

OXFORD CITY COUNCIL

2007/08 Annual Governance Statement

Scope of responsibility

1. The 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. The City Council 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. In discharging this overall responsibility, the City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
2. The City Council has yet to approve a code of corporate governance. However, in preparing this statement the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* has been followed. Corporate governance is the framework of accountability to users, stakeholders and the wider community, within which organisations take decisions, and lead and control their functions, to achieve their objectives. The quality of corporate governance arrangements is a key determinant of the quality for services provided by organisations.

The purpose of the governance framework

3. The governance framework comprises the systems and processes, and culture and values, by which the City Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the City Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services. 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 ongoing process designed to identify and prioritise the risks to the achievement of the 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.

The Governance Environment

Identifying and communicating vision of our purpose and intended outcomes for citizens and service users

4. The City Council's vision and objectives are articulated in our published Corporate Plan. The planning process takes account of the needs and wishes of customers and communities which are articulated through a range of consultation exercises. The Corporate Plan was developed on a cross party basis and is signed by the three main groups on the Council.
5. The strategic priorities are translated into outcome focussed targets which are monitored. Our Corporate Plan is supported by Service Transformation Plans which include our detailed operational arrangements and financial and human resources necessary to achieve them. Priorities are cascaded into individual targets and objectives through our appraisal process to ensure a 'golden thread'.
6. The City Council's objectives and priorities are communicated to staff and stakeholders through a variety of mechanisms including dissemination of our Corporate Plan and the City Council's magazine.

Reviewing the City Council's vision and its implications for the City Council's governance arrangements

7. The City Council's Constitution sets out the roles of and relationships between the full Council, the City Executive Board and Scrutiny and other Committees in the policy and decision making process and sets out their legal requirements. The City Council's Corporate Plan as part of the City Council's Policy Framework is approved by full Council. The Constitution also sets out a record of what responsibility each City Council body or individual has for particular types of decisions or for decisions relating to particular areas or functions. The Constitution requires that all decisions taken by or on behalf of the City Council will be made in accordance with the principles and rules set out in the Constitution.
8. The Constitution also sets out how the public can take part in the decision making process and the City Executive's Board Forward Plan of decisions sets out what consultation will be undertaken before a decision is taken and with whom. Many of the responsibilities of the City Council require statutory consultation to precede a decision being taken.
9. The Constitution is reviewed annually by the Monitoring Officer and in 2007 was approved in its entirety following a complete re-write.

Risk Management

10. The City Council has a Risk Management Strategy which aims to ensure that there is continuous improvement in the arrangements for managing risk and uncertainty across all directorates.
11. The City Council has in place a process for identifying, assessing, managing and reviewing the key areas of risk and uncertainty that could impact on the achievement of City Council's objectives and service priorities. Risk management is an integral part of the business planning process. Reports to committees to support key policy decisions or major projects include an assessment of both opportunities and risks.
12. A strategic risk register is in place that is owned and reviewed by the Head of Finance. Service Risk Registers are owned and reviewed by each Head of Service with their management teams. Risk registers are compared to the Internal Control Checklists as part of the evaluation of governance and internal control.

13. **Measuring the quality of services for users, for ensuring they are delivered in accordance with the City Council's objectives and for ensuring that they represent the best use of resources**

Service performance and quality are measured through our performance management framework which aligns with our planning framework to ensure service priorities are in accordance with the City Council's objectives. We also use our residents' survey and citizens' panel to test user perceptions of service quality.

14. The City Council's approach to achieving Value for Money provides a strategic framework for addressing areas of high cost and/or poor performance within service areas as part of the City Council's service and resource planning process. The framework incorporates a structured approach to benchmarking and to help identify activities to delivery the efficiency savings targets. The integrated service and resource planning process provided the means of delivering this framework.
15. The City Council has established headcount reduction targets and an establishment control procedure to meet budgetary pressures and improve value for money and efficiency.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

16. The Constitution has the following contents -

Introduction

1. Citizens' rights and other basic rules
2. About the constitution

Who does what

3. Council responsibilities and executive responsibilities
4. Who carries out executive responsibilities?
5. Who carries out council responsibilities?
6. Roles of board members
7. Roles of decision taking committees
8. Roles of scrutiny committees
9. Roles of officers
10. Proper officers

Meeting procedures

11. Full council procedures
12. Board procedures
13. Area committee procedures
14. Scrutiny committee procedures
15. Other committee procedures
16. Access to information and key decision procedures
17. Budget and policy framework procedures
18. Call-in procedures

Rules

19. Finance rules
20. Contract rules
21. Employment rules
22. Legal rules

Codes

23. Members' code of conduct
24. Code on councillor-officer relations
25. Planning code of practice
26. Whistle blowing policy
27. Councillors' allowances
28. Code on use of IT equipment

Developing, communicating and embedding codes of conduction, defining the standards of behaviour for members and staff

17. The City Council has adopted a Code of Conduct for Councillors and Officers respectively. Both Codes clearly define the high standards of behaviour expected by the City Council and the duty owed to the public. The Member's Code forms part of the City Council's Constitution and the Officer code is incorporated into individual contracts of employment.
18. As well as training provided by the Monitoring Officer, regular articles of advice and guidance relating to the Codes is communicated to Councillors and Officers via their respective newsletters.
19. The Independent Chairman of the Standards Committee provides a formal annual report to the Council on the work of the Standards Committee .The Committee has overall responsibility for standards of behaviour for Councillors.

Reviewing and updating standing orders, standing financial instructions (financial regulations), a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

20. The Head of Legal and Democratic Services monitors and reviews the operation of the Constitution to ensure that its aims, principles and requirements are given full effect and makes recommendations on any necessary amendments to it to the Council. The Head of Legal and Democratic Services is authorised to make any changes to the Constitution which ensure compliance with the law, which give effect to decisions of the Council or (so far as within their powers) the City Executive Board or to correct errors and otherwise for accuracy or rectification. All other changes to the Constitution can only be approved by full Council after consideration of a recommendation from the Head of Legal and Democratic Services.
22. The City Council has an Audit and Governance Committee which meets six times a year, and operates in accordance with proper practice.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

24. The City Council uses a range of measures to ensure compliance with established policies, procedures, laws and regulations including :

- Notification of changes in the law, regulations and practice to Service Units by Legal Officers;
 - Training carried out by Legal Officers and external experts;
 - The drawing up and circulation of guidance and advice on key procedures, policies and practices;
 - Proactive monitoring of compliance by relevant key officers including the Chief Finance Officer and the Monitoring Officer.
26. Under Section 5 of the Local Government and Housing Act 1989, the Monitoring Officer is required to report to the City Council where, in his opinion, a proposal, decision or omission by the City Council, its Members or Officers is or is likely to be unlawful and also to report on any investigation by the Local Government Ombudsman. It has not been necessary for the Monitoring Officer to issue a formal report for the year 2007/08.

Financial Management

27. The financial procedure rules in the constitution are supported by a treasury management manual and accounting instructions. The accounting instructions are communicated to all key staff .
28. Each Service Unit has an allocated Finance Officer. Part of their role is to support managers throughout the City Council in fulfilling their financial responsibilities. The Finance team also provide regular scrutiny and challenge where appropriate.

Whistle-blowing and receiving and investigating complaints from the public

29. Whilst making every effort to deal fairly and honestly in providing public services, the City Council acknowledges that there may be occasions when members of the general public suspect or realise that there is something wrong with the way in which a City Council :
- service is provided or received
 - employee, councillor, contractor or provider, acts or does not act
30. The City Council recognises the need to encourage all members of staff and partners/contractors who have serious concerns to come forward and let them be known. To provide an assurance to them, the City Council has developed a whistle blowing policy, which reaffirms this commitment.

31. The aim of the policy is to ensure that complainants
- feel confident in raising serious concerns
 - receive a response to a raised concern and details of any action taken as a result
 - are reassured that if they raise any serious concerns in good faith and reasonably believe them to be true, they will be protected from possible reprisals or victimisation.

Identifying the development needs of Councillors and senior officers in relation to their strategic roles, supported by appropriate training

32. The Constitution sets out the roles and functions for all councillors. Members are able to access national training events via the Members Services Officer. In addition there is an annual members training programme which in 2007/08 included internal and external training and peer mentoring by Councillors from other Authorities identified by the IdeA as suitable mentors.
33. Training and development needs for senior managers are identified through the appraisal and personal development plan process. Where a need has been identified this may be met in a number of different ways:
- on the job training via the line manager or another senior manager with relevant knowledge and experience
 - attendance at an internal or external training event
 - self directed learning using the intranet
 - specific training in relation to key responsibilities where this is required

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

34. The City Council has clear channels for communicating with all sections of the community and other stakeholders. This includes a comprehensive website, a quarterly news magazine for residents, a press office for managing messages via the media and a programme of forums and meetings.
35. The City Council also has well established consultation and engagement arrangements.
36. The following table presents a list of evidence of assurance as against each of the principles of corporate governance identified in the framework

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:
<p>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>	<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
<p>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>	<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

37. 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 ,however, 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.

Jeremy Thomas
Monitoring Officer
September 2008.