# Annual Governance Statement – 2014/15 Financial Year

1.  **Oxford City Council** is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

2.  In discharging this overall responsibility, Oxford City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

3.  This statement explains how Oxford City Council meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control.

## The Purpose of the Governance Framework

4.  The governance framework comprises the systems and processes and cultures and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. 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.

5.  The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. 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 Oxford City Council'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.

6.  The governance framework has been in place at Oxford City Council for the year ended 31st March 2015 and up to the date of the approval of the accounts.

## The Governance Framework

7.  The Corporate Plan 2015-2019 reaffirms the City Council's ambitions to make Oxford a world-class city for everyone. This ambition was developed with partners across the city, including business, community organisations, the health and education sectors and the County Council. It also sets out the Council's plans for transforming the way that the Council performs. The

aspiration is to be a world-class council, delivering high quality services and providing excellent value for money. This Corporate Plan sets out the changed policy and financial contexts in which the Council is working and the City Council's response to this changed environment. This Corporate Plan was adopted by Council in February 2015 alongside budget setting. Prior to that the 2014-17 plan was in place.

8. The City Council's priorities for the next four years are:

   - A vibrant and sustainable economy
   - Meeting housing needs
   - Strong, active communities
   - A cleaner, greener city
   - An efficient and effective council

   Council has also adopted and published targets for the Corporate Plan measures.

9. The Council has embedded its use of CorVu as a tool for the recording, reporting and analysis of performance and risk. The Council continues to use CorVu for financial reporting and for integrated financial, performance and risk reporting to the City Executive Board on a quarterly basis.

10. A number of Programme Boards were in place throughout 14/15 and provided effective oversight of the large number of projects on-going. The terms of reference and progress of each Board are reviewed on a quarterly basis by the Chief Executive and Executive Directors. The Council continued to use a Prince 2 approach to programme and project management.

11. During 2014/15 the Council introduced a new Capital Gateway framework that was intended to enhance both Project Sponsors' and Project Managers' compliance with excellent project management practices, together with ensuring greater successful delivery of the Council's capital projects. Project Managers and other officers with linkages to the Council's capital programme are required to attend Capital Gateway training so that they are familiar with both the documentation required by the new process and the tasks demanded at each stage (gateway) of delivery.

12. The new methodology is embedded within many related policies and procedures including the Finance Rules of the updated Constitution, Capital Strategy, Asset Management Plan, Housing Strategy and associated Service Plans. It is intended that whilst the Capital Gateway process provides the core foundation for improved capital programme success it is still nonetheless flexible enough to respond to potential changes in objectives, strategies and priorities the Council may adopt and undertake moving forward so that capital resources are always targeted towards what the Council is trying to achieve.

13. In the last year the Council:

- achieved external accreditations in respect of the processes and procedures adopted within a number of its services, including: Payroll PQP re-accreditation; Leisure, Parks and Communities retained ISO9001, ISO14001, ISO14002 and Quest accreditations; "Investors in People" Gold award; PSNIX accreditation; "Customer Service Excellence" for the work of its Welfare Reform Team; City Regeneration (Regeneration & Major Projects) and Property Services in the Housing & Property Service) retained the ISO9001:2008 status; and the Council's legal section within the Law & Governance Service retained its LEXCEL accreditation
- changed its banking services provider;
- introduced e-billing for non-domestic rates and council tax;
- commenced a senior management re-structure resulting in a reduction in the number of Service Areas from 11 to 7, which will take effect in 2015/16.

14. Clear schemes for delegation for Council, the City Executive Board and Officers are set out in the Council's constitution. The role, purpose and terms of reference for the Scrutiny Committee and Audit and Governance Committee are also set out in the constitution as are protocols for effective communication and access to and use of information. The constitution is reviewed annually and a light-touch review of the authority's governance arrangements was also carried out during 2014/15.

15. The Council has adopted a Code of Conduct for Officers and local member protocols in relation to Member/Officer relations, planning and the use of IT. The Council also adopted a Code of Conduct for Members (in cooperation with all of the Oxfordshire Authorities) and local complaint handling arrangements in response to legislative changes introduced to the ethical standards regime within local government. The Council has retained a Standards Committee and appointed Independent Persons to advise the Monitoring Officer and Standards Committee in relation to complaints of breaches of the Code of Conduct for Members.

16. The Council has an induction and training process in place for both Members and Officers joining the Council. During 14/15 the authority undertook a detailed review in two areas of member support: training and provision of information.

17. The training review considered the compulsory and non-compulsory training available to members to support them as part of the Council and in their roles as ward representatives. After consultation with councillors and officers Committee and Member Services staff have commissioned compulsory training within a 4 year framework aimed at providing basic elements every other years (election years) and for those non-election years training that is aimed at increasing the skills beyond the basic. These modules cover basic and advanced elements for:

- Code of conduct and general behaviours, rights and responsibilities
- Data protection
- Safeguarding

- Planning development control
- Licensing

18. All are commissioned and delivered based on the roles and responsibilities of members.A programme of non-compulsory training is under development and will be available during 15/16.

19. In addition "induction training" is provided within a few days of elections to allow members, particularly those who are new to the Council to know their way around, be given and understand the equipment they need to do their job and introduce them to key officers, services and contacts.For those who are new a "buddy" system is offered to support them through the first 6 months.

20. A service standard has been developed around the constitutional right of members to receive a response to their issues and queries within 5 working days.  In addition a dedicated "Members Area" has been developed on the intranet to provide "self-service" access to information for members.

21. A broad internal training programme of courses is run each year for officers as well as specific professional training. Compliance with Continuing Professional Development requirements of staff is monitored by individual officers; the Council provides sufficient resources to fund this.

22. Council and the Executive review annually their schemes of delegation and the terms of reference of their committees (if any).  All reports to decision making bodies are approved in accordance with the requirements of a report clearance protocol so as to ensure that legal, financial and other risks are properly identified and articulated.  There are comprehensive contract, financial and employment rules in the constitution. Each report to the City Executive Board is accompanied by a risk register and an equality impact assessment (where appropriate).

23. The Council has established an Audit and Governance Committee with terms of reference that comply with CIPFA's guide. The Committee receives regular internal and external audit reports, is effective and is contributing to improving the internal control environment of the Council. The members of the Committee have received special training in order to promote their independent questioning skills.

24. The Council has a coherent accounting and budgeting framework which includes the monthly monitoring and publication of spend against budget. The Medium Term Financial Plan and budget setting is underpinned by the constitution, prioritisation and savings action plans which are regularly reviewed and updated by the Executive.

25. The Monitoring Officer and Chief Finance Officer have had no cause to issue reports in exercise of their statutory powers in the 2014/15 financial year. The Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

26. The Council has adopted a Whistleblowing Policy. The Policy is published within the Council's Constitution and is periodically reviewed by the Monitoring Officer. The Council also operates a corporate complaints system. The Council has sought to integrate the corporate complaints process with its CRM system so as to ensure the consistent capturing and reporting of customer feedback. There were no formal reports issued by the Local Government Ombudsman against the Council in this year. The Audit and Governance Committee receive quarterly reports on all allegations of fraud or corruption.

27. The Council has set out in its Corporate Plan the importance of partnership working and identified its key strategic partnerships. Political and managerial leadership is communicated and where appropriate co-ordinated between the public bodies serving the residents of the city. The Authority has adopted and published a consultation framework.


**Review of Effectiveness**

20. The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

21. In preparing this statement each service area has completed and each Head of Service has signed an assurance checklist. The checklist covers the following areas:-

> Risk Management
> Business Performance and Development
> Projects and project management
> Financial management
> Fraud
> Procurement and contract management
> Human resources
> Equality and Diversity
> Data quality and security
> Health and safety
> External accreditations
> Review and documentation of business critical processes

22. The checklist asked each Head of Service to draw attention to any matters in respect of which internal controls were not working well and required a positive assurance that apart from those areas which were identified for improvement that the controls within the service had been, and are, working well. Each service gave a positive assurance.

## Significant Governance Issues

23. The control framework described above facilitates the identification of any areas of the Council's activities where there are significant weaknesses in the financial controls, governance arrangements or the management of risk. Overall, it concluded that controls are operationally sound. The annual report from the Council's internal Auditors, which will be reported to the Audit and Governance Committee in June 2015, identified no significant/high risk issuesbut attention needs to be focused on further embedding the Capital Gateway Framework.

| Area of Improvement | Action Planned |
|---|---|
| To further embed the Capital Gateway Framework | The Capital Gateway Process was implemented during 2014/15 and so was not in place at the inception of most of the schemes in the 2014/15 capital programme. For 2015/16 onwards, all capital schemes will have to follow the capital gateway process from initial inception when a capital scheme brief must be completed through a project stage monitoring process to the closure of the scheme with a project closure statement.  The adherence to the process will be enforced through a Capital Programme Management Group and will be overseen by the Corporate Asset Management and Capital Programme Board. |