

Annual Governance Statement to accompany 2007/08 Statement of Accounts

Background

1. CIPFA (Chartered Institute of Public Finance and Accounting) and SOLACE (Society of Local Authority Chief Executives) published a governance framework in 2007 entitled "Delivery Good Governance in Local Government". ('the framework').
2. The framework brings together an underlying set of legislature requirements, governance principles and management processes which ought to relate to the whole organisations.
3. CIPFA has assigned 'proper practice status' to the framework. Essentially, this means that producing an annual governance statement which demonstrates how the Authority follows the principles of governance set out in the framework is a requirement in order to comply with the Accounts and Audit Regulations.
4. In producing this statement it is recognised that its purpose is not just to be 'compliant', but also to provide an accurate representation of the arrangements in place during the year and to highlight those areas where improvement is required.

Statement

5. The statement takes the form of a list of evidence of assurance as against each of the principles of corporate governance identified in the framework. These are:-
 - i. focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;
 - ii. Members and Officers working together to achieve a common purpose with clearly defined functions and roles;
 - iii. promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
 - iv. taking informed and transparent decisions which are subject to effective accounting and managing risk;

- v. developing the capacity and capability of Members and Officers to be effective;
- vi. engaging with local people and other stakeholders to ensure robust accountability.

Next Steps

- 6. The Audit and Governance Committee is invited to comment on the draft statement. The final version of the statement will be signed by the Leader of the Council, Chief Executive, Chief finance Officer and Monitoring Officer and will be included within the Statement of Accounts.

Jeremy Thomas
Monitoring Officer

Principle 1 – Focusing on the purpose of the Authority and on outcomes for the community and creating an implementing a vision for the local area	
Supporting Principles	Evidence that the Council complies with these requirements
1.1 exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users.	Oxford City Council Corporate Plan 2008 – 2011; Local Area Agreement 2(LAA); Service Transformation Plans; Medium Term Financial Strategy and Capital Programme;
1.2 ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning	Oxford City Council Corporate Plan 2008 – 20011 Service Transformation Plans Individual appraisal objectives and learning and development plans.
1.3 ensuring that the Authority makes best use of resources and that tax payers and service users receive excellent value for money	Assessment of Use of Resources, including Key Lines of Enquiry Value for Money Strategy KPMG programme of VFM audits Establishment control procedures Robust project management by Transformation Board

Principle 2 – Councillors and Officers working together to achieve a common purpose with clearly defined functions and roles	
Supporting Principles:	Evidence that the Council complies with these requirements:
2.1 ensuring effective leadership throughout the Authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function	<p>The Constitution contains:-</p> <ul style="list-style-type: none"> i. executive and non-executive schemes of delegation; ii. roles and responsibilities of scrutiny and terms of reference for Committee's; iii. terms of reference and procedures for all Committee's iv. roles of officers v. roles of Board Members vi. call-in procedures vii. Member/officer protocol
2.2 ensuring that a constructive working relationship exists between councillors and officers and that the responsibilities of councillors and officers are carried out to a high standard	<p>Member/officer protocol;</p> <p>Regular chief Executive/Leader meetings;</p> <p>Externally facilitated appraisal for Chief Executive;</p> <p>Cross Party Working Group;</p> <p>Externally facilitated away days between City Executive Board and senior management team;</p> <p>Appraisals for all staff, including Head of Service;</p>

	<p>Cascade of information via Team Brief, 'Accents' and regular team meetings;</p> <p>Statutory officers (or representatives) attend all management and Member meetings;</p> <p>Reports protocol in place to ensure that all reports to Member meetings are in a consistent format and are cleared by Legal and Finance officer;</p> <p>Joint Consultative Committee for management/Member/staff liaison and consultation</p>
<p>2.3 ensuring relationships between the Authority and the public are clear so that each knows what to expect of the other</p>	<p>Independent Remuneration Panel Advise on Members Allowances and published scheme of Members allowance in Constitution;</p> <p>Published service standards and interactive internet site;</p> <p>'Talkback' Panel and Consultation Officer for public consultation;</p> <p>Minutes and agenda/reports available for inspection and on the internet (including quarterly performance management reports);</p> <p>Corporate Plan, Service Plans and LAA;</p> <p>Annual budget consultation;</p> <p>Public register of Members' interests</p>

Principle 3 - Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour	
Supporting Principles:	Evidence that the Council complies with these requirements:
3.1 ensuring councillors and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance	<p>Planning Code of Practice;</p> <p>Publication Scheme;</p> <p>Codes of Conduct for Members and Officers and Member/Officer protocol;</p> <p>Whistleblowing Policy;</p> <p>Monitoring Complaints – Standards Committee;</p> <p>General public's right to attend and address Council meetings;</p> <p>Effective Scrutiny processes;</p> <p>Guidance on declarations of interest to be incorporated into every agenda and declarations listed as individual agenda item on every agenda;</p> <p>Corporate and service area induction for every new employee;</p> <p>Members training programme;</p> <p>Officer training programme;</p> <p>Representative of Monitoring Officer attends every public Member meeting</p>

<p>3.2 ensuring that organisational values are put into practice and are effective</p>	<p>Corporate Plan/Service plans/objective setting for individuals with appraisal process;</p> <p>Regular team briefings;</p> <p>Member training;</p> <p>Cross party appointments process for corporate management team;</p> <p>Effective standards Committee – broad terms of reference, independently chaired and equal number of independent and elected Members (5 each)</p> <p>Three Management Boards:-</p> <p style="text-align: center;">Transformation Strategy and Review Performance</p> <p>Staff suggestion scheme</p> <p>'One in ten' staff engagement programme</p>
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Principle 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	
Supporting Principles:	Evidence that the Council complies with these requirements
4.1 being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny	<p>Detailed scrutiny review of budget and budget process;</p> <p>Effective Call-in procedures;</p> <p>Scrutiny work programme;</p> <p>Scrutiny Annual report;</p> <p>Committee reports template and report clearance guidance;</p> <p>Annual review of officer gifts and hospitality register by Monitoring Officer;</p> <p>All register of interests declarations by members countersigned by Monitoring Officer;</p> <p>The files for any planning applications submitted by Officers or members are reviewed by the Monitoring Officer to ensure that they have been processed in the usual way and delegated powers are not used for those applications to ensure complete transparency (see planning code in the Constitution)</p> <p>Internal and external audit work programmes reported to Audit and Governance Committee (which is independent of the Executive and of scrutiny)</p> <p>Whistleblowing policy;</p> <p>All maladministration reports from Ombudsman considered by Standards Committee;</p>

<p>4.2 having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs</p>	<p>Sustainable Community Strategy; Oxford observatory; Committee Reports Template; Report Timetables; Forward Plan; External audit of data quality; Report Clearance process</p>
<p>4.3 ensuring that an effective risk management system is in place</p>	<p>Risk management Strategy; Service risk registers in service transformation plans; External Auditor's Assessment of Use of Resources, including key Lines of Enquiry; Project risk registers and use of PRINCE methodology;</p>
<p>4.4 Using their legal powers to the full benefit of the citizens and communities in their area</p>	<p>Constitution includes:- Finance Rules; Contract Rules and legal rules; Monthly update of new developments in the law published on intranet; Statutory officers (or their representative) see all reports.</p>

Principle 5 - Developing the capacity and capability of Councillor and officers to be effective	
Supporting Principles:	Evidence that the Council complies with these requirements:
5.1 making sure that Councillors and officers have the skills, knowledge, experience and resources they need to perform well in their roles.	<p>Corporate and Service induction plans;</p> <p>Investors in People accreditation (not corporately);</p> <p>Individual Learning and Development Plans;</p> <p>Appraisals;</p> <p>Member training (which has included peer mentoring)</p> <p>Officer training;</p> <p>Roles of statutory officers set out in Constitution</p> <p>Employee survey</p>
5.2 developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group	<p>Appraisals;</p> <p>Continuing professional development funded for Officers;</p> <p>Professional subscriptions for officers paid for by the Authority;</p> <p>External investment advice as part of Treasury Management Strategy;</p> <p>Call-off contract in place with panels of external law firms</p>
5.3 encouraging new talent for officers and Councillors of the Authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal	<p>Talkback Panel'</p> <p>Consultation exercises;</p> <p>Employment policies to allow time off for governor/JP duties etc</p>

Officers:-

- Compulsory Professional Development
- Learning and Development Programme
- Career grades in some professional services

Principle 6 - Engaging with local people and other stakeholders to ensure robust public accountability	
Supporting Principles:	Evidence that the Council complies with these requirements:
<p>6.1 exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships</p>	<p>Constitution;</p> <p>Scrutiny Work Programme;</p> <p>Scrutiny Annual Report;</p> <p>Scrutiny structure reviewed with a member reference group;</p> <p>Council Website – meetings and decision-making;</p> <p>Participation in County health Scrutiny Committee and Public Service Board</p> <p>Forward Plan for Executive includes decision which are not 'Key' decisions;</p> <p>Public speaking slots at all meetings;</p> <p>Consultation Officer</p> <p>Talkback panel</p>

<p>6.3 making best use of Human Resources by taking an active and planned approach to meet responsibility to officers</p>	<p>Organisation Development Strategy;</p> <p>Appraisal process;</p> <p>Manager's Competency Assessment</p> <p>Staff survey every three years;</p> <p>Joint Consultative Committee;</p> <p>Working group of management/unions to review collective terms and conditions</p>
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Areas for Improvement

The internal audit programme for 2007 has enabled our internal auditors, KPMG to express the opinion that the Council "...has adequate and effective risk management, control and governance processes to manage the achievement of its objectives..." . The opinion also highlighted the need for further development in respect of some areas, which are set out in point 4.

The following areas are identified as requiring improvement -

1. Equalities

The Corporate Policy, Performance and Communications Manager has been given the remit to refresh the Council's equalities policies and monitoring processes. There has been a lack of corporate rigor in demonstrating compliance with best practice on equalities management.

2. Risk management

The strategy requires further development to include a more sophisticated scoring system. Explicit linkages need to be developed between the risk register and the corporate plan. Processes need to be improved to ensure that mitigating measures identified as a result of service and project planning are robustly implemented. Risk assessment/management needs to be embedded at both corporate and service levels.

3. Value for Money

In 2007 the Council was one of only five councils with a Use of Resources score of 1 for value for money. That is a poor and unacceptable score. The Council has put in place a series of actions to address this -

Engaging KPMG to undertake an over arching review of service costs against similar authorities and mapping this against service quality and individual service reviews. Market testing high cost services.

Creation of a Business Transformation post at Head of Service level, reporting directly to the Chief Executive, to lead on systems and process transformation.

The establishment of a joint procurement network in the county.

Implementation of an establishment control system coupled with specific headcount reduction targets.

4. Areas identified by internal audit opinion 2007/08 as requiring further development or cited as partially weak by individual audit reports – risk management, health and safety, parks cash collection, Human Resources related procedures, grants to voluntary bodies and payroll.

5. In addition the Authority should prepare a Code of Corporate Governance in 2008/09 in accordance with CIPFA guidance so that the knowledge and assurances gained during the course of its preparation may inform the 2008/09 annual governance statement.