary.
Reporting and monitoring	Risks change and so need regular monitoring and reporting to appropriate stakeholders for decision making and governance purposes.

Further detail of the process and its use is contained within section 4 of this document – Risk Management Toolkit.

Roles and Responsibilities for Risk Management

The responsibility for managing risk extends throughout the organisation. It is important that all of us are aware of our roles. The following summarises the various roles and responsibilities.



Roles	Responsibilities
The Cabinet	<ul style="list-style-type: none"> Accountable for the adoption of the Council's Risk Management Strategy and Toolkit Responsible for understanding the risk profile of the Council Accountable for ensuring that a corporate risk register is established, including details of the actions taken to mitigate against the risks identified, and that this is regularly monitored Oversee effective risk management across the Council and receive quarterly reports in relation to Corporate Risks
Audit and Governance Committee (A&G)	<ul style="list-style-type: none"> Consulted on the review of the Risk Management Strategy & Toolkit Scrutinises and monitors the effectiveness of risk management arrangements and obtains assurance on the effectiveness of risk and internal control arrangements Receive quarterly reports in relation to Corporate Risks and make appropriate recommendations to Cabinet
Members (excluding Cabinet & A&G)	<ul style="list-style-type: none"> Understand the corporate risks that the Council faces Take decisions that have regard to risk management implications and the corporate risks which the council faces
Corporate Management Team	<ul style="list-style-type: none"> Demonstrate leadership of the risk management process and support the embedding of risk management across the organisation. Ensure the corporate risk register is a live and up to date record of the Council's risk exposure and regularly discussed within management team meetings Accountable for approval of the Councils risk strategy and operating framework including risk appetite Provide assurance to Members that appropriate risk management processes are in place across the Council Be responsible for ensuring that the Council fully complies with all Corporate Governance requirements, including producing the Annual Governance Statement Consulted on the Risk Management Strategy and Toolkit.
Operational Delivery Group (ODG)	<ul style="list-style-type: none"> Accountable for having an oversight of the corporate and red service area risks
Heads of Service	<ul style="list-style-type: none"> Ensure that risk management, within their Service, is implemented in line with the Council's Risk Management Strategy and Toolkit and incorporated into service planning processes. Own and manage the Service Risk Registers and the risks and action plans laid out in them for their area. Accountable for systematically and promptly reporting, to the Risk and Insurance Officer, any perceived new risk or failures to existing control measures reporting, any new red risks or any closed red risks (alongside provision of supporting evidence).
Service	<ul style="list-style-type: none"> Accountable for the review of Service Risk Registers across the

Roles	Responsibilities
Management Team Meetings	<p>service.</p> <ul style="list-style-type: none"> Review service risks, challenge scores and action plans regularly amongst management team meetings. Ensure that Service Risk Registers are live documents and an up to date record of the risk exposure Understand where a service risk has a corporate or strategic impact and escalate accordingly
Head of Financial Services	<ul style="list-style-type: none"> Support all staff in delivering risk management activity Accountable for the timely quarterly reporting of risks to the appropriate board, including preparation of Corporate reports on risk management Responsible for ensuring that the appropriate staff and members are informed of changes in policy. Supports the Corporate Management Team in ensuring that the Risk Management Strategy and Toolkit is adopted in the work of all Boards, groups and projects as well as in the management of partnerships and contracts Accountable for the periodic review of the Risk Management Strategy and Operating Framework Accountable for approving Cabinet risk registers prior to submission to the Cabinet. Accountable for the management of the Corporate Risk Register Chair of the Risk Group
Head of Law & Governance	<ul style="list-style-type: none"> Accountable for the annual production of the AGS – Annual Governance Statement – to be published alongside the Statement of Accounts.
Internal Audit	<ul style="list-style-type: none"> Audit the key elements of the Council’s Risk management process Use the results of the Council’s risk management process to focus and inform the overall internal audit plan Assist the Council by offering risk management support and advice
Risk Management Group	<p>This group meets at least bi-annually. It is chaired by the Head of Financial Services or the Financial Accounting Manager. The group:</p> <ul style="list-style-type: none"> Supports the adoption of the Risk Management Strategy and Toolkit approach in the work of all Boards, groups and projects as well as in the management of partnerships and contracts; Provides guidance and supports the organisation in ensuring risk management is embedded in the organisation; Promotes good risk management practices across the council Supports reviews of corporate and service risk registers and supports Service Heads in ensuring that risks are identified, analysed, evaluated and prioritised. Support the Corporate Management Team in ensuring that the Corporate Risk Register is regularly monitored, reviewed and progressed. Supports Service Area Self-Assessments Reviews and approves updated business continuity plans
Programme Boards	<ul style="list-style-type: none"> Accountable for ensuring projects are appropriately risk assessed in line with the Risk Strategy and Toolkit. Accountable for ensuring that risks are reviewed throughout the project lifecycle

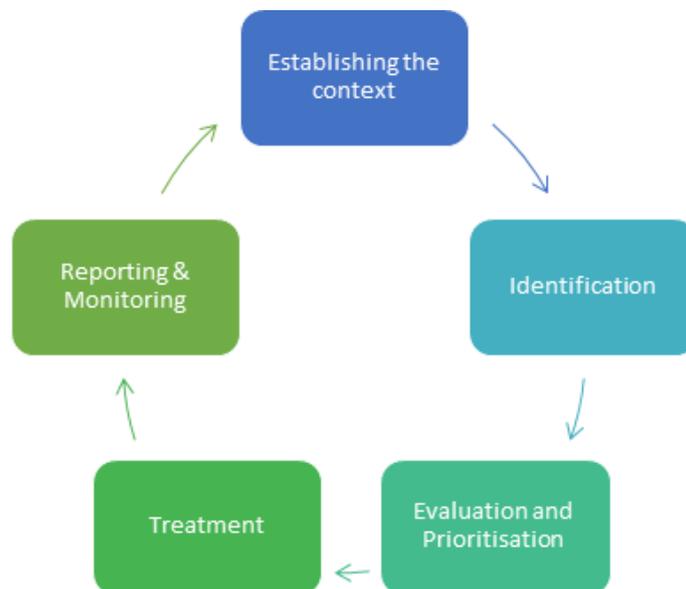
Roles	Responsibilities
Risk Owners	<ul style="list-style-type: none"> • Understand their accountability for individual risks • Report systematically and promptly to management any perceived new risks or failures of existing control measures • Ensure that internal controls are robust and operating correctly

Risk Management Toolkit

The Risk Management Process outlined within this Toolkit should be used as a guide to best practice in managing risks which could impact strategic priorities, operational activities (e.g. delivery of actions identified in directorate or service plans) and delivery of projects or programmes.

Risk management activity will happen at different levels within the organisation and for different purposes. You are identifying the risks that may affect the delivery of these objectives. A risk is where there is uncertainty of the outcome which may have a positive or negative effect on the achievement of the desired outcome, e.g. the objective.

The Council's risk management process consists of five steps:



A step-by-step guide follows to enable you to understand the risk management process.

Further advice and assistance on risk management is available from the [Intranet](#) and from the Risk and Insurance Officer, Alison Nash (email: anash@oxford.gov.uk Phone: 01865 252048).

1. Establishing the context

The starting point for risk management is to ensure that there is a clear understanding and agreement on the objectives being considered (i.e. overarching corporate objectives, service or project objectives, etc.). In this regard, risks are managed via a series of risk registers across the following levels within the organisation:

Corporate Level: the key risks facing the authority and the achievement of its corporate objectives.

The Corporate Risk Register (CRR) is reviewed by the Corporate Management Team (CMT) on a quarterly basis any new risks are incorporated into a revised version of the CRR. Risk owners for Corporate Risks are generally held at Director or Head of Service level.

Service Level: the risks arising from service operations.

Service Area risks are considered as part of the service planning processed and reviewed periodically by Heads of Service and Service Managers. High (red) risks are considered for potential inclusion in the Councils Corporate Risk Register on a quarterly basis.

Programme / Project Level: the risks from initial business case stage throughout the project lifecycle.

It is the responsibility of Project Managers to identify and ensure mitigation of risks relating to their project. These are reported via highlight reports for each project to the Programme Manager and to the relevant service to which the project relates. High (red) risks are considered for potential inclusion in the Councils Corporate Risk Register on a quarterly basis and should be escalated to Alison Nash and Bill Lewis (Financial Services) in the first instance.

2. Risk Identification

As discussed, risks should be identified that may affect the Council's ability to achieve its business objectives, execute its strategies successfully or limit its ability to exploit opportunities.

Risks can be identified through a number of methods, including:

- A 'brainstorming' session or workshop with the whole management team and relevant stakeholders
- Interviews or questionnaires with key stakeholders
- Meetings with smaller groups of people

There are a wide range of methods available that can be used to identify and understand risks. The method that you select will depend upon the type of risk(s) that you are dealing with but typically a management team workshop is the method most commonly used.

Additionally, existing sources of information could help inform this stage. Some examples are listed below:

- Service / corporate plans, strategies and objectives
- Existing risk registers
- Risks or issues raised by internal audit or other scrutiny body
- Risks identified through budget setting processes
- Health & safety risk assessments
- Business continuity risk assessments
- Partnership, programme or project documentation (e.g. business case or project risk register)
- Experience of those participating in the risk identification process

It is the responsibility of those identifying risks to decide which sources of information they should consult. This may be one or more of the sources listed above or it could be something else you think is appropriate.

As well as direct risks to the achievement of our objectives it is important to think broadly about uncertainties that may have an impact on the organisation. The diagram shown below illustrates a variety of different risk themes, expanding on PESTLE prompts, which the organisation could face. Think also in terms of these themes when identifying risks.



Once identified, the risks need to be described in sufficient detail and recorded in a consistent format to support effective decision making on the way that the risk is managed. It is crucial for risks to be defined properly at this stage. Failure to do so can result in confusion about the exact nature of the risk, ineffective risk controls being implemented, or the risk analysis being over or underestimated.

The description of the risk should include the following elements:

- Risk Title – a short and concise header for the risk
- Description – expanding on the risk title outlining the situation or event that exposes us to a risk.
- Risk Cause – also known as the trigger event. Situations or factors which result in the risk becoming a reality.
- Risk Effect - the likely consequences if the risk materialises (The negative impact - consider worst likely scenario)

When describing a risk try not to describe the impact of the risk as the risk itself or define risks with statements which are the converse of objectives. Focus upon the uncertain event that would result in those impacts.

3. Risk Evaluation and Prioritisation

Once risks have been identified the risk matrix is the main tool for prioritising risks so we can establish which risks are most significant and therefore are in need of greater attention and resources. It also allows us to compare different types of risk with each other across the council.

Each risk should be analysed using a five by five matrix for (1) the likelihood it will happen and (2) the impact if it did occur. This assessment should be made on three different basis:

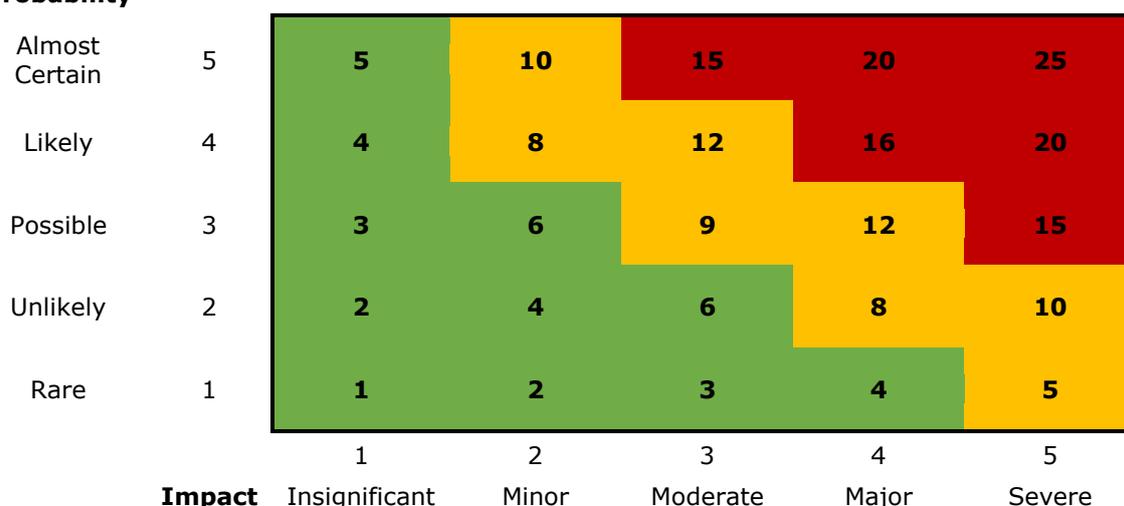
- **Gross risk** – risk level if existing key controls and mitigations were not in place or not effective.
- **Current risk** – risk level after existing controls and mitigations are taken into consideration.
- **Target risk** – anticipated risk level following the introduction of planned controls and mitigations.

Assessing the gross risk allows consideration of the dependency the organisation has upon the existing key controls and informs decisions around risk treatment, and selection of an appropriate target risk level, considered in the next section of this toolkit. It is often helpful to consider the Current Risk first, and then ask yourself what the impact and likelihood of the risk might be if the key controls were not in place.

It is the risk owner’s responsibility to ensure the controls they believe are reducing the risk are effective and are working in practice. Controls that are not yet in place should not be considered within the current risk.

Each identified risk should then be plotted onto the risk matrix.

Probability



When considering the likelihood of a risk happening you should select the number from 1 to 5 from the risk matrix that you think it will be over the next 12 months (it

can be longer or shorter; some risks in the Strategic Risk Register are better considered over 3 to 5 years, some operational risks will be considered over 3 to 6 months). This score will require an element of judgement when considering how likely an event is to occur and you should consider the following:

- *Has this event happened before in the Council? (How frequently?) Has this event happened elsewhere? (How frequently?)*
- *How likely is it that one or more of the causes/ triggers of the event will occur?*
- *Has anything happened recently that makes the event more or less likely to occur?*

The following tables provide some support in quantifying the risk in terms of likelihood and impact.

Risk Probability Assessment Criteria

Scale	Description	Likelihood of Occurrence	Probability of Occurrence
1	Rare	1 in 10 years	The event may occur in certain circumstances
2	Unlikely	1 in 3 years	The event could occur
3	Possible	1 in 2 years	The event should occur
4	Likely	Annually	The event will probably occur
5	Almost certain	Monthly	The event is expected to occur or occurs regularly

When you select the impact you should give consideration to the factors outlined in the risk matrix. For example, if the risk you are scoring has a low financial impact but a high impact on our reputation then you would select the most appropriate number between 1 and 5 that relates to the level of reputational impact. Once again, this score will have an element of judgement.

The criteria for risk impact levels can be found on the next page.

Risk Impact Assessment Criteria

	Insignificant	Minor	Moderate	Major	Severe
Financial	<£50k per annum	£50k - £250k per annum	£250k - £500k per annum	£500k - £750k per annum	>£750K per annum
Service Delivery	No impact to service quality, limited disruption to operations	Minor impact to service quality, minor service standards are not met, short term disruption to operations, minor impact on a partnerships	Significant fall in service quality, major partnership relationships strained, serious disruption in service standards	Major impact to service quality, multiple service standards are not met, long term disruption to operations, multiple partnerships affected	Catastrophic fall in service quality and key service standards are not met, long term catastrophic interruption to operations, several major partnerships are affected
Reputation	Public concern restricted to local complaints which do not attract local media attention.	Minor adverse local / public / media attention and complaints	Adverse national media public attention	Serious negative national or regional criticism	Prolonged, regional & national condemnation
Compliance & Regulation	Minor breach of internal regulations, not reportable	Minor breach of external regulations, not reportable	Breach of internal regulations leading to disciplinary action Breach of external regulations, reportable	Significant breach of external regulations leading to intervention or sanctions	Major breach leading to suspension or discontinuation of business and services
Strategic	Little impact on the organisational strategy	May have an impact on achieving organisational strategy	Would impact on the organisational objectives	Would require a significant shift from current strategy and objectives	Would require a fundamental change in strategy and objectives

Step 4. Risk Treatment

Once risks have been identified and scored based on current controls the next step is to decide what action needs to be taken to manage them.

Generally speaking, there are four approaches to treating risk: Treat, Tolerate, Terminate or Transfer:

Action	Description	Options
Treat	Controlling the likelihood of the risk occurring, or controlling the impact of the consequences if the risk does occur	Reducing the likelihood of the risk occurring AND / OR Mitigating the impact if the risk does occur
Tolerate	Acknowledging that the ability to take effective action against some risks may be limited or that the cost of taking action may be disproportionate to the potential benefits gained.	The ability to take effective action against some risks may be limited or the cost of taking action may be disproportionate to the potential benefits gained in which case the risk is accepted on an "informed" basis.
Terminate	Not undertaking the activity that is likely to trigger the risk	Changing the direction or strategy and revisiting objectives or improving channels of communication Obtaining further information from external sources or acquiring expertise Reducing the scope of the activity or adopting a familiar, proven approach Deciding not to undertake the activity likely to trigger the risk
Transfer	Handing the risk on elsewhere, either totally or in part – e.g. through insurance.	Financial instruments such as insurance, performance bonds, warranties or guarantee. Renegotiation of contract conditions for the risk to be retained by the other party. Seeking agreement on sharing the risk with the other party. Sub-contracting risk to a consultant or external suppliers. NB. It may not be possible to transfer all aspects of a risk. For example, where there is or reputational damage to the organisation.

When considering further action required to manage the risk, and indeed the appropriateness of existing controls, an assessment of treatment options should be made alongside a consideration of the Council's risk appetite and tolerance for the current level of risk.

A further consideration is the efficiency of risk treatment in relation to the cost effectiveness of the proposed actions to be taken. Firstly the cost of implementation has to be considered (time, manpower, budget, etc.). The impact expected if no action is taken, should be weighed against the cost of action and the reduction of the impact. There should be a direct benefit from the cost implementation in terms of the reduction of the level of the risk.

Plans should then be put into place to manage the risk with key milestones identified and clear owners – ensuring that they are 'SMART' – Specific, measurable, achievable, realistic, time bound.

Oxford City Council has focused on the Red, Amber, Green status of risks in determining the risk appetite of the organization. Red risks are considered unacceptable and every effort must be made to reduce the risk to the organization.

The risk appetite is reviewed periodically or when there are significant changes to the organisation. Changes to the risk appetite level would require a change to strategy and would therefore require approval of the Cabinet.

Step 5. Risk reporting and monitoring

Risk registers

Corporate risks are managed through the Council’s Corporate Risk Register. Risks are also managed at a directorate, service, project, programme and partnership level. Respective management teams are responsible for ensuring that their risks are identified and managed appropriately.

The Council uses CorVu, its performance management system, to record risk information including the scoring and existing controls. Risk owners can also use the system to track progression on the implementation of new controls against key milestones. Further information on CorVu can be found by clicking on the “CorVu Help & Guidance” link from the CorVu main page.

The format of risk registers used across the organisation is as follows:

Risk	Ref	
	Category	
	Risk description	
	Opportunity/Threat	
	Cause	
	Consequence	
	Risk Owner	
	Date raised	
Gross	Impact	
	Probability	
Current	Impact	
	Probability	
Target	Impact	
	Probability	
Controls	Control description	
	Due date	
	Owner	

Unique referencing is created by use of a Category, a number and a service area code. Once allocated a unique reference code will remain with that risk until it is closed (with the exception of planning risks), it may, however, change which register it appears on. So for instance a risk which appears originally on a CRR may later be transferred to a SRR once the CRR has been approved. Corvu allocates the unique reference numbers for SRR and Corporate risks when a new risk is added.

Categories:

CRR - Corporate Risk Register

SRR - Service Risk Register

CEB - Cabinet reports

Service Area Codes:

ACE	Assistant Chief Executive	RE	Regeneration & Economy
PS	Planning, Sustainable Development & Regulatory	CS	Community Services
BI	Business Improvement	WR	Welfare Reform
FS	Financial Services	LG	Law & Governance
HS	Housing Services		

Risk register reviews

The Corporate Management Team (CMT) review corporate risks on a quarterly basis. This includes discussion on service risks, particularly any 'red' service risks, which will be highlighted for potential inclusion in the Corporate Risk Register. CMT also review the scoring of the risks in terms of their probability and impact to ensure that a consistent and embedded approach to risk management is maintained across the council.

Additionally each Service Area will consider the risks across the service as part of the Service Management Team meetings. Red risks will be reviewed and there will be challenge of the scoring and action plans.

The Risk Management Group will provide advice on risk management and periodically sample check service risk registers to ensure the degree of embeddedness within the service.

Risks may be closed by the Risk Owner when they are satisfied that the risk to objectives has been managed to an acceptable level. This will typically be achieved when 100% of actions have been completed and the target risk score has been achieved. This must be reported in CorVu as part of the quarterly updated cycle. Closed red risks must be reported to the Risk and Insurance Officer by the Service Head with supporting evidence.

Risk escalation process

The risk escalation process allows for risks to be escalated or downgraded between the different levels of the Council as deemed appropriate.

If a service or risk owner wishes to escalate a risk or propose a new strategic risk, they should raise this with their Directorate Leadership Team who will take this forward as part of the Corporate Leadership Team review and reporting cycles.

A risk may need to be escalated to a higher level if:

- the risk rating cannot be controlled/contained within its current level
- the risk remains very high even after mitigations are implemented
- the risk will impact on more than one service/project or function
- the risk moves outside the appetite boundaries / comfort zone.

A risk may need to be moved to a lower level if:

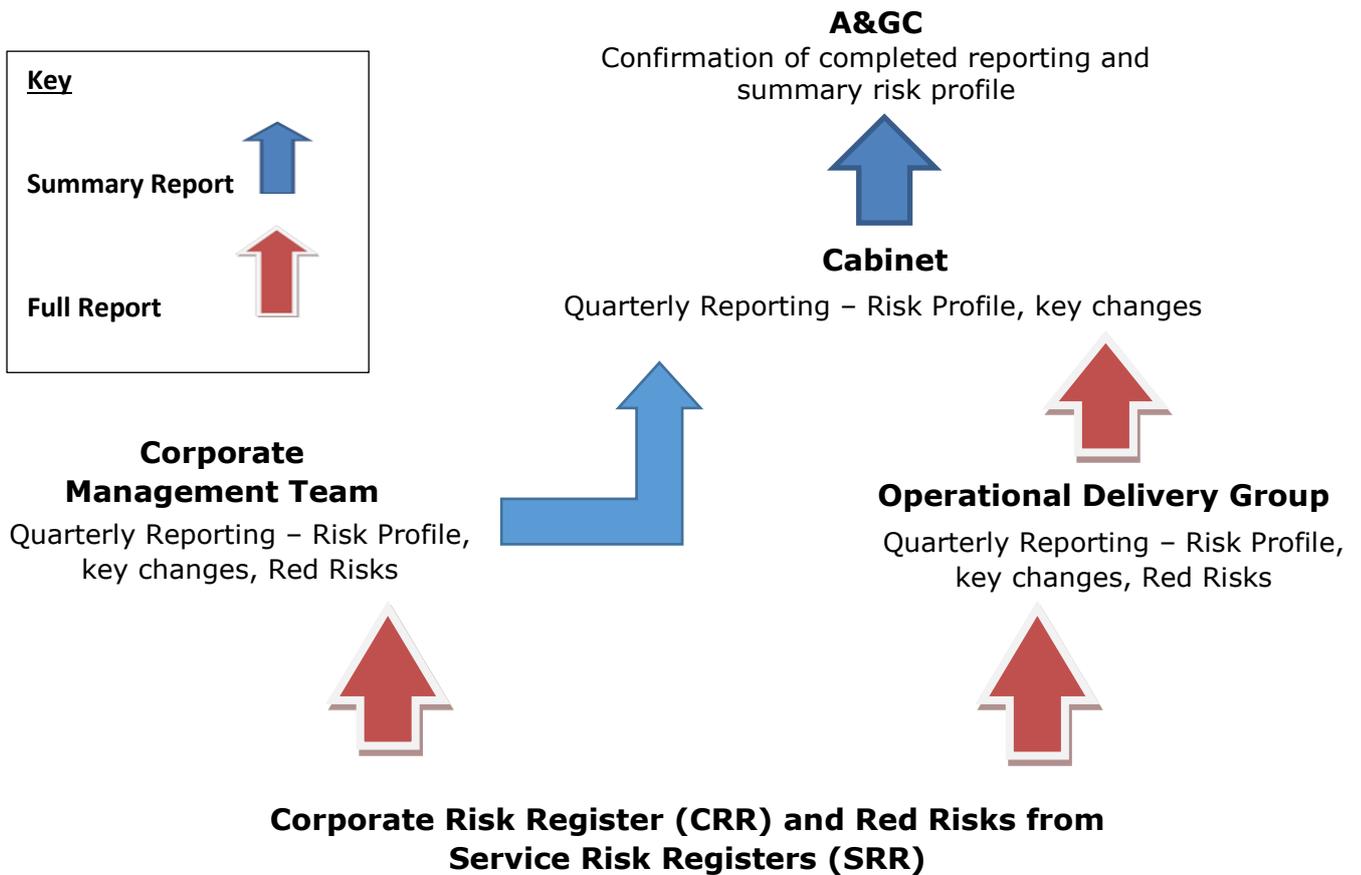
- the risk can be controlled / managed at a lower level
- the risk rating decreases significantly
- the risk event will only affect one function / service area / team

Risk reporting

Risk reports are prepared on a quarterly basis to Cabinet, Audit and Governance Committee and Officer Groups in accordance with the following table:

	Board / Meeting	Frequency
Corporate Risk Register	Corporate Management Team (CMT) Cabinet A&GC (summary/confirmation)	Quarterly
New CRR identification and review	CMT	Quarterly
Service Risk Register Review	Service Management Teams A&GC (summary/confirmation)	Quarterly
New SRR identification	Service Management Teams	As necessary and Annually
Risk Management Strategy and Toolkit	A&GC (review) Cabinet (approval)	As necessary
Service Area Self-Assessment	Risk Management Group	Periodically on a rolling programme
Benchmarking	Insurance and Risk Officer Risk Management Group	Annually (plus update to Risk Management Group)
Risk Appetite Review	CMT approval and reported to A&GC as necessary	Annually

Risk Register Reporting Flow



Further advice and assistance on risk management is available from the [Intranet](#) and from the Risk and Insurance Officer, Alison Nash (email: anash@oxford.gov.uk Phone: 01865 252048).

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Remote meeting

Minutes of a meeting of the Audit and Governance Committee on Tuesday 24 November 2020

www.oxford.gov.uk



Committee members present:

Councillor Fry (Chair)

Councillor Corais

Councillor Kennedy

Councillor Tanner

Councillor Munkonge (Vice-Chair)

Councillor Gotch

Councillor Simmons

Officers present for all or part of the meeting:

Anita Bradley, Monitoring Officer

Nigel Kennedy, Head of Financial Services

Bill Lewis, Financial Accounting Manager

Jennifer Thompson, Committee and Members Services Officer

Scott Warner, Investigation Manager

Also present:

Yasmin Ahmed (Internal Auditor), BDO

Greg Rubins, (Internal Auditor), BDO

Adrian Balmer (External Auditor), EY

Maria Grindley (External Auditor), EY

Apologies:

No apologies were received

14. Declarations of Interest

None.

15. Risk Management Report - Quarter 2 November 2020

The Committee considered the report of the Head of Financial Services on corporate and service risks as at 30 September 2020. Bill Lewis (Financial Accounting Manager) introduced the report and answered questions.

1. The Committee noted the significant impact of Covid, and the resulting economic effects, on the Council's budget. This was a combination of extra unexpected expenditure, partially funded by central government, to mitigate hardships and apply

- new regulations; extra costs of moving to entirely remote working and remote online services; and a significant loss of income from its customer-facing services.
2. All public authorities and agencies were playing a full part in mitigating and dealing with the effects of Covid across their differing areas of responsibility, and all had seen impacts on their budgets.
 3. The lockdown and infection control measures had impacted on housing delivery, creating a significant delaying new house completions and impacting on new council tax registrations, the housing supply, and affordable housing provision.
 4. One benefit had been the provision of temporary accommodation for the street homeless, albeit without full government support for the costs.
 5. A number of risks had changed in character (for example health and safety risks differed between remote and office-based working; cyber security was more critical) but had not altered severity sufficiently to change category.
 6. The Council's companies were still going concerns but reductions in their short term profitability impacted on the Council's budget.
 7. Specific projects proactively managed their own risks within the project delivery. The implementation of Aareon QL software for Housing Services management was now a red risk, but managed within the project board. The Committee expressed concern about the long delay in the project, and the impact on all the services contingent on its implementation.

The Committee noted the risks and mitigations set out in the report.

16. Investigation Team Annual Report 2019-2020

The Committee considered the report of the Head of Financial Services setting out the activity and performance of the Counter Fraud Team for the fiscal year 1 April 2019 to 31 March 2020. Scott Warner (Investigation Team Manager) introduced the report and answered questions.

The Committee noted the Investigations Team's work on preventing fraud during the administration of The Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund (March 2020), and The Local Authority Discretionary Grant Fund (May 2020).

They noted the impact of infection reduction measures on face to face and under-caution interviews and the setting up of suitable Covid-secure facilities to allow these to resume.

The Committee congratulated the team on their performance and noted the significant deterrent effect of a robust counter-fraud strategy and pro-active team.

The Committee noted the report.

17. Internal Audit Progress report - Quarter 2 November 2020

The Committee considered a report setting out progress against the 2020/21 audit plan; the assessments of systems reviewed in this quarter; and the Local Government Sector update. Greg Rubins (BDO internal auditor) introduced the report and he, Nigel Kennedy (Head of Financial Services), and Anita Bradley (Head of Law and Governance) answered questions.

The Committee considered the sector update and also noted the Redmond report into the effectiveness of external audit and transparency of financial reporting in local authorities published on 8 September.

1. In considering the update, the Committee asked about the recent report reviewing governance at Nottingham City Council following the collapse of its wholly owned energy company. The report concluded that the council didn't grasp the warning signs in the energy markets that may have led it to sell the company earlier as a going concern. The governance and challenge by the council, and communications between different sections, were not sufficiently robust.
2. The Committee also asked about the similar review of Croydon Borough Council following financial problems within their wholly-owned company. A public interest report had been issued. This noted previous concerns about the soundness and sustainability of their budgets; auditors' recommendations were not implemented; there was a collective blindness to the growing problems where senior councillors were not focused on the key issues; and a lack of understanding of the interplay between the company's and the council's finances.
3. The Committee noted that a senior officers had considered a report on key lessons.
4. The Committee noted that the financial pressures arising from Covid meant that the 2021/22 budget would draw strongly on reserves.
5. The Committee considered whether a special capitalisation (to charge revenue losses arising from COVID 19 to capital in order to finance these losses over a longer period of time) would release revenue funding to support much needed services, but noted it was unlikely that the council would get government's approval for this. This is likely to be reserved for councils in very serious financial straits and the council would be expected to use its available revenue reserves and cut services before seeking a special capitalisation.
6. The Committee noted the challenge around keeping adequate reserves against risk of large changes in income: large reserves only last a short time in face of large budget pressures.
7. The Committee noted officers' advice that it had a key role in taking an overview and understanding of the finances, functions and governance of the companies as they related to the council's finances; in examining the effectiveness of the interactions between councillors, shareholders, officers, and company staff; and to challenge and test both information and gaps.

The Committee:

1. Recommended offering training on the councils' finances including the interaction with its companies, budget setting and monitoring to allow councillors to understand the financial complexities, companies' relationship to, and the ambitions of the council.
2. Asked to consider at the January meeting a briefing paper on the relevant recommendations from the Redmond Review and the lessons for the Committee from the reviews of Nottingham City and Croydon Borough Council.

The Committee noted the report.

18. Internal Audit Recommendations follow up – Quarter 2 November 2020

The Committee considered a report setting out progress on those recommendations raised by Internal Audit which are due for implementation. Yasmin Ahmed (BDO internal auditor) introduced the report and she and Nigel Kennedy (Head of Financial Services) answered questions.

The remaining outstanding action from the Accounts Receivable audit (automated issuing of the 14 day, 45 day and L7 reminder letters) would be completed when the IT system upgrades allowed. The team had a satisfactory manual process in place.

The Committee noted that behind-schedule ICT system upgrades (Agresso for finance and Aareon QL for housing) were impacting on delivery of several recommendations, and on delivery of improved services for customers and staff.

They noted there was a mitigation and recovery plan in place for Aareon QL, including seeking recompense when the delays lay with the supplier, and asked for a report on 'lessons learned' once the system was functional.

The Committee noted the report.

19. External Audit: Draft Audit results report for the year ending 31 March 2020

The Committee considered the report of the external auditor EY inform them of outcome of the audit of the accounts. Maria Grindley and Adrian Balmer (EY external auditors) outlined the outcome of the audit and their findings, and answered questions.

The auditors noted the difficulties in conducting an audit remotely, and the changes made to facilitate their testing. Roughly 40% of local authority audits would not be completed by the 30 November deadline.

There were no outstanding matters preventing the issuing of an unqualified opinion and the Chair of the Committee signing the accounts.

The opinion on the council as a going concern was based on an assessment for the 12 months following issuing the opinion (from 30/11/20 to 30/11/21). The balance sheet and value for money conclusions were accurate as of 31/3/20.

The Committee noted the report and the audit opinion.

The Committee asked the Head of Financial Services to also convey their thanks to the finance team for getting complex accounts through the audit process in time, accurately, and with an unqualified audit opinion despite the multiple challenges of this year.

20. Statement of accounts for the Year Ending 31 March 2020

The Committee considered the report of the Head of Financial Services, the Council's Statement of Accounts for the year ending 31 March 2020 (2019/20), and the Letter of Representation.

Bill Lewis (Financial Accounting Manager) introduced the report and the Statement of Accounts and answered questions.

The Committee asked the Monitoring Officer and Head of Financial Services to consider routes and mechanisms for oversight of the council’s companies, to avoid any gaps in the corporate understanding of the risks and exposure the council faced from the performance of its companies. There were separate audit and governance processes for each companies, and the council acting as shareholder exercised oversight and scrutiny. However there was no clear role for the council corporately to be satisfied that its companies as a whole were robustly managed going concerns and unlikely to create significant financial problems for the council. They considered this essential in the light of the economic impact of Covid on the companies, and the recent serious financial impacts on Nottingham and Croydon councils as a result of the failure or poor performance of their wholly-owned companies

The Committee resolved to:

- 1. **approve** the audited 2019/20 Statement of Accounts as certified by the Head of Financial Services and authorise the Chair of the Committee to sign the Accounts; and
- 2. **approve** the Letter of Representation to enable the opinion to be issued; and
- 3. **note** that these documents would be signed electronically.

21. Minutes of the previous meeting

The Committee agreed to approve the minutes of the meeting held on 30 July 2020 as a true and accurate record.

22. Dates and times of meetings

The Committee noted the dates and times of future meetings.

The meeting started at 6.00 pm and ended at 7.50 pm

Chair

Date: Thursday 14 January 2021

*When decisions take effect: immediately.
Details are in the Council’s Constitution.*

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