

Report to Audit Committee

Draft Annual Governance Statement for 2022/23

Portfolio Holder: Cllr Abdul Jabbar MBE, Cabinet Member for Finance and Corporate Resources

Officer Contact: Mark Stenson – Assistant Director – Corporate Governance and Strategic Financial Management

Report Author: Mark Stenson – Assistant Director - Corporate Governance and Strategic Financial Management

E-mail; mark.stenson@oldham.gov.uk

27 June 2023

The purpose of this report is to update the Audit Committee on the draft Annual Governance Statement included within the draft Statement of Accounts for the financial year 2022/23.

This report supports the draft Statement of Accounts and Annual Report by the Head of Internal Audit which are considered separately elsewhere on this Agenda.

Executive Summary

The Council, as part of its Statement of Accounts produces an Annual Governance Statement. This identifies the significant governance issues that the Council needs to consider at the financial year-end to reduce its future risk. In the Municipal Year 2022/23 there were two reports which presented the draft Annual Governance Statements to the Audit Committee. The first was at the meeting on 21 June 2022 which considered the draft Statement of Accounts. The second draft was to the meeting on 1 November 2022 to reflect changes (very minor) to update for matters occurring since 21 June 2022.

At regular meetings of this Committee, update reports have been produced highlighting the progress made on issues identified for improvement in the Annual Governance Statement which supported the Statement of Accounts for the financial year 2021/22 and the new issues that might require consideration for inclusion in a future Annual Governance Statement. This has informed the production of the Draft Annual Governance Statement for 2022/23 which is attached at Appendix 1.

Since the production of the Annual Governance Statement within the unaudited Statement of Accounts provided for audit by the Statutory deadline, an issue has been highlighted in correspondence with the Department of Education in respect of Note 6 and the reporting of the Dedicated Schools Grant (DSG) deficit covering the financial year 2021/22. As the Authority has accounted for DSG correctly in 2022/23 and the reporting changes impact on the financial year 2021/22, it does not materially impact on the Annual Governance Statement supporting the 2022/23 accounts and the 2021/22 accounts. It is therefore not considered appropriate to adjust the Annual Governance Statement, but has been included in this report for information to the Audit Committee.

Recommendations

The Committee notes the draft Annual Governance Statement included at Appendix 1 and within the draft Statement of Accounts for the financial year 2022/23 and the intention not to amend the 2021/22 Annual Governance Statement.

Draft Annual Governance Statement for 2022/23**1 Issues included in the previously agreed 2021/22 Annual Governance Statement**

- 1.1 The 2021/22 Annual Governance Statement (AGS) previously reported to this Committee identified a total of nine issues for the Council to monitor in the financial year 2022/23 to assess how the risk to the Council was being reduced. The issues highlighted included the need to strengthen internal control within both the operation of the Payroll Service and the financial administration of systems in Adult Social Care. Both matters have been long term issues for the Council to address and have therefore been included within the AGS produced in previous financial years.
- 1.2 In respect of the Payroll Service, there was optimism when the 2021/22 AGS was reported alongside the draft Statement of Accounts that the improvements in financial administration as reported to this Committee at the meeting on 21 June 2022 would be sustained. This has not proved to be possible as evidenced within the Annual Report from the Head of Audit and Counter Fraud which is elsewhere on this Agenda. As such, this remains an issue for the Committee to monitor and remains an issue within the 2022/23 AGS. The Work Programme agreed by this Committee on 8 June 2023 suggested that the January 2024 meeting received a detailed report outlining the progress made by the Council in resolving this matter.
- 1.3 As highlighted in the Annual Report of the Head of Internal Audit and Counter Fraud, the financial administration of Adult Social Care financial systems remains a concern. This is disappointing and has been an issue for successive AGSs. In 2020/21 and 2021/22 the Service was heavily impacted by the pandemic but although 2022/23 has seen activity return to more business as usual (albeit the pandemic has impacted on longer term demand) matters have not improved. There were control issues before the pandemic which were reported extensively to this Committee with assurances given that matters would improve. The Work Programme agreed by this Committee on 8 June 2023 suggested that the July 2023 meeting received a detailed report outlining the progress made by the Council in resolving this matter.
- 1.4 It is pleasing that of the nine issues identified in the 2021/22 AGS it has been possible to remove one issue from the 2022/23 draft AGS. This is detailed below:

- **Infrastructure Assets**

The initial reason that the Council's 2021/22 accounts could not be approved following the audit was a national issue relating to the agreed accounting arrangements for infrastructure assets. At the time the accounts were submitted this issue and challenges around it were understood, but it was hoped that an accounting solution could be agreed to enable the accounts to be signed off. On 11 January 2023 the Chartered Institute for Public Finance and Accountancy (CIPFA) issued Bulletin 12 Accounting for Infrastructure Assets Temporary Solution. This provided a temporary solution for accounting for infrastructure assets, particularly around highways. It also included a temporary relief not to report gross cost and accumulated depreciation which was problematic.

This issue was reported as "Green" in the 28 March 2023 update report to this Committee. It needs to be emphasised that a permanent solution needs to be agreed before the 31 March 2025. If this is not possible and this risk cannot be discounted in the future, this maybe an item to consider in the 2025/26 AGS.

2 Issues considered for Inclusion in and Exclusion from the 2022/23 AGS.

- 2.1 As set out in the regular reports to this Committee throughout the financial year 2022/23 there were no additional items considered for inclusion in the 2022/23 draft AGS.
- 2.2 One matter to which the draft AGS does refer is the challenge within Local Government of both submitting final accounts and then obtaining audited opinions in a timely manner. Prior to the production of the AGS there was consideration given to the fact that the audit of the 2021/22 accounts had not been finalised. It is not good practice in the opinion of the report author that the Council had to set its budget at full Council on 1 March 2023 for 2023/24 in advance of the audit of the 2021/22 accounts being finalised. However, given that the issue is in the main outside the control of the Council and to a degree our local auditors, on balance it was decided that a specific issue would not be included within the 2022/23 draft AGS. Going forward, if the Authority has accounts for earlier years not signed off by the auditor, it is not an unreasonable issue to consider for inclusion in a future AGS.

3 Dedicated Schools Grant (DSG) - Note to the Statement of Accounts

- 3.1 Local Authorities who administer the DSG for which the Department of Education (DfE) provides Parliamentary oversight, are required to submit information which is detailed within the DSG note in the Statement of Accounts. Since the last meeting of the Audit Committee, a query has been raised by the DfE on the disclosure note of the DSG, Note 6 in the Council's Statement of Accounts. The query relates to the year 2021/22 and the presentation of the DSG deficit brought forward from previous years. Following the recent identification on an error in a Statutory Instrument which dictates the treatment of DSG deficits, the DfE has requested that the Council present the deficit relating to 2021/22 in a manner which is different to how the Note was originally prepared. However, it should be highlighted that the Council prepared the DSG note in line with the guidance available in 2021/22.
 - 3.2 The Council has prepared the Note to the accounts in 2022/23 in accordance with a new interpretation of the Statutory Instrument. Neither approach affects the overall balance of the DSG within the Council Statement of Accounts. With regards to 2021/22 the Council consulted with the External Auditor and has agreed an approach which does not involve the Council restating its accounts.
 - 3.3 Whilst this will require the External Auditor to issue a revised Audit Completion Report for 2021/22 detailing an Unadjusted Error, it is considered the sensible way to progress the matter, given that the overall balance of DSG is correct, the movement related to 2021/22 is not material and it is likely that the Statutory Instrument will soon be amended to allow the Council's original approach.
 - 3.4 A restatement would involve further external audit work for the 2021/22 accounts delaying the process further for an issue which is effectively a technical adjustment. Therefore, this matter is not considered as significant for the 2021/22 or 2022/23 AGS and does not warrant inclusion.
 - 3.5 This issue needs to be considered in the context of the elimination of the DSG deficits reported by Oldham (overall nationally the indications are that for 2022/23 the reported DSG deficits will increase). Oldham now has an overall DSG surplus for the first time since 2015/16. As such the Council is in a position that should the present statutory override on DSG deficits not be applicable, then it would not impact on the financial resilience of the Council.
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4 **Draft Annual Governance Statement for 2022/23**

4.1 Appendix 1 details the draft AGS for 2022/23.

5 **Options/Alternatives**

5.1 The options are that the Audit Committee:

- a) considers this report which details the Draft AGS for 2022/23 prepared as a key document within the Statement of Accounts.
- b) declines to consider the report and requests a further review.

6 **Preferred Option**

6.1 The preferred option is that the Audit Committee reviews the Draft AGS in accordance with the recommendation made.

7 **Consultation**

7.1 N/A.

8 **Financial Implications**

8.1 There is no direct impact upon the reported financial position of the Council (Anne Ryans).

9 **Legal Services Comments**

9.1 N/A.

10 **Cooperative Agenda**

10.1 N/A.

11 **Human Resources Comments**

11.1 N/A.

12 **Risk Assessments**

12.1 These are identified as specific issues in the Draft AGS (Mark Stenson).

13 **IT Implications**

13.1 N/A.

14 **Property Implications**

14.1 N/A.

15 **Procurement Implications**

15.1 N/A.

16 **Environmental and Health & Safety Implications**

16.1 N/A.

17 **Equality, community cohesion and crime implications**

17.1 N/A.

18 **Equality Impact Assessment Completed**

18.1 N/A.

19 **Key Decision**

19.1 N/A.

20 **Forward Plan Reference**

20.1 N/A.

21 **Background Papers**

21.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background papers are included in Appendix 1.

Officer Name: Mark Stenson

Contact No: mark.stenson@oldham.gov.uk

22 **Appendices**

22.1 **Appendix 1:** Draft 2022/23 Annual Governance Statement

Scope of Responsibility

The Council (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and provides value for money. The Authority also has a duty under the Local Government Act 1999 to plan to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going practice of not implementing Fair Funding reform.

In discharging this overall responsibility, the Authority must put in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

The Authority has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework - Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance (LCCG) which has been refreshed and will be presented to the Audit Committee for acceptance at its meeting on 8 June 2023. The current LCCG is publicised on the Council's website.

The Annual Governance Statement sets out how the Authority has complied with the Code and complied with the Accounts and Audit (Amendment) Regulations 2022. This is the first full year the Council has operated under its Constitution following the pandemic which impacted on the financial years 2020/21 and 2021/22.

The Authority meets the requirements of Regulation 6 (1) b of the Accounts and Audit (Amendment) Regulations 2022 in relation to the publication of a statement on internal control. It is subject to detailed review by the Audit Committee when it considers firstly the draft Statement of Account (which will be presented to the Audit Committee on 20 June 2023) and subsequently the final Statement of Accounts before they are formally approved. The accounts are reported to Cabinet and full Council for information after the scrutiny process and formal approval by the Audit Committee.

In respect of the CIPFA Financial Management Code the Finance Service undertook work throughout 2021/22 to ensure its compliance with this Code. This was reported by the Director of Finance to the Audit Committee on 17 January 2022 and advised Members that the Council complied with the key requirements of the Code during 2021/22. In 2022/23 opportunities have been taken towards implementing appropriate changes.

The overall position has been monitored during 2022/23 and there have been no substantial changes that would highlight any concerns, but a further detailed exercise to map compliance is planned for the first half of 2023/24. The findings will be reported to the Audit Committee.

The review identified that for 2022/23, the Authority's financial management arrangements were consistent with a number of the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The key principles for which there was compliance were that the Chief Financial Officer (Director of Finance):

- is actively involved and is able to bring influence on the Authority's financial strategy;
- is actively involved and is able to bring influence on all material business decisions;
- leads the whole Authority in the delivery of good financial management;
- directs a fit for purpose finance function; and
- is professionally qualified and suitably experienced.

In addition, the Statement requires that the Chief Financial Officer should report directly to the Chief Executive and ideally be a member of the leadership team, with a status at least equivalent to others. Whilst the Director of Finance (the Chief Financial Officer and designated Section 151 officer) was not a member of the Executive Management Team (EMT) which is comprised of the four most senior officers of the Council, the Chief Executive, the Deputy Chief Executive, the Assistant Chief Executive and the Executive Director Place and Economic Growth alongside the Greater Manchester Integrated Commissioning Lead, the officer reported directly to the Chief Executive throughout 2022/23. Whilst not a standing member of EMT, the Director of Finance was able to attend meetings when appropriate. During 2022/23, the Director of Finance was a member of the Management Board which is comprised of all senior officers at Director level, and above which met on a fortnightly basis. All Statutory Officers had access to the Chief Executive.

The Council considered that its management arrangements were therefore appropriate in the context of the CIPFA Statement and requirements of the CIPFA Financial Management Code.

The issues identified as significant governance issues and the progress made by management throughout the financial year 2022/23 to address these issues, have been reported regularly to the Audit Committee together with an assessment made in reducing the risk as part of its Governance role within the Council.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture, values, and behaviours, by which the Authority's activities are directed and controlled, which it accounts to, engages with, and leads the community, citizens and service users. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. It also enables the Authority to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level consistent with the risk appetite of the Council. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically (i.e. so they deliver value for money – efficiently, effectively, and economically).

The financial year 2022/23 was the first full year since the pandemic when decision-making processes adopted by the Authority did not require emergency decisions other than those required in a normal operational year. in compliance with its agreed Constitution.

The governance framework which was in place at the Authority for the year ended 31 March 2023 resulted in regular reports submitted to the Audit Committee on the progress made on issues identified in the previous Annual Governance Statement and identified any issues for consideration in this Statement. This has included issues arising from the response to the pandemic which have highlighted where future practice could be improved.

The Governance Framework

The Authority is a Metropolitan District which was set up in 1974 combining 7 Urban Districts, which provided services to the local population. Its strategic vision and Co-operative objectives are set out in the Council's Corporate Plan 2022/27. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes, and behaviours required to deliver good governance to all.

The key message and values are:

Communicating the Authority's Vision

The Authority's Vision for 2022/23 and future years was set out in both the Corporate Plan 2022/27 supplemented by the development of the Our Future Oldham Plan - Shared Vision until 2030. These plans are aligned to establish a clear link between; Local, Central Government and Greater Manchester regional priorities, including the devolution of health services and further future devolution within the Region. It establishes the Council's priorities developed in partnership with key stakeholders and the local community around the delivery of the core business of the Council.

The Council initially endorsed this vision on 7 September 2022. It is a collective action statement covering the period 2022 to 2027 for the Council and to the end of 2030 for key partnerships, setting out the areas that would add the most value to achieving the ambition that Oldham and the Region is a productive and co-operative place with healthy, prosperous, fairer with greener and cleaner communities.

The Oldham Council Corporate Plan applicable from 7 September 2022 was based around the vision for creating a future Oldham with a long term vision to deliver five key priorities. These are:

Healthy, safe and well supported residents

The Council's biggest responsibility is the effective safeguarding of its most vulnerable residents.

The Council's approach to safeguarding and supporting residents has become increasingly embedded in communities, so services are based where residents need them. This "place-based" approach enables the Council to be more responsive working with partners to provide more wrap around support. Utilising procedures and processes that are regularly tested and reviewed internally and by external bodies, and through continuous improvement, the Council's priority is to keep people safe. This includes actions to intervene as early as possible before a risk can develop.

The pandemic showed public services at their best, working closely with residents to keep people safe. Recent innovations in Oldham aim to deliver future improvements. As health

inequalities remain, a challenge is to take forward planned joint working to ensure residents are able to live healthier and more active lives.

A great start and skills for life

Recent years have seen improvements in outcomes for young people in Oldham with progress in early years, primary education, and A-level results. New school places have been provided including a new Saddleworth School which opened in March 2022 and the new Brian Clarke Academy which will open later in 2023.

Outside schools, young people will need opportunities to gain new skills and experience. Improving mental health of young people will remain a priority.

Better jobs and dynamic businesses

The link between decent work and life chances is a key objective. As an employer, the Council reflects this by ensuring all our staff and Adult Social Care suppliers are paid at least the Living Wage Foundation National Living Wage.

There is investment in Oldham with a regeneration strategy to create town centres that are great places to live, work and spend time. This programme is moving forward in part due to the success of bidding for funding via the Future High Streets Fund, Towns Deal Fund, Levelling Up Fund, UK Shared Prosperity Fund and Public Sector Decarbonisation Fund.

The plan is to support businesses and jobs through its employment programmes, schemes for business start-ups/ expanding existing businesses, creating space for building and service provision. Working in partnership, the Council aims to improve the access of local residents to the skills they will need to progress into well paid employment.

Quality homes for everyone

Oldham's Housing Strategy sets out a clear approach to deliver the homes required in the Borough. By implementing the Mills Strategy more heritage assets will be used to develop more brownfield housing and protect green spaces. The planned creation of 2,000 homes in the town centre which will revitalise the high street will remove the requirement to build on the green belt.

The Corporate Plan 2022/27 is consistent with the housing objectives set out in Places for Everyone (a spatial plan for Oldham and eight other Greater Manchester boroughs).

A clean and green future

This supports the Green New Deal targets to make the Council carbon-neutral by 2025 and the wider borough by 2030. This will position Oldham as a more pleasant and healthier place to live in both the short, medium, and long term. There are also commercial opportunities arising from the green agenda with a growing technology industry and green tourism.

Through "Don't Trash Oldham" the cleaning up of streets has progressed with enhanced plans to prosecute fly-tippers and redesign streets to make them easier and more pleasant in which to spend time.

Our Future Oldham: A shared vision for 2030 sets the direction for the Borough, based on extensive consultation with residents and partners. It sets out what key public services want to achieve overall and the minimum expectations every resident should have by 2030. The Corporate Plan 2022/27 sets out the Council's contribution.

To deliver improvements, the Council has committed to working closely and collaboratively with partners and residents. This includes supporting local leaders and regular reporting of the achievements set out in the Corporate Plan.

Co-operative Council in a Co-operative Borough

Oldham has been a Co-operative Council since 2011 and the Council continues its commitment to delivering a co-operative future where everybody does their bit, and everyone benefits. This is being achieved by a real commitment to change and working closely with residents, partners and the wider communities to create a confident and ambitious borough.

The Council is constantly looking at how we can work more effectively and efficiently in the interests of residents. Over the period of the Corporate Plan, it is planned to further embed core values and behaviours. This will enable change to be made by four transformational revisions to service delivery:

Residents First

This aims to make every service a good service and every experience a good experience by working with residents to improve performance. This will include the resident's voice being at the heart of decision-making.

Place-based Working

Residents want services to be delivered and available near where they live and tailored to the specific needs of the community. Place based working will be based on the five-district footprints agreed with partners integrating where possible with other public bodies.

Digital

Residents expect the convenience of being able to apply for services or solve problems through their computer or phone. This requires partnership working through the Greater Manchester One Network bringing high speed networks to Oldham and the City Region. Greater support will be provided to those whose skills need developing to better access the opportunities of digital services.

Working with Communities to Reduce Need

Taking a community-centred, preventative approach to public services benefits residents and the public purse. By working with key partners and residents this will focus on early help.

The ethos of the Co-operative Council supported by the Corporate Plan 2022/27 sets the framework for key Council strategies.

Like many other Local Authorities, Oldham Council has had to make significant budget reductions since the start of the Government's austerity programme and there has been a subsequent deferral of implementing Fair Funding Reform. The recent increase in inflation had a huge impact on the finances of the Council during 2022/23 and it has also influenced financial planning for future financial years. It is important to note that arising from Government announcements and the Emergency Budget, since the start of the austerity regime in May 2010, the Council has been required to balance its budget by making a significant level of budget reductions, which up to and including the recurrent budget reductions of £6.268m approved at the 2022/23 Budget Council, cumulatively totalled £204m.

Further recurrent budget reductions of £16.313m were agreed at the 2023/24 Budget Council meeting for implementation in 2023/24 plus there was confirmation of £3.655m of budget reductions with a 2023/24 impact that were initially presented for consideration at the 2021/22 and the 2022/23 Budget Council meetings. The total of budget reductions impacting on 2023/24 was £19.968m. The Medium Term Financial Strategy (MTFS) approved at the 1 March 2023 Budget Council also approved budget reductions of £6.969m that will have an impact in 2024/25 and £1.135m in 2025/26. Even after allowing for these forward commitments, there remains a significant savings target over the period covered by the current MTFS (2024/25 to 2027/28).

It is clear that the Council could not continue to deliver services in the same way it has always delivered them and a response to the financial challenge is required. The response, follows the ethos of the Co-operative Council, because it is believed that:

- a co-operative approach offers the best opportunity to do things radically differently;
- it offers a sustainable solution to the unprecedented challenges we face; and
- it offers the best opportunity to make the most of the assets/strengths that lie in its communities.

This means that, whilst the Council continues to provide its statutory services and duties, it will continue to work more closely with all partners and stakeholders in Oldham to ensure that the services delivered continue to; provide value for money, meet the specific needs of Oldham's communities, remove duplication and ensure the combined skills, resources and influence are used to improve the circumstances of every member of the Oldham community.

The ways in which the Council is doing this include:

- Implementing and embedding the Council's Ethical Framework and its Social Value Procurement Framework;
- Monitoring the impact of the Social Value Portal to implement the Themes, Outcomes and Measures framework on the Creating a Better Place Programme;
- Paying the Living Wage Foundation National Living Wage to ensure that all staff are paid appropriately and introducing this for paid carers from 1 October 2022;
- Giving employees up to three days paid time away from their duties to volunteer locally.

Key elements of the Governance Framework

The key elements of the Authority's governance framework are detailed against each principle in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government as follows:

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

In order to ensure both its Members and Officers behave with integrity to lead its culture of acting in the public interest, there is appropriate training provided to safeguard all parties against conflicts of interest. Both Members and Officers record any gifts and hospitality received in accordance with the Authority's agreed procedure. To enable third party challenges to Authority operations there is a publicised Complaints Procedure. There is also

a Whistleblowing Policy, last updated and approved by full Council in July 2020. This enables concerns to be raised in a confidential manner and dealt with in a proportionate manner.

The Scrutiny process as detailed in the Constitution enables those who are not Cabinet Members to call in key decisions should this be required. The Scrutiny process was subject to a detailed review during 2022/23 and a revised approach is to be implemented following the Annual Council meeting in May 2023. When required, issues of governance/ scrutiny which highlight where improvements could be made in processes arising from lessons learned from other Local Authorities (based on information reported in the public domain), are reported to appropriate Committees to enable them to better discharge their roles. This included the continual review of partnership governance within the Council, which in 2022/23 was reported to both the Audit Committee (on two occasions) and also to the Performance Overview and Scrutiny Committee when required.

Members take the lead in establishing this culture by completing an annual register of their interests which is published on the Council's website. There is also a Standards Committee in place to consider any allegations of inappropriate behaviour, which meets when required to discuss appropriate matters. Any matters for investigation are assigned to an independent investigator and supported by reports, which are considered by the Committee. Staff behaviour is covered by the Officers' Code of Conduct, which places duties on Officers to declare their standing interests or interests relating to matters as they arise to their Head of Service. These declarations are maintained in an E-Register by the Director of Legal Services to the Council in his role as Monitoring Officer.

The Council is managed by a Cabinet system as set out in the agreed Council Constitution. This sets out the scheme of delegation between elected Members and Officers. In the financial year 2022/23 in accordance with Government guidelines, all formally constituted meetings (Executive and Regulatory) were held in person.

In order to encourage the community to engage in more co-operative activities, Members in their role as Community Champions often, either individually or in partnership with the District Elected Lead Member, network with key community groups and individuals to deliver local priorities. In order to demonstrate their achievements, each Councillor is encouraged to produce an annual report which is then published on the Council's website and included in a report to full Council.

The Council has a clear set of values and behaviours which are shared borough-wide with residents, partners and the business community. Internally these values and behaviours have been converted into five co-operative behaviours which outline the priority focus for staff at all levels. Living these values and behaviours has enabled real change to be delivered so that the Council can meet its vision of building a co-operative borough. The response to the recent increases in inflation impacting on residents living standards gave staff the opportunity to demonstrate these values.

Staff have been assisted in this aspect by the embedding of Let's Talk which replaced the Corporate Personal Performance Framework in the later part of 2021. Let's Talk is based on open two-way conversations which focus on wellbeing, performance, and development. The employer supported volunteering (ESV) programme helps Council employees to volunteer with organisations in Oldham. From using existing skills to taking on a new challenge, the scheme gives staff the time and support to volunteer to do their bit.

The agreed Procurement Policy focuses on procurement activity, which has the aim of ensuring the optimum balance between cost, quality, social value and local service value, whilst also ensuring that any significant commercial risks are identified and mitigated at the commissioning stage.

The Procurement Policy ensures value for money and social value outputs via the agreed Social Value portal are measured in an integrated and independent way, in order to support the Council's co-operative agenda. In this way, the Council ensures it secures the greatest social, economic and environmental benefit from the Council's purchasing power with accountability from key suppliers.

Member and Officer relationships are mutually supportive and based on openness, honesty, trust and appropriate challenge. The latter is essential in ensuring the Authority maintains its leading position as a Cooperative Council and will be vital in making a reality of both service changes and improvements to the borough.

The Corporate Peer Review findings formally received in March 2020, indicated this relationship works well in taking forward improvements within the Borough. Whilst the Authority hoped to take forward the recommendations over the past three financial years, it has not been possible to make the significant progress that was originally planned due to initially the pandemic and more recently the response to the increases in the cost of living. Now that the Council has returned to working practices developed pre-pandemic, it will be possible to introduce any remaining changes/improvements in 2023/24.

In July 2018 the "Big Green Survey" – Oldham's biggest ever environmental survey of residents – gave people a say on key green issues such as wildlife, parks, food growing, clean energy and air quality. Cabinet approved a strategy to work towards becoming a single-use plastic free borough promoting the use of non-plastic recyclable alternatives. This was supplemented in 2020/21 by the Council, at its meeting on 9 September 2020, supporting the United Nations Sustainable Development Goals.

The Authority has also demonstrated its support of sustainability by appropriate self-financing of capital investment in renewable energy. In previous financial years it has supported the creation of an independent Community Interest Company which is now operating in a sustained and independent manner (with the potential to expand), administered the warm homes project to alleviate fuel poverty and provided oversight to the Greater Manchester Green Grants Scheme including overseeing energy improvements for social housing within Oldham. In 2018/19 approval was given to develop a new eco-centre at Alexandra Park with construction beginning in 2021/22 immediately following the completion of a Gateway Review. This is further supported by a project financed from the Government's Decarbonisation Fund which has installed an eco-friendly/ carbon efficient heating system including heat source pumps. This project has continued with construction during 2022/23 with an expected completion date of October 2023. In the financial year 2022/23 the Council was successful in securing Public Sector Decarbonisation Funding to support the development of reducing carbon emissions from the Spindles Shopping Centre which is currently under development. Further energy baseline information has been obtained to enable the Council to access future rounds of Public Sector Decarbonisation Funds as and when future bidding rounds are announced.

At its meeting on 11 September 2019, the Council agreed to declare a Carbon Emergency and set itself the challenging target of becoming Carbon Neutral by 2025 with an aspiration of Carbon Neutrality for the Borough by 2030. In addition, the Council supported specific green projects with a successful bid to the Levelling Up Fund to further develop the concept of Northern Roots which is a future eco-friendly sustainable development of an urban space consistent with the green aspirations of the Council. This project was on-going throughout 2022/23 with the Council creating a charitable company to further develop the concept and utilise Towns Fund and external funding from a number of sources to support future development works. In addition, a bid to the Levelling Up Fund for three projects linked into the Green Agenda was successful which will enable their future development. These projects

are the Jubilee Park, the Green Shoots development centre and Education Centre at Northern Roots

The planned development of a Solar Farm at the Wrigley Head site progressed during 2022/23 due to energy prices being at a level which supports the scheme and the Council's desire to facilitate the construction. The consideration to progress the scheme was agreed by Cabinet at its meeting on 23 January 2023.

The Green Agenda is a key element of the Creating a Better Place Initiative. To this end, funding was also secured during 2021/22 to undertake a feasibility study in 2022/23 into whether a District Heating Network using underwater mine heating sources could be developed for the town centre and associated residences. This work is on-going, and the project is working towards submitting a bid to the Government for construction should it be supported by the feasibility study.

The Council is also working on the Innovate Project in partnership with the GMCA. The intention is to implement the vision for the Green New Deal in Oldham via a partnership.

The Chief Executive of Oldham Council is the Head of Paid Service. When the Council recruited a new Chief Executive in 2021/22, the joint appointment as the Accountable Officer for Oldham Clinical Commissioning Group (CCG) ceased with the role of Accountable Officer for Oldham CCG being performed by an officer of the NHS. The two organisations have however, continued to work collaboratively throughout 2022/23 under the oversight of the Commissioning Partnership Board (CPB). Following proposals for Health and Social Care reform receiving Royal Assent on 28 April the CCG ceased to exist on 30 June 2022. The functions of the CCG were carried out by a new body NHS Greater Manchester Integrated Care Board (NHS Greater Manchester). At a locality level an Oldham Integrated Care Partnership (ICP) has been established with local oversight by the CPB. NHS Greater Manchester has four goals and six missions set out in a five year Strategy. In response to this at a locality level the ICP has agreed a new strategic plan. Financially in 2022/23 this impacted on the value of Services included in the Oldham 2022/23 Section 75 Agreement. The close working relationship is evidenced by the Place Lead for Oldham (an NHS officer) having membership of the Executive Management Team during 2022/23.

Cabinet portfolios are assigned on a functional basis rather than by operational management responsibilities but are subject to appropriate officer support. Shadow Cabinet Members from both of the main Opposition Parties also met with support officers on a regular basis throughout 2022/23 to ensure appropriate political scrutiny. As part of the budget process, Opposition Parties have the facility to prepare alternative proposals. During the latter part of 2022/23 both the Liberal Democrats and Conservative Opposition Parties presented alternative budgets for 2022/23 which were subject to scrutiny and Council consideration.

The Director of Finance is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. Internal Audit Services are provided in-house, supported by a partnership with Salford Council for Computer Audit. The Internal Audit team achieved compliance with Public Sector Internal Audit Standards as evidenced by the Independent External Review of the service, undertaken in 2022/23. The Assistant Director of Corporate Governance and Strategic Financial Management at Oldham Council has direct access to all members of EMT and the Management Board as well as all Members and has utilised this discretion when appropriate. CIPFA's guidance on the Role of the Head of Internal Audit was issued in early April 2019 and a compliance review identifying the Council followed best practice was reported to the Audit Committee on 25 June 2019.

The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures, which are incorporated within the Council's Constitution, and

comply with Good Practice. A substantial update of the Finance Procedure Rules was agreed by full Council at its meeting on 13 July 2022 after a detailed review during 2021/22. Control is based on regular management information, management supervision, and a structure of delegation and accountability. If there are fundamental failures in internal control these are subject to investigation.

The Director of Legal Services is the Monitoring Officer and is responsible for ensuring the Authority acts in accordance with the Constitution. Senior Officers have the primary responsibility for ensuring decisions are properly made within a scheme of delegation at appropriate levels of responsibility. The Constitution contains Codes of Conduct and protocols for Members and Officers.

In order to have appropriate scrutiny of the Authority the Audit Committee has the capacity to appoint three Independent Members. The Council has struggled to recruit to these roles. The recruitment of an Independent Chair was successful in 2022/23. The Audit Committee meeting on 28 March 2023 was chaired by the Independent Chair for the first time.

The Audit Committee members receive appropriate briefings supported by training from key officers and third parties to enhance the Governance Framework. and specific training was provided in two tailored sessions delivered by the Chartered Institute of Public Finance and Accountancy with more general financial skills training in 2022 delivered by an officer of the Local Government Information Unit.

The Standards Committee utilise independent investigators from outside the organisation to supplement in-house resources where appropriate to investigate any serious allegations into Member misconduct. There were a number of matters referred to the Standards Committee throughout 2022/23.

Principle B. Ensuring openness and comprehensive stakeholder engagement

The Authority, at the Council meeting on 7 September 2022 agreed its long-term Corporate Plan which set out the Authority's Co-operative vision and values, assimilating them into its strategic objectives for the period 2022/27. This linked the objectives through to outcomes, identifying the service areas responsible and performance indicators. The Authority works closely with other local public partners, community and voluntary groups via a partnership approach as set in the Our Future Oldham Plan 2030 to ensure effective delivery of its services. The operation of the Oldham Leadership Board recognises that the Council is a body that champions Oldham.

The Council Leader, on an annual basis presents to full Council, the forthcoming priorities of the administration. This is used to influence and shape the policies and strategies produced by the Authority. Council meetings are streamed live giving every citizen of the borough the chance to review and challenge these priorities.

In addition to the above, the Council is a constituent District of the GMCA which exercises a number of new powers devolved from Central Government. The GMCA meetings are also held in the public domain and streamed live. The Leader of the Council is a constituent member of the GMCA. During 2022/23, the Leader of the Council was the GMCA lead for Equalities, Inclusion and Cohesion across the region. The Leader of the Council also led the GMCA response to the cost of living crisis.

Progress on delivering the Corporate Plan 2022/27 is communicated through a performance management framework. During 2022/23, the Performance Overview Scrutiny Committee

received quarterly reports on both performance against the Corporate Plan/ Objectives and budget monitoring. These quarterly reports focus by exception and set out corrective measures where key performance indicators or the agreed budget reductions have not been met or where there is overspending against budget.

The Policy Overview and Scrutiny Committee received reports on specific matters and policy initiatives to be considered by Cabinet at future meetings. The Health Scrutiny Committee reviewed initiatives involving Health and Adult Social Care whilst overall scrutiny around governance matters was provided by both the Audit & Standards Committees.

During the financial year 2022/23 the Council embedded its scrutiny arrangements which were reviewed in 2021/22 as recommended by the Peer Review Process. This continued the requirement for scrutiny of the overall budget to be undertaken by the Policy Overview and Scrutiny Committee whilst budget monitoring scrutiny was undertaken by the Performance Overview and Scrutiny Committee. A review of the revised scrutiny arrangements was undertaken in the final quarter of 2022/23 with a revised structure approved by Council at its meeting on 24 May 2023.

In order to demonstrate its openness, the Authority also publishes its:

- Pay Policy Statement to support the Annual Budget;
- Constitution;
- Council, Cabinet and Committee Reports;
- Scheme of delegation reports; and
- Information on payments over £500.

The Council operates a system of a District Lead Elected Member supported by a system whereby individual ward members have a specific budget (£0.005m in 2022/23) to spend on local priorities. Working through their local contacts, these local representatives utilising their budgets were able to support in partnership a number of community groups during the financial year.

All reports taken as “closed reports” benefit from Monitoring/ Deputy Monitoring Officer and Director of Finance sign off and appropriate advice before the matter receives due consideration including training where appropriate.

Those Members of the Authority undertaking the role as a District Lead Member receive regular training to support them discharge the role and bring challenge to Officers. This training programme is overseen by the Organisational Development Team.

There is regular contact with the other nine constituent Districts through the meetings of the GMCA. Lead Members and Officers feedback issues to the constituent Districts on pertinent matters. Separately the Statutory Regulatory Officers for Finance and Legal Services meet regularly to consider matters of common concern and agree a common approach on shared issues.

In order to ensure its message is effectively communicated to its citizens the Council's Communications function proactively prepares appropriate press releases to support the Co-operative vision of the Council. A user friendly and well-designed Oldham Council website ensures all citizens are aware of the co-operative vision, strategies, policies and initiatives available. This website which was redesigned in the 2019/20 financial year is subject to consistent review and ensures the communication medium with the Council and its residents remains up to-date. This was an important means of communication with citizens and source of information as the Council set new priorities as detailed in its Corporate Plan 2022/27.

To enable the public to highlight concerns in an appropriate manner the Authority and selected key contractors of high-profile services have complaints procedures which enables issues to be linked into future contract performance.

The Authority has spent its resources within the overall agreed budget for the financial year 2022/23 with a small overspend of £1.147m. Initially, the Council was forecasting a significant overspend linked into the budgetary pressures within both Children's and Adult Social Care. Measures introduced by the Council during the financial year to control expenditure have been effective in reducing the overall level of the overspend.

Consideration and approval by the Authority of its budget for 2023/24 took place at its 1 March 2023 full Council meeting. Due to increasing cost pressures on Adult Social Care, the Council Tax recommendation resulted in a specific 2% Council Tax increase for the Adult Social Care Precept (ringfenced for use on Adult Social Care) and a 1.99% Council Tax increase for general purposes.

The 2023/24 budget was set having regard to the anticipated financial pressures linked into the current high level of inflation, the deferral of reforms to Adult Social Care and the impact on future financial resilience together with having regard to the continued deferral of Central Government undertaking their Fair Funding Review. The Council prepared its budget and its longer term financial forecasts on the basis that the national public finances were stretched and that the support from national Government would mostly remain static until 2027/28.

The Council's Four-Year Efficiency Plan was initially prepared to give certainty over the level of Central Government funding from 2016/17 to 2019/20, and effectively planned for year on year reductions to budgets. This was initially agreed by Cabinet on 5 September 2016 and the period the plan covered is now complete. This underpinned the MTFS of the Council at the time and supported the budget process until the end of the financial year 2019/20. It supported the financial resilience of the Authority enabling it to withstand unforeseen events and pressures by maintaining an appropriate level of reserves and balances to support on-going resilience and allow for the future development of efficiencies. Since then, the Government has provided single year financial settlements.

The principles of the 2023/24 financial settlement were set out in the Autumn Statement 2022. This was confirmed by the Local Government Finance Policy Statement and subsequent provisional/ final Local Government Finance Settlement. This confirmed funding and the deferring of planned Adult Social Care reforms which enabled the preparation of the MTFS including a range of key assumptions about future Government grant support. Whilst there is a national commitment to Levelling Up (although given recent changes around the national projections about overall Government spending and receipts there is little additional flexibility to increase spending), the present MTFS takes a prudent approach with no expectation of a significant increase in resources. It is expected that the Levelling Up agenda will take time to implement and therefore will not substantially benefit the Council over the MTFS period. An added pressure is that nationally the overall public finances based on current projections have very limited flexibility to increase overall Government expenditure particularly as inflation remains high increasing the cost of repaying national debt.

The Council's reserves are managed by reference to the approved Reserves Policy which is regularly reviewed by the Audit Committee. The level of balances is informed by the budget process.

The availability of reserves during the 2023/24 budget process facilitated planned one-off financial support (over 2 financial years) to enable the efficient transformation of both the Council and the Locality with a plan of change and improved efficiency implemented in a

managed manner. It supports the continued pooling of resources with NHS partners to deliver future efficiencies and greater effectiveness in the use of resources.

With the pandemic and its residual impact occurring over three financial years, it impacted in the short-term on the plans for transformation for 2020/21, 2021/22 and 2022/23. It is the principle of the one-off use of reserves which supports short-term to medium term financial resilience so the Council can continue service provision, the managing of increased financial pressures linked into high inflationary increases in cost and allow further time for the transformational activity to be embedded.

The overall financial strategy following recent pressures enabled Council Tax rises to be set at a level, which balanced the needs of the Council in relation to on-going financial resilience with affordability to residents. It has also enabled the Council to manage continued pressures of demand around Adults and Children's Social Care within its overall 2022/23 budget.

The 2023/24 budget was set having regard to the inflationary pressures which the country is facing which are continuing and not reducing as quickly as national policymakers envisaged. The specific challenge to the Council of price rises for goods and services, energy and potentially pay awards have been addressed in the budget. However, the position will need to be monitored closely to ensure that the budgetary provision is sufficient, and the pressures don't continue longer than presently assumed. The Council has set aside specific reserves at the end of 2022/23 to address any inflationary pressures that arise. The impact of the cost of living pressures on Oldham citizens and hence potential increased demand for support from the Council will also be closely monitored.

Appropriate consultation was considered in the production and design of the detailed Authority Strategies which aim to deliver appropriate co-operative solutions to benefit both present and future generations.

The Get Oldham Working Initiative embedded in the Council has helped to create year on year work-related opportunities for our citizens. This led to the development of the Oldham Work and Skills Strategy which has 4 strategic goals to support the Council's co-operative vision. Already it is clear that this type of support will have to continue to adapt due to a significant number of Oldham residents facing real challenges due to the inflationary pressures and the disproportionate way this impacts a resident with a low income.

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

The Corporate Plan 2022/27, Our Oldham Plan supported by individual Service Business Plans, the work of the GMCA and the Locality Plan set out the immediate and long-term vision of the Council. The 2022/23 budget delivered with a modest overspend supported this vision.

The 2022/23 budget was set before the scale of cost inflation in part linked into the on-going conflict in Ukraine was fully apparent. The resources available to the Council reflected the changing operating environment linked into the continued increases in costs and the uncertainty as to how long inflationary pressures would remain above normal levels. Nonetheless, the business as usual objectives remained, and resources were deployed to continue to improve performance and reflect the agreed vision of a Co-operative Council in a Co-operative Borough as set out in the Corporate Plan 2022/27. These principles and aspirations of the Council have not changed but the implementation of the vision will require

review as the full impact from the inflationary increases to both service provision and on-going financial resilience.

Risk management is integral to the governance arrangements in the Authority and the key risks are considered by the Audit Committee. During the financial year 2019/20 the Risk Management Framework was refreshed. This revised approach was becoming embedded in the Council pre pandemic and was incorporated into the production of Service Plans from 2021/22 with the Corporate Risk Register reported to the Audit Committee on a regular basis. There was a refresh of the Risk Management Framework on 29 July 2021 and then again in July 2022 via a report to Management Board which updated the approach to support the production of service business plans.

Regular updates on Corporate Governance are reported to the Audit Committee. In advance of each meeting of the Audit Committee there is the opportunity for the External Auditor to hold an informal meeting with the Head of Paid Service and the Statutory Finance Officer to determine if any matters need highlighting to the Audit Committee. The risks are predominantly managed by members the Management Board.

The Authority's risk management framework consists of:

- A risk management policy statement;
- An Authority Risk Register and specific Risk Registers on key initiatives;
- Ensuring that risk management is integral to the planning process and linked to key Authority and contract objectives within business plans;
- Regular updates of the Annual Governance Statement produced for the Audit Committee;
- Allocated responsibilities;
- Systems for mitigating and controlling risks; and
- Systems for monitoring and reviewing risks and controls assurance

Controls Assurance is an important part of the process to assure the Authority that the identified risks are being properly managed. This is carried out during the financial year by the:

- Audit Committee;
- Standards Committee;
- Chief Executive;
- Deputy Chief Executive, Assistant Chief Executive, the Executive Director, Managing Directors and Directors;
- Directors of Finance and Legal Services;
- Statutory Officers for Children's Services, Education, Adults Social Services and Public Health Services;
- Internal/External Audit; and
- Appropriate scrutiny arrangements which hold the Cabinet to account.

In 2022/23 the reports produced by the Authority to support key decisions included appropriate risk comments.

The Council's Constitution defines and documents the roles and responsibilities of Officers and Members with clear delegation arrangements, protocols for decision making and Codes of Conduct for Members and staff. It is supported by an extended Members' training package which has received positive feedback.

Member and Officer relationships are mutually supportive and based on openness, honesty, trust and appropriate challenge. The latter is essential in ensuring the Authority maintains its leading position as a Co-operative Borough and is vital in making service changes to turn its 'Co-operative' vision into a reality, with its citizens more able to self-serve.

All changes to Service are supported by an Equality Impact Assessment (EIA). The EIA process was refreshed during 2022/23. This results in alternative access arrangements being made where necessary, with information provided in multiple formats including on the website. This reflects the diverse nature of the wards that make-up the Authority. This is demonstrated in the Council budget meeting with high risk budget proposals being supported by an Equality Impact Assessment. It is also demonstrated in standard reports produced to support key decisions.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome

The management structure continued to be realigned during 2022/23 to take account of both the Co-operative Vision, continual challenging financial targets of the Authority, the continuing joint working of health and social care services, the appointment of a new Executive Management Team for the Council and realignment of the Council's relationship to NHS Greater Manchester and ICP which was created on 1 July 2022 following the abolition of Oldham CCG. This meant a shift in certain areas of management responsibility during the year.

The decision making process for a full year has now reverted back to those in place prior to the pandemic which were based on rigorous and transparent scrutiny and an excellent relationship between Officers and Members based on mutual trust. That trust is maintained by openness and appropriate arrangements which ensure the involvement of all relevant parties at the right level of responsibility ensuring all strategic decisions are led by Members.

The implementation of the agreed policies at officer level during the first part of 2022/23 was overseen by EMT supported by the Management Board.

In order to achieve the long-term financial targets, the Authority at its 2 March 2022 meeting set a budget for the financial year 2023/24 supported by an appropriate assessment of risk by the Director of Finance. All the expected risks including those occurring as a result of inflationary pressures as at 2 March 2022 were considered in the budget report. The future savings required by the Council with the planned achievement from future transformational activity were also presented. At this meeting the assessment of risk reflected the situation before the residual pressure of inflation remaining at a higher level for longer than forecast in part linked into the continued conflict in Ukraine became apparent. Since the March 2022 budget meeting, inflation has not reduced as quickly as forecast so the MTFs for 2023/24 to 2027/28 approved at the 1 March 2023 Budget meeting, reflected the updated position for these issues. The financial position will be closely monitored, and any on-going impact will be included within the future review of the MTFs forecast.

Financial resilience for 2022/23 demonstrated by the Section 25 Statement which accompanies the budget report was supplemented by an agreed Reserves Policy. This is subject to regular review underpinning the long-term financial resilience of the Council and supporting the vision of a Co-operative Council in a Co-operative Borough as set out in the Corporate Plan.

At the expiry of the 2016/27 to 2019/20 Government approved Efficiency Plan (which provided some certainty about Government funding intentions), the financial years 2020/21, 2021/22 and 2022/23 were all single year financial settlements. The Spending Review of October 2021 initially provided indicative high level funding allocations for three financial years 2022/23 to 2024/25 but was superseded by the Autumn Statement of 2022. This Statement confirmed in principle the level of expected grant funding for two financial years and confirmed the deferral of elements of Adult Social Care reform. This was supplemented by the Local Government Finance Settlement Policy Statement which set out more detail which was then presented at Local Authority level in the Local Government Finance Settlement. This provided funding certainty for only one year with a strong indication of funding in year 2 (2024/25). Without the detail for future years covering the period of the MTFs and with the potential for some significant changes to the Local Government Finance system and funding allocations, as well as deferring elements of reform impacting on Adult Social Care, the preparation of the MTFs was challenging. The financial projections that have been prepared and agreed by Members may require considerable revision when the Government provides the detailed information. However, given external factors such as the Ukraine conflict, the focus on the cost of living increases, potential turbulence linked into the United States around the debt ceiling and other changes such as increases in interest rates, economic predictions about the overall pace of economic growth worldwide, it is becoming increasingly unlikely that the Government will make Parliamentary time available for Local Government funding reform before the next General Election.

The reserves and balances available to the Council supporting its immediate financial resilience are therefore important in the context of managing a period of potential significant financial turbulence. The overspend at the year-end of £1.147m has reduced the overall level of General Balances as at 1 April 2023 to £18.865m which is below the risk assessed level of recommended balances reported to 1 March 2023 Budget Council of £20.012m. Going forward the Council has less general balances but this is not considered to present a significant challenge to the Council in the short to medium term.

As part of the MTFs it is recognised that income maximisation is a key theme within the Transformational Programme. In addition, within the Creating a Better Place Programme the future rationalisation of assets is key to deliver future savings on the on-going costs related to its Corporate Estate. These are key to ensure that the Council makes the most efficient and effective use of resources and its property assets and can also deliver approved budget reductions. The Council complies with the recent reforms introduced to Treasury Management and Capital Expenditure practices and to minimise the loss to Council Taxpayers from investments designed to deliver a purely commercial return which are now impacting on the financial resilience of a few Authorities.

All meetings of the Cabinet and key Committees are publicised and are open to public scrutiny. Since the beginning of the financial year 2021/22, all meetings have been held in-person with all decisions formally recorded. In addition, decisions taken under delegated powers are recorded electronically and reported via the Council's Electronic Decision Recording System. With the Council operating under its normal Constituted Procedures there were no special ad hoc meetings of Cabinet required to consider emergency items in 2022/23. This was a contrast to the previous years when several urgent decisions were required due to the pandemic.

The Audit Committee is an essential part of good governance. It reviewed the control environment for all the Council during 2022/23 and considered the progress made on issues highlighted in the Annual Governance Statement. The recruitment of an appropriately qualified Independent Chair whose role commenced on 1 March 2023 was a significant development to support elected Members undertake this vital scrutiny.

Internal and External Audit both have direct access to and support the Committee including the ability of the External Auditor to have direct contact, without Officers of the Authority being present. To support the Committee, specific training was provided in 2022 and as the Committee membership changed at the start of the municipal year, it was therefore important to ensure that new Members were appropriately skilled to carry out their functions. All meetings in 2022/23 were held in person.

The detailed matters reviewed by the Audit Committee during 2022/23 were:

- Treasury Management matters including Council borrowing including investment and loans;
- The Reserves Policy;
- Future Internal and External Audit Work;
- The findings of both External and Internal Audit on control matters, including both adult social care and payroll;
- Key developments impacting on financial resilience of other Local Authorities due to poor governance such as partnership governance;
- The 2021/22 Statement and Accounts and associated external audit findings;
- Progress on the 2020/21 Whole of Government Accounts audit;
- Issues linked into data protection and cyber security;
- The Local Code of Corporate Governance; and
- The Internal Audit Charter

The Council, in order to discharge its statutory functions in relation to overseeing all health matters in the Borough, operates a dedicated Scrutiny Committee which met throughout the year. Partnership working in the Borough between the Council, Health Services and other key partners is supported by the Health and Wellbeing Board which met on a number of occasions during 2022/23. This Committee has an objective to improve the public health in the area and to oversee integration of health and Local Authority service provision under the both the NHS Greater Manchester Strategic Plan and the Locality Plan (which was revised in 2022/23) both of which are produced under the Greater Manchester devolution remit. To improve scrutiny a specific Committee to review health matters was created during 2019/20. Its role on Health Scrutiny was unchanged after the wider scrutiny review was implemented in 2021/22. Going forward in 2023/24 after the Scrutiny review approved by Council on 24 May 2023, this role will be undertaken by the Adult Social Care and Health Scrutiny Board.

The Standards Committee reviews Members' conduct following the receipt of any complaints about official conduct on Council business by commissioning independent investigations. Where appropriate matters are reported and considered by full Council. The Standards Committee operated as expected throughout 2022/23 with a number of complaints received and outcomes determined where appropriate.

All Directors prepare Business Plans that contain key actions and performance targets necessary to deliver the co-operative objectives of the Council. Performance against targets is reported through the Council's performance framework.

Independent service reviews are carried out under the performance management framework which results in formal quarterly reports to both the Cabinet and the Performance and Overview Scrutiny Committee. Where performance is perceived to be below corporate standards, specific reports are presented to the Scrutiny Committee. In addition, in 2022/23 the Performance Overview and Scrutiny Committee reviewed budget monitoring reports on a quarterly basis.

Educational attainment in the Borough is acknowledged as a particular priority although the Oldham Opportunity Area status and funding ceased on 31 March 2022. The replacement initiative was that Oldham was identified as a Priority Education Investment Area (PEIA). The aim of the PEIA is to improve attainment at Key Stages 2 and 4. As part of the PEIA, the Council is participating in the Family Hubs and Start for Life programme over the period 2022 to 2025. This invests in services in the Start for Life period and supports parents to better care and interact with their children.

Following the most recent Ofsted Inspections which found the service had improved, during the financial year 2022/23 the Service instigated an improvement programme which has three phases of targeted service improvements.

Scrutiny of budget matters including those of the administration and alternative budget proposals from the two main opposition parties were, during 2022/23, carried out by the Policy Overview and Scrutiny Committee. This ensures openness and transparency in the way in which Officers/Members engage and had ownership in the budget challenge process. The versions of the MTFs and Capital Strategy approved for 2022/23 to 2026/27 reflected the estimated resources available to the Authority in the context of the projected level of Government grants supported by locally generated income (primarily Council Tax and Business Rates). The ability to collect these local funding streams was impacted by the pandemic (and the introduction of Business Rate Reliefs), thus making future budget setting, including the production of an updated MTFs, more challenging.

An initiative which has helped support the Council's long-term financial sustainability, is the Greater Manchester Business Rates Retention pilot scheme. In preparation for the reform of Business Rates and in support of the Greater Manchester devolution agenda, the Government piloted 100% Business Rates Retention in Greater Manchester (GM) which has enabled the ten Greater Manchester Authorities to test and shape the potential new financing regime whilst at the same time benefitting from funding gains offered to pilot Authorities. Recent announcements on the devolution deal within Greater Manchester indicate this arrangement will continue for another 10 years after 2023/24 giving some certainty in financial planning. The introduction of a new national Business Rates regime has been expected for several financial years and has been continually deferred. It is now becoming clearer that the fundamental reform of Business Rates will not be implemented in the immediate future. The only change implemented has been Business Rates revaluation which was introduced from 1 April 2023.

The Contract Procedure Rules (CPR) within the Constitution alongside the Co-operative Values and Behaviours set out in the Corporate Plan, clearly establish the Authority's requirements on social value. The CPRs were subject to revision in 2022/23 with Council agreeing the revisions on 13 July 2022.

Principle E – Developing the entity's capacity including the capability of its leadership and the individuals within it.

To support the achievement of its strategic priorities, the Authority reviews the organisational framework annually to ensure it has the right people with the right skills. The Authority has an agreed Workforce Strategy, working in partnership with NHS Greater Manchester. Recognising that staff are its greatest asset, the Council refreshed this Strategy in 2020. This

is supported within a performance framework covering all officers including an appraisal system recently refreshed to the “Let’s Talk” programme with targeted, relevant training.

The Human Resources Policy and Procedures applicable to the appointments process is transparent, and available to staff via the Council’s intranet site.

There are targeted programmes - often utilising E-Learning - with the Organisational Development Team supporting these policies ensuring appropriate consideration is given to the future capacity of the organisation. These training courses are aligned to the co-operative ambition and underpinned by the Council’s co-operative values and behaviours. There are regular team meetings, and one to ones (1:1s).

The Authority implemented the national agreement on pay and conditions of service. The Authority has achieved its commitment to pay the Living Wage Foundation National Living Wage (LWFNLW) for its entire staff and took a targeted approach to achieve that through its contractual arrangements (the budget confirmed during 2022/23 the commitment to provide resources which enabled Adult Social Care providers to pay the LWFNLW from 1 October 2022 using an increase in the Adult Social Care Precept).

A full training programme for both established and recently elected Members (the Local Leaders’ Programme) continued to be delivered in 2022/23 to support the vision of a Co-operative Council. This is included an Introduction to Local Government Finance module that was available to all Members. The content of the programme changes annually but the emphasis remains on all Members demonstrating community leadership. The planned programme is supported by ad hoc training for Members who have specific Committee responsibilities. Individual Members produce information published on the website which outlines their role in the Authority and achievements.

To ensure an independent review of its systems, the Council operates an Internal Audit Service which complies with best practice as set out by Public Sector Internal Audit Standards. The findings of Internal Audit are reported to the Audit Committee which includes an annual opinion on the internal control environment. The overall opinion, based on the work undertaken for 2022/23 is assessed as adequate, indicating the continuation of a well-managed Council.

Delegated decisions are recorded and are publicly available on the internet. Certain key partners who provide essential Council Services are subject to independent oversight by the Performance Overview and Scrutiny Committee.

To support decision making the Authority works with its Partners to maintain accurate and timely data to ensure decisions are based on a comprehensive understanding of financial costs and performance. Monthly data reported through the agreed partnership monitoring process is used to assess performance against the Corporate objectives.

The Constitution is reviewed on an annual basis and key updates including Finance and Contract Procedure Rules were undertaken in 2022/23.

Arrangements and processes are in place to safeguard Members and employees against conflicts of interest. An annual reminder to complete declarations of interest is sent to all Members and followed up as needed. A gift/hospitality register, and complaints procedures are also in place and are actively used. Appropriate matters identified are investigated with regard to due Council process.

Principle F – Managing risks and performance through robust internal control and strong public management

The Council's Risk Management Framework which was refreshed during 2019/20 and updated in both 2021 and 2022 has been set out under Principle C of this Annual Governance Statement. This ensures there is continuous monitoring and reporting of risk.

Each year in the electoral cycle, new Members of the Council are inducted prior to the Authority's Annual General Meeting (AGM). This is of vital importance, given the technical complexity of the Council's core operations, the decision-making structure and the financial value of the transactions controlled by the Authority. There were elections in 2022/23 which resulted in the new members requiring specific training.

All Statutory Officers are appropriately skilled and experienced, undertake training and support to carry out their duties effectively and, as appropriate, participate in continuous professional development.

The Cabinet meets on a monthly basis at set times to consider key matters including those on performance and risk. Items for decision are published in the Key Decision Document to enable the public to be aware of future decisions. All reports include reference to the corporate objectives of the Council. In the event of an urgent item requiring a decision not published in the Key Decision Document, the agreement of the Chair of the Policy Overview and Scrutiny Committee must be obtained to exempt the decision from agreed scrutiny protocols.

In addition to the quarterly performance reports, Cabinet receives financial monitoring reports. From 2021/22 and in 2022/23, with the impact of the pandemic subsiding, reporting reverted back to more traditional timelines with reports presented to Cabinet and for scrutiny presenting the financial position at the end of months 3, 6, 8 and 9. The reports present the estimated outturn against the approved budget. The 2022/23 month 9 budget monitoring report highlighted that the Council outturn was expected to reflect an overspend of £1.280m compared to the agreed budget. The final outturn showed a marginally reduced overspend compared to the month 9 projection.

During 2022/23, management of the use of reserves was in accordance with the agreed Reserves Policy and prudent financial stewardship has ensured that the final outturn, whilst showing an adverse variance, was reduced from the levels estimated during the course of the financial year. One impact of this overspend will be a modest reduction in general balances which has minimal impact on the short to medium-term financial resilience of the Council. Overall, there has also been a modest reduction in earmarked reserves which has no significant impact on the long term financial resilience of the Council. The level of reserves therefore remains appropriate to support the present budget strategy as set out at the meeting on 1 March 2023.

The annual budget is supported by the Director of Finance commenting upon its deliverability and the availability of an appropriate reserves policy. The final accounts, of which this Statement is an integral part, outline the outturn of the Authority and are prepared in accordance with professional standards and have been subject to external audit review.

In order to demonstrate robust internal control, the Authority has:

- A Risk Management Framework linked into the Authority Structure;
- An appropriate suite of Anti-Fraud and Corruption Policies;
- A balanced budget supported by appropriate reserves to underpin financial resilience;
- Audit and Standards Committees, which are supported by independent Members; and
- Targeted exercises undertaken where appropriate such as improving present debt collection processes overseen by the appropriate staff.

The Council undertook a survey of all its staff in 2021/22 to assess their views on a range of issues including management, staff engagement and wellbeing. The findings have been made available to all staff and actions are in train to address areas of concern.

The findings were considered in the context of the refreshed Corporate Plan 2022/27 and incorporated into the production of service plans and priorities from 2023/24 onwards.

Going forward, the Council anticipates it will be subject to an Ofsted inspection. Work is ongoing to improve on the previous judgement of 'Requires Improvement'. There is a risk that the improvements within Children's Services are not recognised in the inspection.

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Authority is proactive in engaging with citizens and other key stakeholders, building on the ever closer working relationships with the NHS and accelerated integrated working developed during the pandemic.

The Authority in 2022/23 has demonstrated it was proactive in engaging and communicating with key stakeholders to boost and support the public. This has included working in partnership with the Towns Board to facilitate the delivery of the four projects agreed in the successful Towns Fund bid approved by the Department of Levelling Up, Housing and Communities.

The Council has a key role in taking forward the Greater Manchester Agenda including devolution initiatives by:

- Taking part in the monthly meetings of the Combined Authority with the Leader representing the Council;
- Agreeing to both innovation and risk by piloting new initiatives at a regional level such as 100% Business Rates Retention;
- Locality working with the NHS at both NHS Greater Manchester wide level and with the ICP; and
- Supporting new initiatives such as increased devolution of Adult Education

As part of the Transparency Agenda the Authority publishes on its website information on Senior Officer Salaries over £50,000 and payments for works, goods and services over £500. As part of this process, improvements have been made to internal control procedures on procurement, which ensure Commissioning and Procurement is fair, transparent, ethical and based on the needs of the community and an understanding of the marketplace. The Authority is attentive to the need to meet wider social and economic objectives whilst achieving value for money (VfM). Consistent decisions are sustained through an e-procurement system (the Chest), supported by internal Policies and Procedures.

The Authority, as part of the 2011 Localism Act and accountability in local pay, agreed its annually updated Pay Policy Statement at the Budget Council meeting prior to the start of 2022/23 to further support the Authority's preference for openness and transparency.

Apart from regular liaison with key Government bodies the Authority is also fully engaged with the Local Government Association (LGA), Greater Manchester Association of Municipal Treasurers and specialist region wide initiatives such as the Association of Greater Manchester Authorities (AGMA) Low Carbon Hub.

Internally there are well established and clear routes for consultation with staff and their representatives and involvement in decision making. These include programmed staff surveys, regular staff briefings, internal briefings, and team meetings and staff appraisals.

Mazars LLP has been the Council's External Auditor since 2018/19 and will undertake the 2022/23 audit. The audit of the Housing Benefit subsidy claims, and Teachers Pension Service Return are undertaken via arrangements agreed as a collaborative procurement across all Greater Manchester Councils and are currently undertaken by KPMG LLP.

All external audit work is conducted in accordance with the Code of Practice produced by the National Audit Office. Going forward certain changes are expected to external oversight as the recommendations from the Redmond Review are considered and are now in the process of being implemented. This includes the appointment within the Financial Reporting Council (FRC), of a local lead for Public Audit who will, via a signed Memorandum of Understanding with DLUHC, prioritise improvements within the oversight of external audit. For 2022/23, following the approval of the Audit and Accounts (Amendment) Regulations 2022, the deadline for the completion of the audit of the accounts has reverted from 30 November to 30 September. Given the Council has so far only received a draft audit opinion on the 2021/22 accounts, it is envisaged this deadline will be challenging to achieve.

Partnership Arrangements

The Authority currently delivers a wide range of services, which often involve working in partnership with others, many of which involve considerable levels of funding. In the financial year 2022/23 the Council transferred the staff and provision of services provided by the wholly owned Unity Partnership Ltd. (UPL) back in-house from 1 April 2022. No significant governance issues have been reported from this major change to Council working arrangements. The services previously operated by UPL were either transferred to an existing Directorate or were based in the Customer, Digital and Transformation Directorate which was created 1 April 2022.

The Council has another wholly owned Company, MioCare Community Interest Company (CIC), to assist it to provide key Adult Social Care Services. This Company has existed for a number of years since becoming operational on 1 December 2013.

In the previous financial year 2021/22 the Council acquired the remaining equity stake in a company (previously a joint venture with private investors) and voting shares in the company (Interurban Limited). Work has begun to integrate the company's assets into the Council's corporate estate and assess the work required to improve the condition of the assets. Going forward, the Council has the control of the site of the assets for future regeneration opportunities.

The Council has an equity stake in Oldham Property Partnerships linked into two other Regeneration Companies (Oldham Economic Development Association and Southlink). It also has an equity stake in Community First (Chadderton) which operates the Leisure Centre and Library in Chadderton. There is a further minority stake holding in Oldham Education

Partnership. No specific risks are envisaged at 31 March 2023 from these equity shareholdings.

The Council's vision to set up an urban farm has been reflected by a successful bid for funding from three separate grant funding sources (Towns Fund, Sport England, and the Levelling Up Fund). In order to enable this development to progress it has set up a wholly owned Charitable Company Northern Roots (Oldham Ltd) which will oversee the development of an Eco Park as set out in the present Masterplan. The Council will oversee the construction of a Visitors Centre and Educational Centre as per the grant funding obtained. In order to assess the risks, the Audit Committee reviewed the risks linked into the creation of this company at its meeting on 16 January 2023.

The Authority has continued its plans to integrate with NHS services to improve the efficiency of health related public services. Following the introduction of the revised devolution arrangements, CCG's ceased to exist with effect from 30 June 2022. The functions of NHS Oldham CCG continue to be carried out by the NHS, and a new body, NHS Greater Manchester came into operation with effect from 1 July 2022. At a locality level, the ICP, was established on the same date. Joint working within a Section 75 Agreement continues, building on the progress already made to deliver efficiencies, more effective services and to contribute to budget savings through collaboration, networks and alliances. In 2022/23, partnership working was enhanced with a separate Section 75 Agreement being prepared for 0-19 services.

In response to governance failures reported elsewhere in the public domain the Audit Committee continued to receive a six-monthly review of risks associated with the governance of wider partnerships linked into the Council. This review reported on the risk from the Council's involvement in all partnerships with a further report produced on the perceived risks should the Council set up a Housing Company. The conclusion was that risk is currently being well managed.

It is a requirement of the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that, "Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control should include its group activities". This has been undertaken via the continued development of the partnership dashboard with two reports submitted to the Audit Committee and one to the Performance Overview and Scrutiny Committee highlighting the risks. These reports were supplemented by specific reports to the Audit Committee detailing the risks on the setting up of Northern Roots and the possible creation of a Housing Company. This has been incorporated into the production of this Statement of Accounts and issues for consideration in the Annual Governance Statement.

Risks on Current Significant Projects

The Authority has completed some significant projects, over the last 3 years, which were included in the capital programme. An on-going strategy, "Creating a Better Place", is a complex initiative which will involve working in partnership with others. Some elements of partnership working require considerable levels of one-off and recurrent funding from the Council. The Reserves Policy, which was subject to review by the Audit Committee, supports the resilience of the Council to deliver its aspirations as set out in the capital programme. A feature of the national system for providing support to regeneration has been for the Council to bid for grant funding.

Given the complexity of some projects, the need to deliver the projects within the timescales specified in the grant conditions and changes in the construction market (including increases in the level of inflation and obtaining appropriate construction insurance) there remains an ongoing risk to manage in relation to the oversight of the long-term financial commitments arising from these projects. The Director of Finance has considered the latest position on this financial risk in both the Statement of Accounts and Reserves Policy. Individual reports to support investment in projects have been prepared for consideration by Cabinet in 2022/23 with appropriate comments by key officers to enable appropriate review of the issues including risks before a decision is made. This analysis of risk reflects the expenditure incurred on Creating a Better Place Projects and other significant capital projects.

The issues on both partnership risk and current project risk have been incorporated into this Annual Governance Statement as an identified issue where necessary.

Review of Effectiveness

The Authority annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment; The Annual Report of the Head of Internal Audit and comments made by the External Auditors and other review agencies and inspectorates.

The Authority's strategy and objectives are established and embedded through an annual refined Business Planning process, which also sets out the framework for the work programme focusing predominantly on achieving efficiencies, managing risk and the transformation of services where the most significant savings may be made. This is developed in tandem with the Annual Budget Cycle, and the MTFs, underpinned by the Reserves Policy to evidence and support financial resilience.

An internal audit programme is undertaken, which in 2022/23 has focused on key items in the Audit Plan such as financial systems, systems assurance, grant audit and providing data for the National Fraud Initiative. This is reported to the Audit Committee in relation to the Governance, Treasury Management, Fundamental Financial Systems, and operational controls. There were no specific matters brought to the attention of Internal Audit that required investigation in accordance with the Policies of the Council. An added assurance on placing reliance on the work of Internal Audit is that in the financial year an independent review of the Service was undertaken against compliance with Public Sector International Auditing Standards. This review identified that the Service complied with these Standards.

An external audit of the accounts for the year ending 31 March 2021 was undertaken by Mazars LLP and was reported to the Audit Committee on several occasions. At the time of the production of this Statement there remains the issue of the audit of the 2020/21 Whole of Government Accounts which still remains outstanding from an external audit perspective. This is a technical issue not under the control of the Council. Despite the challenges in finalising sign off of the 2020/21 accounts, the Auditor commented positively about the standard of the accounts and high quality working papers.

The 2021/22 draft accounts were submitted for audit within the Council's deadline of 31 May 2022 and were presented to the Audit Committee for consideration at its meeting on 21 June 2022. At the time of the production of this Statement the completion of the audit for 2021/22 remains outstanding. This audit completion delay is due to two issues relating to pensions (one national and one local) not under the control of the Council. Despite the challenges in

finalising sign off of the 2021/22 accounts, the Auditor commented positively about the standard of the accounts and high quality working papers.

The inability of the Council to have its accounts signed off is part of a national issue whereby the Public Sector Audit Appointments (the body overseeing the procurement of External Auditors for Local Government) reported to the DLUHC Select Committee in March 2023, that over 500 audits relating to Local Authorities, as at 31 March 2023, had not been signed off by External Auditors. This is linked into capacity issues nationally within both Local Authorities and External Audit firms where a lack of capacity is delaying the process of both producing accounts to the required quality for an audit to be undertaken, and then the undertaking of the audit. This situation is not expected to improve with bringing forward of the date for the completion of the accounts to 31 May and the completion of the audit to 30 September. The recently appointed Head of Local Audit at the FRC has stated it is possible that there could be 1,000 outstanding audit opinions at 30 September 2023.

Significant Governance Issues

The Annual Governance Statement identifies the following governance issues and major risks for the Authority. These are:

2022/23 Issues	Planned Management Action to Reduce Risk
<p>The internal control environment on Adult Social Care systems did not sustain the improvements in the financial year 2022/23 for the fifth successive year compared to 2017/18. Issues identified in the 2022/23 internal audits as in previous financial years need to be implemented as a priority to improve internal control.</p>	<p>Added impetus is being given to strengthen the financial processes linked into the Mosaic system as the services pressures related to the COVID-19 pandemic are receding. This will involve regular meetings of key staff responsible for the implementation of improvements identified. This will include a regular report to the Director of Finance on the progress made on emerging issues. An Annual Report on the Control Environment within the Service will be submitted to the Audit Committee with key improvements identified throughout the year.</p>
<p>There are future changes to the Council's financial resilience due to uncertainty and matters outside of the Council's Control such as the future level of Government support for areas of high deprivation identified in the Levelling Up Agenda not progressing until the next Spending Review, planned reforms to Adult Social Care being deferred, the capacity in the wider Local Government sector to obtain audited opinions on the Statement of Final Accounts and the cost of living pressures which impact on the Council's plans for change. An added pressure is that the Council's previous plans to deliver savings by transformation may continue to be constrained by the events outside its direct control.</p>	<p>During 2023/24, despite continuing to deal with the ongoing day to day pressures and statutory change, there are targeted plans to improve efficiency around:</p> <ul style="list-style-type: none"> • Delivering future transformation across targeted areas of the Authority via the plans to deliver budget savings. • Continued integration and co-operation with the NHS and key partners as per Our Future Oldham Plan. • Collection of revenues due to the Council. • Managing capital resources and expenditure and taking forward the regeneration programme within the Creating a Better Place initiative. • Realising the value of entities in which the Council has a financial interest. <p>This will be supported by:</p> <ul style="list-style-type: none"> • The Policy Team reviewing on-going updates of national and local policy.

2022/23 Issues	Planned Management Action to Reduce Risk
<p>In addition, the final outturn for the financial year indicates an overspend of £1.147m reducing the level of general balances to £18.865m which is below the level recommended at the 1 March 2023 budget Council meeting.</p>	<ul style="list-style-type: none"> • An agreed Reserves Policy subject to regular review. • Joint working with key partners such as the NHS in line with Our Future Oldham to better align resources. • Regular financial and performance monitoring which will highlight the achievement of budget reductions and efficiencies delivered by transformation. <p>The Director of Finance considered the risks as part of the closure of the 2022/23 accounts. Future financial monitoring arrangements for 2023/24 will also consider the risks.</p>
<p>The Council has a number of key regeneration projects planned for the future as detailed in the Creating A Better Place Programme. Should one of these high-profile projects not be delivered as planned it is likely to result in future loss of budgeted grant income, reputational damage and/or an increase in the overall financing of current plans from the Council's own resources. This is more challenging in 2023/24 due to the continued impact of inflationary pressure on the construction market as the cost of construction contracts are increasing plus the time constraints on key grant programmes. In addition, the market conditions are continuing in some instances, making it difficult to obtain insurance.</p>	<p>The Capital Investment Programme Board receives bi-monthly reports on the high value projects once construction is underway.</p> <p>From month 3 there is detailed monitoring of the capital programme and specific schemes which will provide early warnings of pressures.</p> <p>The Council's Reserves Policy is reviewed on a regular basis by the Director of Finance to reflect the agreed risks linked into the capital strategy.</p> <p>An annual review of major Regeneration Projects included within the agreed Capital Programme will be undertaken by the Council during 2023/24 to assess the affordability of the capital programme in light of the inflationary increases and continued uncertainty over long-term funding.</p> <p>There will be early engagement with the Department of Levelling Up, Housing and Communities who administer key grant programmes whereby there is considered a risk of slippage to discuss re-profiling expenditure to later financial years.</p> <p>The Director of Finance considered the risks as part of the closure of the 2022/23 accounts. Future financial monitoring arrangements for 2023/24 will also consider the risks.</p>
<p>The audit opinion of the internal control environment for the operation of payroll including pension's administration failed to sustain the improvements made as of 31 March 2022 with the opinion being downgraded to "inadequate" at the year-end. The system requires improvements to be delivered in the financial year 2023/24.</p>	<p>The administration of the payroll system will be subject to regular review by the Internal Audit Service.</p> <p>A report will be prepared for the Audit Committee at its meeting in January 2024 outlining the progress made in improving internal control informed by the half year Internal Audit Fundamental Financial System review of the system. The full year review completed at the end of 2023/24 will inform the completion of the 2023/24 AGS.</p>

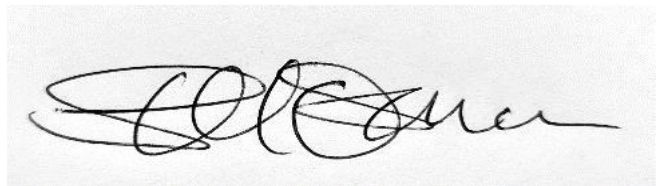
2022/23 Issues	Planned Management Action to Reduce Risk
<p>The continued compliance with the National Transparency Agenda has increased the risk to the Council of a future fraud and this has been enhanced by the improved general digital expertise of the population. Information included in the public domain and obtained under Freedom of Information requests is used to exploit the Council.</p>	<p>There are regular reviews of the internal control mechanism including documenting changes to procedures operated due to home working to ensuring adequate controls are in place to prevent third parties receiving inappropriate payments.</p> <p>On-going reviews of the published information which is a legislative requirement under the Transparency Agenda are undertaken to balance whether the wider public interest test is served by publication of the data.</p>
<p>The future reforms to Health Integration do not result in the efficiencies anticipated due to increased demand caused by a number of factors including the residual impact of the recent increases in the cost of delivering services.</p>	<p>The Council can with its current Decision Making Processes increase its flexibility to increase/ decrease the contribution to the pooled budget managed under a Section 75 Agreement with Oldham NHS partners in the locality (using the powers of the NHS Act 2006). This is on the assumption this flexibility will enable the whole health and care system to implement future efficiencies to generate overall savings/ improved service. This flexibility will be kept under continued review to maximise future opportunities for efficiency in Adult Social Care</p> <p>The Director of Finance considered the emerging risks arising from the transformation plans as part of the closure of accounts for 2022/23. This will be considered as part of the review of the Council's reserves/ financial resilience and on-going budget monitoring for 2023/24.</p>
<p>The present contractual arrangements with a number of key suppliers linked into the administration of Framework contracts needs to be reviewed and better detailed within Contract Procedure Rules. This would enable transformation savings required as per the agreed programme to be maximised.</p>	<p>A group of key officers led by the Director of Finance meets as and when required throughout 2023/24 to review the present Framework documentation in place for contracted suppliers. This will ensure that appropriate revisions are made to ensure future improvements are made.</p> <p>Should the Director of Finance require it, a report will be prepared by a Service Area to be presented to the Audit Committee outlining plans to contract and commission future services including the administration of Frameworks.</p>
<p>There are outstanding legal matters linked into on-going action against other Local Authorities which have the potential to impact on past custom and practice within the Authority which could have a significant future financial impact.</p>	<p>Key cases will be subject to regular review by Statutory Officers within the Council to assess the risk of an adverse financial impact.</p> <p>Regular reports which monitor the risk to the Council of issues highlighted in the Annual Governance Statement will be presented to the Audit Committee. The reports will advise of developments and any action taken or required.</p>

Summary

The Authority has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders. However, like all organisations we cannot stand still and thus we propose to continue to take steps to address the above matters to enhance further our governance arrangements. We are satisfied that the steps described address the need for improvement identified in the Authority's review of effectiveness and will monitor their implementation and operation, not only as part of our next annual review, but also continuously throughout the year.



Councillor Arooj Shah
Leader of Oldham Council



Sayyed Osman
Deputy Chief Executive Oldham Council