

Report to Audit Committee

Update on the Annual Governance Statement for 2022/23 and New Issues

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

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31 October 2023

Purpose of the Report

The purpose of this report is to update Members of the Audit Committee on the Annual Governance Statement for 2022/23 and new issues for 2023/24 by:

- a) Outlining the progress made to reduce the risk of issues arising for the Council to address, where matters were identified as areas requiring improvement in internal control within the Annual Governance Statement for 2022/23.
- b) Highlighting any new issues which would be considered if the Annual Governance Statement was to be produced as at 31st October 2023.

This aligns to the Audit Committee's Terms of Reference which state that:

4.4.2 The Audit Committee shall, having regard to the CIPFA 'audit committee' guidance.

c) undertake the following activities in respect of corporate governance (iii) review the Annual Governance Statement and the progress made by the Council to address issues identified as risks when the financial statements are prepared;

Executive Summary

This report provides an update on the issues identified within the 2022/23 Annual Governance Statement and any other issues which will impact on a future iteration of the Annual Governance Statement .

Appendix 1 details the issues reported in the 2022/23 Annual Governance Statement and the actions taken so far during the 2023/24 financial year to mitigate these risks. It also gives an opinion on the present risk at the production of the Annual Governance Statement based upon a Red/ Amber/ Green (RAG) rating.

Appendix 2 details those new issues that may be considered for inclusion in the draft 2023/24 Annual Governance Statement should it have been produced as of 31 October 2023. It also gives an opinion on the present risk at the production of the Annual Governance Statement based upon a Red/ Amber/ Green (RAG) rating.

Recommendation

The Committee is asked to endorse the progress made on the issues identified in the 2022/23 Annual Governance Statement and the potential new issues which could be included in a future production of the Statement.

Update on the Annual Governance Statement for 2022/23 and New Issues

1 Introduction

- 1.1 Members will recall that at the training regarding the role and responsibilities of the Audit Committee, there was discussion about how the Audit Committee should discharge its obligation to review the issues identified within the Annual Governance Statement (AGS) and the production of a future AGS. The approach adopted by this Council whereby regular update reports were submitted to the Audit Committee providing an update on the issues highlighted and any new issues identified, was felt to be a reasonable approach
- 1.2 In this regard, this report provides an update on the issues identified within the 2022/23 AGS and any other issues which will impact on a future iteration of the AGS using a Red/Amber/Green (RAG) rating approach.
- 1.3 The RAG ratings signify:
- Red: remains a serious issue for the Council to address and is therefore very likely to be included in a future iteration of the AGS;
 - Amber: a serious issue with a potentially effective solution which has the potential to remove the issue from a future iteration of the AGS; and
 - Green: a potentially serious issue currently managed effectively by the Council. This is likely to remain in the AGS if there are matters outside the control of the Council

2 Issues Identified in the 2022/23 AGS

- 2.1 Appendix 1 highlights the issues identified in the 2022/23 AGS and the progress made on addressing them. There are two long term internal control issues (included in several past AGS's) that have been identified. In this regard:
- The Director of Adult Social Care presented to this Committee on 20 July 2023, the current plans to improve the control environment within the Service. The Committee requested a further update on progress be provided at the 15 January 2024 meeting. A follow up audit is now programmed for completion by the end of the calendar year to be reported at a future meeting of the Audit Committee in the 2024/25 Municipal Year.
 - It is planned that a report detailing the progress made on improving the internal control issues on payroll administration will be submitted to the Committee at its meeting on 15 January 2024.
- 2.2 There are two other issues identified as risks within the AGS over which the Committee might wish to have specific oversight. In this regard:
- The first issue is in relation to the long term financial resilience of the Council. Oldham reported a small overspend for the financial year 2022/23 and as highlighted to the Committee at its last meeting, the Council has a potential risk of a significant overspend for 2023/24 if the position cannot be managed and if the expenditure in services with the major variances to budget cannot be brought

back on track or compensating savings found in other services. The Council is implementing measures to manage expenditure and increase income with the aim of at least reducing the adverse variance by the end of the year.

Several other Authorities that also reported overspending in 2022/23 are now reporting significant overspending in 2023/24 (as in Oldham, often linked to pressures in Children's and Adults Social Care). In some instances, this had led to the Section 151 Officer highlighting a risk that in the future it will be necessary for a Notice under Section 114 (3) of the Local Government Act 1988 (Section 114 Notice) to be issued arising from ongoing recurring budget pressures with insufficient earmarked reserves and balances to support the financial position of the Council.

- The second is in relation to the regeneration plans of the Council and potential reprofiling of the capital programme as the planned timelines for projects cannot be met. This proves to be a particular challenge where time limited grant funding has been secured. Retrospectively, the Department for Levelling Up, Housing and Communities (DLUHC) has issued an Assurance Framework which makes the Director of Finance "the first line of defence" to ensure compliance with the requirements of the Department of Levelling Up Accountable Officer. Members will recall a report to the last meeting of this Committee which included a report that had been prepared for the Place, Economic Growth and Environment Scrutiny Board on 31 August 2023 setting out the Framework and an approach to meeting the requirements. The Committee was advised that the Scrutiny Board had agreed that it will receive a detailed review twice a year to support compliance with the requirements of the Assurance Framework. It was also agreed that the Chair of the Audit Committee and the Chair of the Scrutiny Board would liaise over the approach to work required to ensure the work of both bodies is coordinated. These actions should provide the assurance to the Audit Committee that the Council has plans in place to address the requirements of the Framework. The challenge for the Council is that this Assurance Framework reduces flexibility around the delivery of the programmes in what was already a tight timescale. The risk (albeit low) of not fully utilising the grant on these grant programmes remains.

3 Potential Issues for Inclusion in the AGS to support the 2023/24 Statement of Accounts

3.1 Appendix 2 highlights certain issues that if the 2023/24 AGS was produced as of 31 October 2023 would be considered for inclusion. In this regard:

- The Council has recently set up a 100% owned company (Oldham Total Care) which has purchased a Care Home. To finance the purchase, the Council has provided a loan to its 100% owned company and in order to facilitate the profitable operation of the business, the Council must finance working capital. This company changes the Council's previously reported risk profile on 100% owned companies as it involves loans and potential parental guarantees from the Council. The Council has a good understanding of the risks and challenges that can arise from company ownership and should be well placed to manage this effectively. However, it should be noted that other Authorities have failed to understand the potential risks associated with owning companies and this has contributed to the issuing of some of the Section 114 Notices elsewhere.

- There is a further potential risk linked into the transparency agenda and responding to Freedom of Information requests and inadvertently releasing sensitive personnel data into the public domain. Four Police Forces have released sensitive data potentially resulting in both fines from the Information Commissioner and a high volume of claims from staff (whose data has been released in the public domain). As organisations become more digitised/ computerised there is an increased risk that sensitive information is provided to third parties without appropriate management checks following a download from systems. This can result in a high volume/ high impact data breach. Whilst not occurring in Oldham, there is a need to be sensitive to the risk.

4 Future Inspections which could impact on a future AGS

4.1 When the Council produces its AGS, consideration is given to the findings of key inspections/reviews that are undertaken during the year. There are two such inspections/reviews of which Members of this Committee need to be aware. These are:

- The Area Special Educational Needs and Disabilities (SEND) Inspection of the Local Area Partnership by the Office for Standards in Education, Children’s Services and Skills (OFSTED) and the Care Quality Commission (CQC). The outcome has been received and issued in the public domain and a monitoring inspection will be carried out within 18 months with a full reinspection within 3 years.
- A Peer Review is to be undertaken by Local Government Association in late October / early November this year.

4.2 These Inspections may result in findings which need consideration within a future iteration of the AGS.

5 Options/Alternatives

5.1 The options are that the Audit Committee:

- a) considers this report which details the progress made on issues identified in the draft AGS for 2022/23 and the new issues if the AGS was to be prepared at 31 October 2023.
- b) suggests an alternative approach to providing an update to the AGS.

6 Preferred Option

6.1 The preferred option is that the Audit Committee considers this report in accordance with the option set out at 5.1 (a).

7 Consultation

7.1 N/A.

8 Financial Implications

8.1 Any impact on the Council’s overall financial position is detailed in Appendices 1 and 2. (Anne Ryans)

- 9 **Legal Services Comments**
- 9.1 N/A
- 10 **Cooperative Implications**
- 10.1 N/A.
- 11 **Human Resources Comments**
- 11.1 N/A.
- 12 **Risk Assessments**
- 12.1 These are detailed in Appendices 1 and 2 of this report. (Chris Kelsall).
- 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 **Community cohesion disorder implications in accordance with Section 17 of the Crime and Disorder Act 1998**
- 17.1 N/A.
- 18 **Oldham Impact Assessment Completed (Including impact on Children and Young People)**
- 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 Appendices 1 and 2
Officer Name: Chris Kelsall
Contact: chris.kelsall@oldham.gov.uk

22 **Appendices**

- 22.1 **Appendix 1:** Significant Governance Issues and Risks Identified in the 2022/23 Annual Governance Statement.
Appendix 2: New Issues for consideration in a future Annual Governance Statement

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS

APPENDIX 1

| 2022/23 Issues/ Risks | Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement | Progress to Reduce Risks as at 31 October 2023 | Current RAG rating |
|--|---|--|---------------------|
| <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 service pressures relating 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 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>A detailed report to this Committee on 20 July 2023 from the Director of Adult Social Services (DASS) detailed the planned way forward to improve the controls within Adult Social Care including the Direct Payment System. The report outlined that the plans in place would demonstrate improvements to the control environment by the end of the financial year 2023/24. An update report will be submitted to an Audit Committee meeting in January 2024.</p> <p>There is recognition within the Adults Social Care Service that it needs to work together with the Finance Team to improve its systems of internal control. The challenge is identifying the capacity to undertake this work whilst continuing to provide day to day services at a time when not only is demand increasing but there is evidence of market failure in certain areas and statutory changes are expected and are likely to require revisions to current processes.</p> <p>The Autumn Statement 2022 deferred some major reforms to the operation of Adult Social Care until 1 October 2025.</p> | <p>Amber</p> |

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| | | <p>However, there is an expectation that during the period leading up to October 2025 actions will be taken to prepare for the introduction of these reforms.</p> <p>Current joint working between Finance and the Service has resulted in improvements in the collection of debt which are expected to be developed further.</p> <p>The ultimate judgement on whether the control environment has improved will be evidenced by the findings of the next review undertaken by Internal Audit.</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 impacted on the Council's plans for change. An added pressure is that the Council's previous plans to deliver savings</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. | <p>As reported to this Committee on 27 June 2023 the Council overspent its overall agreed budget for 2022/23 by £1.147m. This has had the impact of reducing the Council's general balances by £1.147m.</p> <p>The demand led services of Children's and Adult Social Care alongside the delayed timing of certain budget reductions are the main reasons for the overspend in 2022/23.</p> <p>The Council has recognised the future financial challenge it is facing and has set</p> | <p>Red</p> |

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| <p>by transformation may continue to be constrained by the events outside its direct control.</p> <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"> • 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. • 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>out a programme of transformational change to address the budget reduction requirement included within the Medium Term Financial Strategy. However, the current budget for 2023/24 once again confirmed the Council’s reliance on the use of one-off resources including reserves to achieve a balanced budget. Given the outturn for 2022/23 and the pressures which the Council is facing in year, it would suggest that opportunities to replenish reserves will be limited in future years and may reduce even further during 2023/24. Members will recall that the month 3 Financial Monitoring report presented to the last meeting of this Committee projected an overspend in year of £12.104m if mitigations could not be identified before the year end. Therefore, if the financial pressures, especially within the demand led services (Children’s and Adult Social Care) continue, the Council will have to manage its resources very carefully to ensure that reserves and balances are not depleted and so threaten the financial resilience of the Council.</p> | |

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| | | <p>The Autumn Statement 2022 and the Local Government Finance Settlement Policy Statement for 2023/24 and 2024/25 confirmed that the 2024/25 Local Government Finance Settlement would be the sixth one year settlement in succession, albeit with a strong indication of the overall funding allocation. The Autumn Statement 2023 is due on 22 November 2023 and this may provide some firmer indications of resources available to the Council for 2024/25</p> <p>Although the Government has been advising that there would be a review of the Local Government Finance system, given the time it would require to implement such a fundamental review of the distribution of Local Government resources, it is considered unlikely that significant Government grant support could be reallocated until the 2026/27 financial year at the earliest. As such the resourcing assumptions in the current Medium Term Financial Strategy (MTFS) do not seem unreasonable.</p> <p>The MTFS is currently being updated to have regard to the local issues and national economic factors. Cabinet</p> | |

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| | | <p>Members, as would be expected, are engaged in reviewing the budget to support the delivery of a sustainable MTFS.</p> <p>Should spending pressures continue, if Government grant resources are not increased significantly and reserves continue to reduce, then the Council will have to adapt its financial strategy to address these issues.</p> <p>As such, managing the pressures in demand led services, delivering the already approved budget reductions in 2023/24 and those already agreed for future years as well as taking forward the service transformation programme to deliver efficiencies will be key to the long term financial resilience of the Council.</p> <p>It is important to note that some other Authorities have also utilised their reserves to support the budget process. One such Authority is Southampton City Council. It has utilised CIPFA to undertake a financial management review to support future decision making in relation to budget setting.</p> | |

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| | <p>The Director of Finance considered the risk 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 lessons learned from other Authorities can therefore be applied in the Oldham context and reports have been presented to the Audit Committee outlining some of the issues experienced elsewhere.</p> <p>The overall environment in which the Council is operating is expected to continue to be challenging for the remainder of the financial year 2023/24, with inflation remaining high and increasing cost pressures. This also has an impact on key suppliers and the Council is often seen as the last resort to ensure continuity of service.</p> <p>The financial resilience of the Council was considered during the closure of accounts for 2022/23 and the position is being monitored during 2023/24. Financial resilience will be a key aspect of the 2023/24 accounts closure process and future value for money assessments by the External Auditor.</p> | |

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| <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 conditions. 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 to assess the affordability of the capital</p> | <p>The Council's current capital programme including the Creating a Better Place Programme was agreed at Budget Council on 1 March 2023. The Capital Investment Programme Board meets on a regular basis considering the high value projects and the latest estimated costs.</p> <p>The production of the regular budget monitoring information for 2023/24 continues. There are cost pressures on certain projects that are underway and there is the potential that, should grant programmes fall behind schedule, it becomes more challenging to deliver the programmes within the grant funding deadlines. The processes the Council has in place to monitor projects and programmes will highlight if and when the position requires remedial action.</p> <p>The Reserves Policy was revised and scrutinised by the Audit Committee at its meeting on 27 June 2023.</p> <p>This review is now complete and the results will be incorporated into the Month 6 Financial Monitoring report.</p> | <p>Amber</p> |

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| | <p>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 (DLUHC) who administer key grant programmes whereby there is considered a risk of slippage to discuss re-profiling expenditure to later financial years.</p> | <p>During June 2023, DLUHC issued guidance on the expectation of Local Authorities in providing oversight of key capital grant programmes such as the Future High Streets Fund, Town Deals Fund and Levelling Up Fund. These are based upon the Accountable Officer arrangements which provide oversight of Government Departmental Spending. This specifies that the Section 151 Officer is expected to be the first line of defence to ensure that the programme funding is spent in accordance with the grant conditions. There are established Council processes and procedures in place to assist the S151 Officer in undertaking the actions required as the first line of defence.</p> <p>In this regard, a report was approved by the Place, Economic Growth and Environment Scrutiny Board of 31 August 2023 outlining the Assurance Framework specified by DLUHC and the Council's approach to compliance with this Framework. This included a</p> | |

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| | <p>The Director of Finance considered the risks as part of the 2022/23 accounts. Future financial monitoring arrangements for 2023/24 will also consider the risks.</p> | <p>recommendation about the preparation of a follow up report in March 2024 outlining the progress made on the delivery of Future High Streets Fund, Town Deals Fund and Levelling Up Fund programmes. The report was also considered by the Audit Committee on 5 September 2023. The work of the Committee and Scrutiny Board will be aligned and respective work programmes should ensure that the Council has plans in place to address the requirements of the Framework.</p> <p>The financial resilience of the Council was considered during the closure of accounts for 2022/23 and the position is being monitoring during 2023/24. Updates on capital programme expenditure is included in the financial monitoring reports presented to Cabinet, the Governance, Strategy and Resources Scrutiny Board and also this Committee. Financial resilience will be a key aspect of the 2023/24 accounts closure process.</p> | |

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| <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> | <p>The outcome of the internal audit review of payroll for the financial year 2022/23 confirmed that improvements previously made to the control environment in the financial year 2021/22 were not sustained. As such, the performance of the payroll function remains one which is identified as an issue in the Annual Governance Statement.</p> <p>For the Committee to consider the matter in more depth, a detailed report outlining the issues and the progress made to improve the control environment is planned to be presented to the 15 January 2024 Committee.</p> <p>The work to implement the ITrent system is complete and while the system pays staff accurately it is important that improvements to process are made to maximise the potential from a modern system.</p> <p>The ultimate judgement on whether the control environment has improved will be the findings of the 2023/24 review undertaken by Internal Audit.</p> | <p>Amber</p> |

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| <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 the 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 the publication of the data.</p> | <p>The continued publication of certain data via the internet from which third parties obtain potentially exploitable information via the Transparency Agenda legislation exposes public bodies to the risk of fraud.</p> | <p>Green</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 be kept under continued review to maximise future opportunities for efficiency in Adult Social Care.</p> | <p>One positive impact of the COVID-19 pandemic was it enhanced joint working between the Council and the NHS and improved integration. The need for greater integration was highlighted by the production in 2021 of three White Papers including Building Back Better which set out a longer term vision for both Adult Social Care and Health services. The Council is working together with NHS colleagues to ensure that that the arrangements in place for Oldham are such that there will be no detriment to service provision and there is an efficient</p> | <p>Amber</p> |

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| | <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>and effective use of resources throughout the system.</p> <p>The Section 75 Agreement setting out individual responsibilities for joint working is well established. The Council has put forward its proposal in respect of finalising the Agreement for 2023/24 and a response is awaited from the Oldham ICB.</p> <p>The financial resilience of the Council was considered during the closure of accounts for 2022/23 and the position is being monitoring during 2023/24. Financial resilience will be a key aspect of the 2023/24 accounts closure process.</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 the Service Area to be presented to the Audit Committee outlining plans to contract and commission</p> | <p>The proposed revisions to Council Contract Procedure Rules as agreed by the Audit Committee in July 2023 were agreed by Full Council on 6 September 2023.</p> <p>A detailed guidance note has been prepared jointly by the Directors of Finance/ Legal Services to support officers in implementing the revised procedures for future direct awards via Frameworks.</p> | <p>Amber</p> |

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|---|---|---|--------------------|
| | future services including the administration of Frameworks. | As advised above, a report was approved by the Place, Economic Growth and Environment Scrutiny Board of 31 August 2023 outlining the Assurance Framework specified by DLUHC in the delivery of Future High Streets Fund, Town Deals Fund and Levelling Up Fund programmes. The report was also considered by the Audit Committee on 5 September 2023. Action that has been agreed to ensure compliance with the Framework requirements will include the preparation of regular reports. The first report will be in March 2024 and will include details of procurement plans. | |
| 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. | Key cases will be subject to regular review by Statutory Officers within the Council to assess the risk of an adverse financial impact. 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. | The regular monitoring of these areas is being undertaken by the Services. The risk of an adverse impact materialising (as recently evidenced by events at Birmingham City Council linked into Equal Pay) cannot be discounted before the end of the financial year 2023/24. The inclusion of this issue within the AGS acknowledges there is a risk that should a Local Authority lose a case in the future, it could cause a significant financial liability for Oldham Council. | Red |

NEW ISSUES FOR CONSIDERATION IN A FUTURE ANNUAL GOVERNANCE STATEMENT

APPENDIX 2

| 2023/24 New Issue for Consideration | Proposed Management Action to reduce the risk of the issue being included in the 2023/24 Draft Annual Governance Statement | Current RAG rating |
|---|--|---------------------------|
| <p>The Council suffers the failure of key suppliers in a key sector it is reliant upon to provide essential services.</p> | <p>The Council at its Cabinet meeting on 17 July 2023 agreed to facilitate the acquisition of the assets of Chadderton Total Care (a Care Home in administration) and set up a Council Company Oldham Total Care Ltd., to manage the business. As such the setting up of a Company which is fully owned has changed the Council’s risk profile in respect of its overall portfolio of partnerships. The Council has provided a loan to its 100% owned company to enable the purchase to progress. The Council’s risk profile on its 100% owned companies will change as a result of this.</p> <p>Any instances of key supplier failure will be looked at on a one to one basis with the agreed way forward considered by the Council to balance its requirement to provide statutory services in the cost envelope it has available. The occurrence of such key failure outside the control of the Council has the potential to place further pressure on the future financial resilience of the Council should there be further failures.</p> | <p>Amber</p> |

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|---|--|---------------------|
| <p>The Council in responding to a formal request for information inadvertently releases sensitive data which results in a significant fine from the Information Commissioners Office and a high volume of claims from the individuals whose data is released.</p> | <p>Team Briefs issued to all staff included communication highlighting the risks of releasing information to the public without undertaking appropriate checks. This message will continue to be communicated to staff on a regular basis. This information will also be communicated to Members at the Information Management training to be held before the end of 2023.</p> | <p>Amber</p> |
|---|--|---------------------|