

## Annual Governance Statement – 2019/20 Financial Year

### 1 Executive Summary and Approval

- 2.1 Each year the Council produces an Annual Governance Statement (“AGS”) that explains how it manages its corporate governance arrangements, makes decisions, manages its resources and promotes values and high standards of conduct and behaviour.
- 2.2 The Annual Governance Statement reports on:
- How the Council complies with its own governance arrangements;
  - How the Council monitors the effectiveness of the governance arrangements; and
  - Improvements or changes in governance arrangements proposed for the forthcoming year.
- 2.3 The Internal Auditor’s opinion on the Council’s internal control environment:

**Overall, for the financial year 2019/20, the auditors are able to provide Moderate Assurance that there is sound system of internal control, designed to meet the Council’s objectives and that controls are being applied consistently.**

- 2.4 As the Leader of the Council and the Chief Executive we have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Governance Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 1.5 It is our opinion, based upon the content of this AGS that the Council’s governance framework is robust and that the governance arrangements have proved to be highly effective during 2019/2020.

1.6 The Council has previously recognised a number of governance issues in previous Statements, all of which have now been addressed.

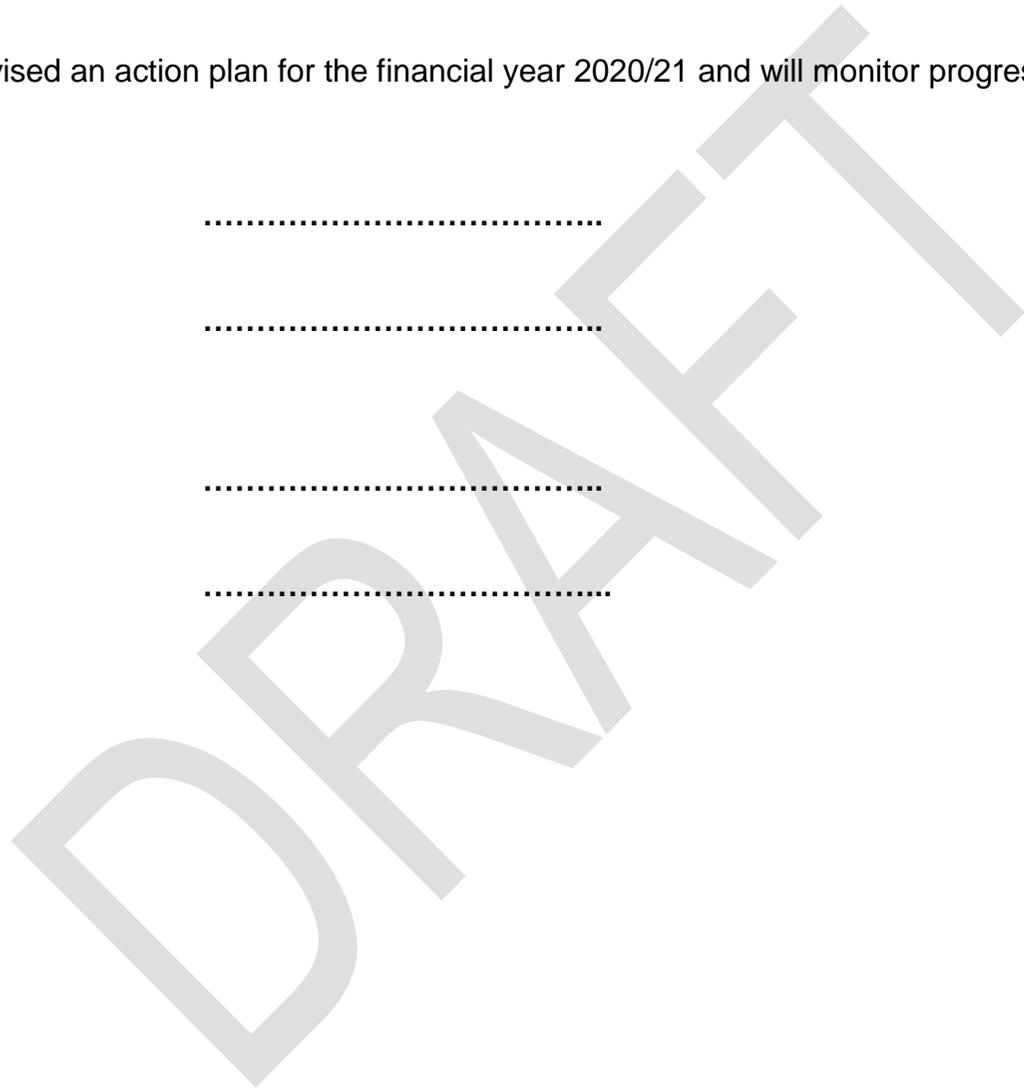
1.7 The Council has devised an action plan for the financial year 2020/21 and will monitor progress during the year.

**Leader of the Council** .....

**Date** .....

**Chief Executive** .....

**Date** .....



## 2 Introduction

2.1 Oxford City Council (“the 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. 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.

2.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs to facilitate the effective exercise of its functions, including arrangements for the management of risk.

2.3 The Accounts and Audit (England) Regulations 2015 (“the Regulations”) require that:-

- The Council must conduct a review, at least once a year, of the effectiveness of its system of internal control;
- Findings of this review should be considered by the Council;
- The Council must approve an Annual Governance Statement; and
- The Annual Governance Statement must accompany the Statement of Accounts.

2.4 The Audit and Governance Committee has delegated authority to undertake these duties on behalf of the Council. This statement explains how the Council meets the requirements of the Regulations.

2.5 Once approved by the Audit and Governance Committee the AGS will be signed by the Leader and the Chief Executive. It will then be published alongside the Statement of Accounts.

## 3 The Purpose of the Governance Framework

3.1 The governance framework comprises the systems, processes, cultures and values by which the authority is directed and controlled and 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.

3.2 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 the 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.

- 3.3 The governance framework has been in place at the Council for the year ended 31<sup>st</sup> March 2020 and up to the date of the approval of the accounts.

#### 4 Policies, Procedures, Laws and Regulations

- 4.1 The Head of Law and Governance is designated as the Council's Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations.
- 4.2 The financial management of the authority is conducted in accordance with the relevant provisions of the Constitution and the Council's Finance Rules. The Council has designated the Head of Financial Services as the Chief Finance Officer in accordance with section 151 of the Local Government Act 1972.
- 4.3 The Council has robust policies and procedures relating to the use of resources and the corporate governance framework, including Finance Rules, Contract Rules, scheme of delegation, IT strategy, Avoiding Bribery Fraud and Corruption Policy and Whistleblowing Policy.
- 4.4 The Audit and Governance Committee approved an updated Anti-Money Laundering Policy on 10 January 2019 and a new Avoiding Bribery, Fraud and Corruption Policy on 11 March 2019.

#### 5 The Governance Framework

##### Corporate Plan

- 5.1 The Corporate Plan 2016-2020 reaffirmed the 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 Oxfordshire County Council. It also set 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 set out the changed policy and financial contexts in which the Council was working and the Council's response to this changed environment.
- 5.2 The Council 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 Council has also adopted and published a consultation framework.
- 5.3 The Council's priorities during the 2019/20 financial year were:
- A vibrant and sustainable economy
  - Meeting housing needs
  - Strong and active communities
  - A clean and green Oxford
  - An efficient and effective council

- 5.4 The Council also adopted and published targets for the Corporate Plan measures.
- 5.5 The Corporate Plan was supported by service plans and individual performance development reviews and the organisation has identified five key corporate work streams for the year ahead: housing delivery, homelessness, climate change, new ways of working and phase two of the companies.
- 5.6 The Council Strategy 2020-2024 came into force on 1 April 2020, replacing the current Corporate Plan 2016-2020.
- 5.7 Its purpose is to set out, at a high level, the Council's aims and what outcomes it wants to have achieved by the end of 2024.
- 5.8 The strategy highlights the developments and changes that the Council wishes to make and as such does not include current ongoing areas of work that might be considered business as usual.
- 5.9 Work to deliver the strategy will be captured in an annual business plan (a separate document) that will set out in detail the planned actions to achieve its aims.
- 5.10 The Council continues to use CorVu for financial reporting and for integrated financial, performance and risk reporting to the Cabinet on a quarterly basis.
- 5.11 Governance structures were simplified during 2018/19, resulting in the disestablishment of programme boards and the establishment of a Development Board and an Operational Delivery Group both of which are responsible to the Corporate Management Team and supported by a Project Management Office (PMO). This structure has continued during 2019/20. The Development Board has oversight of all projects submitted to it by the Development Review Group and the Asset Review Group. The Development Board and the Operational Delivery Group provided effective oversight of the large number of Council projects.
- 5.12 The Council continued to use the principles of "Projects In Controlled Environments" ("Prince 2") in its approach to project management along with the introduction of Agile principles of project management. Both of these methodologies are widely used in government and the public sector.
- 5.13 The Capital Gateway framework has continued to operate during the 2019/20 year with on-going involvement in programme and project delivery. Project Managers and other officers involved with the delivery of the Council's Capital Programme are encouraged to engage with and draw on support from the PMO, which provides support and guidance in both the documentation required and the tasks demanded at each stage (gateway) of delivery.
- 5.14 The Capital Gateway framework is intended to establish if ideas for projects should be developed, and then

reconsidered at feasibility and design stages. A Development Review Panel and Asset Review Group, with representation of Officers across the Council, provide this peer review and challenge on proposals and business cases for the Development Board and Operational Delivery Group.

5.15 All capitably funded schemes are prioritised and enter into the Council's annual budget setting process. The revised processes 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.

5.16 The PMO works closely with Oxford Direct Services Limited (ODSL) to ensure that the procurement and management of the relationship between the Council and ODSL complies with the relevant governance processes.

5.17 Oxford Direct Services Limited and the on-going work to deliver affordable homes through the Oxford Housing Company have continued to be managed through their existing, respective, Company Board structures. Alongside this there are significant private and public sector investment proposals as well as the Housing and Growth Deal.

#### Review of Corporate Risks

5.18 The Council maintains a corporate risk register that reflects strategic and operational risks that have been

identified as well as proposed actions to mitigate or manage those risks in the council's activities. Audit and Governance and Cabinet receive a quarterly report on progress against the risk registers.

#### Partnerships

5.19 The Council works in partnership with various organisations to deliver its corporate objectives. The Council's Leader and Chief Executive represent the Council on the following organisations:-

- The Leader is a board member of OxLEP. Oxfordshire Local Enterprise Partnership ("OxLEP") which since its launch in March 2011, has played a key role in driving forward a dynamic, growing and sustainable economy for Oxfordshire. OxLEP meets quarterly.
- The Council's Leader and the Chief Executive represent the Council in the Oxford Strategic Partnership ("OSP") which was founded in 2003 and brings together senior representatives from the public, business, community and voluntary sectors. The OSP helps to provide direction for the city's future, respond to local priorities and engage more effectively with local concerns. This partnership for the city promotes collaboration and openness and provides opportunities to access funding and share resources more easily. Currently the partnership contains several key organisations and individuals, all with a specific interest or experience in improving quality of life across the Oxford. The OSP meets quarterly.

- The Leader of the Council is a board member of Oxfordshire Growth Board. Oxfordshire Growth Board is a joint committee of the six councils of Oxfordshire together with key strategic partners. It has been set up to facilitate and enable joint working on economic development, strategic planning and growth and meets every other month.

#### The Council's Companies

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- 5.20 During the year 2019/20 the Council's three housing companies (Oxford City Housing Limited (OCHL) (Company number 10212716), Oxford City Housing (Investment) Limited (OCH(I)L) (Company number 10370637) and Oxford City Housing (Development) Limited (OCH(D)L) (Company number 10370647)) continued to develop their conjoined operation with a view to increasing affordable housing availability in Oxford and becoming a significant supplier of housing in their own right. OCHL is wholly-owned by the Council, and OCH(I)L and OCH(D)L are both wholly-owned subsidiaries of OCHL.
- 5.21 Total spend for the three companies totalled £11.9 million during 2019/20, £5 million down on the original estimated expenditure for the year.
- 5.22 During 2019/20 the investment company OCH(I)L took handover of an additional 39 dwellings from the housing scheme at Barton Park, taking the cumulative total now managed by the company to 68 at year end. The remaining balance of the first phase of the Barton Park

development of 27 dwellings is expected to be handed over in the 2020/21 financial year.

- 5.23 Through OCH(D)L work started on a number of sites, delivering 61 units with 17 additional sites planned for 2020/21 and a further 170 units on completion. The Company's business plan assumes 1,808 units in total over the next 10 years and the handover of 365 units at Barton Park. The business strategy is still to build a range of dwellings, the majority of which will be social dwellings and which will subsequently be sold to the Council's Housing Revenue Account (HRA).
- 5.24 Gross profit across OCHL for 2019/20 totalled £823k, up from £360k last year. The profit was mainly derived from rental income, although overall a net loss of £59k was incurred up from £39k last year. The impact of the COVID-19 pandemic from 23<sup>rd</sup> March 2020 has resulted in a delay to the overall development programme by around 6-9 months although as the Company begins to get back on site, it continues to remain a going concern.
- 5.25 With regard to the Council's two wholly-owned Direct Services companies – Oxford Direct Services Limited (Company number 10719214) ("ODSL") and Oxford Direct Services Trading Limited (Company number 10719214) ("ODSTL") – the year 2019/20 represented their second year of trading.
- 5.26 ODSL holds "Teckal" status, and as such can enter into contracts with the Council without the requirement to comply with the Public Contract Regulations 2015. The

Council therefore let a substantial service contract to ODSL, under which many of the Council's statutory and other direct service operations are to be performed by ODSL, with effect from 1st April 2018. This involved a "TUPE" transfer of some 670 Council staff to the employment of ODSL. In return, with effect from the same date and to support ODSL's operation, the Council entered into a support services contract with ODSL under which ODSL receives a range of key support services. ODSL trades exclusively with third parties and in its first year of operation has provided commercial waste collection services to its commercial clients.

- 5.27 Against an expected surplus of £1.558 million to be delivered back to the shareholder (the Council) in the form of dividend ODSL outturn was £1.163 million. The impact of COVID-19 has delayed any payment of dividend until later in the 2020/21 financial year when it is expected that there will be more certainty about the financial environment. Overall the financial year 2019/20 proved to be a difficult one for building services with insufficient income contribution to cover fixed overheads arising from reduced workloads and productivity. The Company has taken steps to mitigate the impact of COVID-19 by reducing the number of temporary staff, furloughing over 200 staff and reducing overheads and with a 2020/21 budget that seeks to only break even the company remains a going concern.
- 5.28 The Council also holds a 50% share in Oxford West End Development Limited ("OxWED"), a company jointly owned with Nuffield College. The objective of OxWED as

a development company is to develop and regenerate the Oxpens area of the city centre. The loss in the Company for the 12 month period totalled £1.45 million an increase from last year of £1 million largely arising from financing the cost of development loan finance from the two shareholders. Retained losses at the year-end total £4.3 million. The shareholders have recently agreed that the Company will take forward work on the project brief and the masterplan, rather than this work being undertaken by a development partner, to de-risk the delivery risk of the site. Following that work OxWed will bring a report back to the shareholders in November 2020 for a decision on the next stage of development.

- 5.29 In 2011 the Council entered into a Joint Venture ("JV") with Grosvenor Developments Ltd, known as Barton Oxford LLP (BOLLP) to enable the delivery of a new housing development at Barton Park. When construction is complete the 885 home development will include 354 homes for social rent which will be purchased and managed by OCH(I)L.
- 5.30 At the end of the financial year 2019/20 there had been 162 completions in Phase 1 of the development of which 76 were social dwellings subsequently purchased by Oxford City Housing Investment Ltd. The remaining part of the first phase of development is expected to be completed in spring 2021. Phase 2 of the development has begun with an expected completion date for the 55 dwellings in mid 2020/21. Further phases will be undertaken at a later date.

5.31 Each of the Council's companies held regular Board meetings throughout the year 2019/20. In addition representatives of the housing companies and the direct service companies attended periodic reporting meetings with their shareholders. For the year 2019/20 these shareholder meetings were regularised into quarterly reporting meetings, reporting on the activities of all interests of the Council in wholly owned companies and JV's, at which decisions on matters reserved for the shareholder could be made. The activities of the Council's Shareholder group have been and will continue to be scrutinised throughout the year by the Companies' Scrutiny Panel.

#### Data Protection

5.32 The Council has moved from embedding Data Protection within the organisation to managing the processing functions and culture to ensure a data protection first ethos. Over the course of the financial year 2019/20 the Council:

- Continued the provision of training sessions across the Council;
- Introduced compulsory online data protection training;
- Continued work on Contracts and Data Sharing Agreements;
- Appointed a Data Protection Administrator to improve the management and upkeep of core documents such as the Breach Register and Data Subject Access Request Register;

- Carried out annual review of all registers and central documents to comply with the accountability aspect of the General Data Protection Regulation 2016;
- Monitored risk via the Council's risk register and Data Protection Impact Assessments; and
- Undertook a review of the organisation data sharing with the EU in relation to Brexit.

5.33 Data sharing agreements have been put in place between the Council and the three housing companies as well as the Council and the two direct services companies.

#### Council Housing

5.34 The Council owned housing stock totals 7669 units which comprises 7252 of general needs social rented properties, 44 general needs affordable rent properties, 291 sheltered accommodation units, 1 shared ownership property and 65 properties used as homeless temporary accommodation. The Council also has 16 properties leased to external organisations and a further 703 leaseholder properties.

5.35 During the financial year 2019/20 the Council successfully collected 97.57% of rental income due in respect of its rented housing.

#### Constitution

5.36 The Constitution forms a key part of the Council's governance framework, setting rules, principles and

procedures to enable the Council to take decisions and conduct its business effectively, including executive arrangements, committee structures, finance and contract rules, schemes of delegation and clear opportunities for public and councillor engagement in Council decision making.

5.37 The statutory roles of the Head of the Paid Service, Monitoring Officer and Section 151 Officer are described in the Constitution, as are the responsibilities for providing robust assurance on governance, ensuring lawful expenditure in line with approved budgets and procurement processes.

5.38 The Constitution is reviewed annually to take account of changes to regulations and other developments in the Council's governance arrangements. In 2019/20 this work was overseen by a cross-party group of councillors which held a series of meetings to consider and shape proposals from officers. This review also provided an opportunity to improve the format of the Constitution to give it a more professional look and to include a revision date for version control. The outcomes of this work were reported to Council on 27 January 2020 where a revised version of the Constitution was approved.

5.39 The revisions approved by Council included changes to planning delegations to reduce the numbers of non-major non-residential planning applications that must be determined by an area planning committee. Clarity was included about the requirements on the Council when commissioning work from Oxford Direct Services

Limited. Further changes provided additional flexibility to the Chief Executive to implement changes to the senior management structure and to appoint senior officers on an interim basis, balanced by an expectation that the Chief Executive will report to the Appointments Committee bi-annually on the Council's senior management arrangements.

5.40 The Monitoring Officer retains delegated authority to amend the Council's Constitution to correct clerical mistakes and to make it follow the law. The Monitoring Officer can also change Section 4 of the Constitution (who carries out executive responsibilities) and Section 6 (roles of Cabinet members) to reflect the wishes of the Leader of the Council.

5.41 On 31 March 2020 in response to the COVID-19 pandemic the emergency powers delegated to the Chief Executive in the Constitution were used to adopt a business continuity version of the Constitution. This provided for continuity of decision making while it was not possible to convene meetings. These changes were reversed prior to the Annual Meeting on 20 May 2020 by which time the Council was successfully operating remote meetings under new Regulations passed in April 2020.

#### Standards

5.42 The Council has arrangements in place to enable the public to make a formal complaint that a councillor, parish councillor or co-opted member has failed to

comply with the Members' Code of Conduct. These arrangements were reviewed in 2018/19 with a view to making the process more open and efficient whilst continuing to ensure it remained fair and independent. The key changes for 2019/20 were the inclusion of assessment criteria to guide the Monitoring Officer in consultation with an Independent Person in assessing complaints, as well as indicative timescales and clearer explanation of the complaints process. The new arrangements have been in operation since April 2019 and have used in the assessment of two complaints.

- 5.43 The Standards Committee met quarterly during 2019/20 to oversee the numbers of complaints about councillors and any requests for dispensations, which allow a member to participate and vote on an item notwithstanding the existence of disclosable pecuniary interest. The Committee noted any lessons learned from complaints and requests for dispensations. Standards Committee meetings are attended by a parish council representative and four Independent Persons. Following a successful recruitment exercise four independent persons were appointed for a five year term commencing in November 2019; two of whom were appointed to the role for the first time while two were reappointed having already served as Independent Persons.
- 5.44 The Standards Committee also has a role in advising the Monitoring Officer on the Council's arrangements for training councillors. The Committee endorsed a new member training scheme (see Councillor Training) and

received retrospective reports on the outcomes of the training that was delivered in 2019/20.

#### Members' Allowances Scheme

- 5.45 The Council's Members' Allowances Scheme was considered by an Independent Remuneration Panel in November 2018. This process was a review of the scheme which found the scheme to be sound and highlighted the need for some clarifications for example in relation to how reductions to allowances would be applied. A new scheme was adopted by Council on 29 January 2019 and took effect on 1 April 2019. The scheme will operate for four years, until the end of March 2023.
- 5.46 There was an internal audit carried out of the procedures for the operation of the Members' Allowances Scheme during 2018/19.

#### Dispensations for Members

- 5.47 The Localism Act 2011 requires that the Members of Council must disclose Pecuniary Interests as defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. Individual dispensations, which allow a member to participate and vote notwithstanding existence of disclosable pecuniary interest, can be granted in the discretion of the Monitoring Officer.

5.48 On 1st October 2018 the Council granted generic dispensations to all Members for a period of 4 years in respect of:

- Determining an allowance (including special responsibility allowances), travelling expense, payment or indemnity given to Members;
- Housing: where the Member (or spouse or partner) holds a tenancy or lease with the Council as long as the matter does not relate to the particular tenancy or lease of the Member (their spouse or partner);
- Housing Benefit or Universal Credit: where the Councillor (or spouse or partner) receives housing benefit and/or Universal Credit;
- Any Ceremonial Honours given to Members - Mayor-making, conferring the title of alderman/woman or admitting freemen/women;
- Setting the Council Tax or a precept under the Local Government and Finance Act 1992 (or any subsequent legislation); and
- Setting a Local Council Tax Reduction Scheme or Local scheme for the payment of business rates (including eligibility for rebates and reductions) for the purposes of the Local Government Finance Act 2012 (or any subsequent legislation).

#### Complaint Handling Arrangements

5.49 The Council has arrangements in place to enable the public to make a formal complaint that a councillor, parish councillor or co-opted member has failed to comply with the Members' Code of Conduct. In 2018/19

the Monitoring Officer reviewed the Council's complaint handling arrangements after operating the system for a period of time and in response to feedback from the Standards Committee, with a view to making the process more open and efficient whilst continuing to ensure it remained fair and independent. As a result of this exercise and recommendations from the Standards Committee revisions were made to these arrangements by Council on 29 April 2019. Initial assessment criteria have been included to guide the Monitoring Officer, in consultation with an Independent Person, when establishing whether there are valid grounds to investigate a complaint or take other action.

5.50 Other notable changes are the inclusion of indicative timescales for each stage of the complaints process and changes to the complaints form to require complainants to specify which part(s) of the Code they believe have been breached and what remedy they are seeking. In 2019/20 the Council is seeking to recruit four independent persons because the term of the current independent persons will come to an end.

#### Procurement

5.51 The Council's Procurement Team has been working to update and improve the Council's contracts register. The register is used not only to fulfil the Council's obligations under the transparency agenda, but it is also a key document that the Procurement Team use to manage and monitor contracts across all Service Areas. The register allows the Council to manage Procurement

Team resources more efficiently as it gives visibility of future contract renewals and what work is in the pipeline. The register contains a forward plan and is updated on a quarterly basis.

5.52 A new Procurement Strategy will be considered by the Council's Cabinet in 2020.

5.53 Officers from the Council's Legal and Procurement teams meet regularly to ensure that the Council's procurement procedures and documentation are effective and fit for purpose. Work was undertaken on standard contract terms and conditions, upcoming projects and improving existing contract templates during 2018/19.

#### Member Training

5.54 During 2019/20 the Council conducted a review of its established framework for inducting and training councillors and adopted a Member Training and Development Scheme 2020-24. This work was overseen by the Standards Committee.

5.55 The Scheme aims to equip all elected members with the basic skills, knowledge and resources they need to perform their duties and responsibilities as a councillor during their term of office.

5.56 A key change from the previous framework is the expansion of the compulsory induction programme for new members to include a wider range of training topics

such as finance, safeguarding and values and behaviours.

5.57 The Scheme also includes an indicative programme of optional training to support Members with their specific roles and responsibilities, such as training on appointments, audit, chairing, leadership, media and scrutiny. In response to feedback from Members the Scheme also includes an offer of personal safety training to be delivered in election years prior to City Council elections.

5.58 As 2019/20 was a non-election year for the City Council the compulsory training was limited to Code of Conduct training for all members and licensing training for members appointed to a licensing committee. In addition, non-compulsory training took place on the topics of unconscious bias and planning viability assessments.

5.59 Feedback from all sessions was collected and analysed to inform the content and delivery of future training to ensure that sessions are accessible, useful, engaging and meet Members' needs.

5.60 Members are also able to access externally facilitated training sessions with the agreement of their Group Leader. For example a Member attended the LGiU Seminar: An Introduction to Local Government Finance.

### Officer Training

- 5.61 Council officers are also encouraged to access internal training courses as well as specific professional development. All new starters are required to undertake the corporate induction and to understand key policies on data protection, code of conduct and ICT security, as well as to undertake safeguarding awareness training as a minimum. Appraisals are conducted in relation to the performance of each member of staff on an annual basis.

### Inclusion and Diversity

- 5.62 The Cabinet on 13th November 2019 approved the Workforce Equality Report 2018/19 and its publication, noted the current position with the Workforce Equalities Action Plan and approved the continuing and emerging actions for 2020/21, to be developed into a project plan for action.

- 5.63 The main areas of focus, were to target BAME and women under-representation across the workforce, particularly at senior management/grades.

### Appointments

- 5.64 The Appointments Committee is responsible for appointing executive directors and assistant chief executives and for undertaking the recruitment and selection process for the Head of Paid Service, Chief Finance Officer and Monitoring Officer and

recommending these appointments to Council. The Committee met twice in 2019/20 to appoint to two executive director posts.

- 5.65 The appointment of councillors to outside bodies such as trusts, charities and community associations is the responsibility of Cabinet. The Council currently has representatives on a total of 56 outside bodies. Those appointed to charities and trusts serve as trustees of those organisations which comes with a particular set of responsibilities. Guidance to assist Council representatives on these organisations is provided upon appointment to ensure that all appointees understand their role and responsibilities in representing the Council on the organisation.

### Decision Taking

- 5.66 All decision reports are subject to a robust clearance procedure to ensure that decision makers are presented with the best organisational advice and that the risks and legal, financial and equalities implications of proposals are identified and explained. All decision reports to the Cabinet are accompanied by a risk register and, where equalities impacts are identified, an equality impact assessment. Report writing guidelines and clear deadlines are in place to guide report authors and this guidance was updated and refreshed in 2019/20. The Council's Forward Plan provides at least a four month forward view of upcoming decisions to assist councillors and the public in engaging with council decision making. The Council also maintains a focus on ensuring that

decisions taken by officers are recorded and published on the Council's website.

### Scrutiny

- 5.67 The Council has a mature Scrutiny function that benefits from the active engagement of members, dedicated officer resource and a positive organisational culture that is conducive to effective scrutiny. The work of Scrutiny is prioritised and agreed through an annual work planning process while remaining flexible and responsive to emerging issues, priorities and Cabinet decisions. In 2019/20 the topics suggested for scrutiny consideration were ranked using the Council's TOPIC methodology with points awarded for timeliness, organisational priority, public interest, influence (the ability to) and cost. This scoring system provided the basis for the Scrutiny Committee deciding which suggestions to include within its work plan for 2019/20
- 5.68 In addition to considering reports at meetings on a wide range of issues and decisions that affect the city and its communities and making recommendations to Cabinet on the majority of these, Scrutiny commissioned two major pieces of review work in 2019/20. The topics chosen for review were a wide ranging review linked to the declaration of a Climate Emergency which was focused on reducing carbon emissions from buildings and the annual review of the Council's budget and medium term financial strategy. Each review resulted in

an evidence based report to Cabinet containing a series of recommendations for improvement.

### Audit and Governance Committee

- 5.69 The Council has an established Audit and Governance Committee with terms of reference that comply with the Chartered Institute of Public Finance and Accountancy ("CIPFA") guidance. The Audit and Governance Committee is responsible for setting the Council Tax base, approving the Annual Statement of Accounts, reviewing quarterly risk management reports and noting and commenting on the work plans and reports of the Council's internal and external auditors. The Committee monitors the implementation of audit actions. In 2019/20 the Committee also received update reports from officers on the progress of the recruitment and retention action plan and the performance of the Council's fraud investigations team.
- 5.70 The Audit and Governance Committee receives quarterly reports on all allegations of fraud or corruption once any on-going investigation is complete as well as those Ombudsman complaints for which a Public Interest Report is issued.

### Financial Planning

- 5.71 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 are underpinned by

the prioritisation and savings plans which are regularly reviewed and updated by the Cabinet.

### Emergency Planning

5.72 The Civil Contingencies Act 2004 establishes a clear set of roles and responsibilities for those involved in emergency preparation and response at the local level. It requires the Council and other organisations to prepare for adverse events and incidents. The Council is a category one responder and as such has continued to work with other agencies to build resilience on emergency planning functions. Officers have been identified to undertake silver and gold level response roles within the Council and received appropriate training during the financial year 2019/20. The emergency planning documentation held by the Council is updated as required.

5.73 During 2019/20 the Council initiated preparatory emergency planning protocols during the period of heightened flood risk over the Christmas period and since March 2020 has been fully engaged at city, county and local resilience forum level emergency planning in response to the COVID-19 pandemic. Officers will be participating in a floods emergency planning training exercise which is planned for August 2020.

### Statutory Officer Reports

5.74 The Monitoring Officer and Chief Finance Officer have had no cause to issue reports in exercise of their statutory powers in the 2019/20 financial year.

### Whistleblowing

5.75 The Council has adopted a Whistleblowing Policy. The Policy is published within the Council's Constitution and is periodically reviewed by the Monitoring Officer and was reviewed as part of the recent review of the Constitution.

### Corporate Complaints

5.76 The Council also operates a corporate complaints, comments and compliments system ("the 3 Cs"). The Council has sought to integrate the corporate complaints process with its Customer Relationship Management system so as to ensure the consistent capturing and reporting of customer feedback. In 2019/20 the Council received 22 "stage 3" complaints and it was found that one was part-justified and there are two outstanding decisions.

5.77 There were no formal Public Interest Reports issued by the Housing Ombudsman or the Local Government and Social Care Ombudsman against the Council in this year. One complaint against the Council was upheld by the Housing Ombudsman as there had been a delay in dealing with the complaint. The Council paid £100

compensation to the complainant. There are two outstanding complaints that were referred to the Local Government and Social Care Ombudsman.

#### Fraud and Corruption

- 5.78 The Counter-Fraud team continued to provide an effective fraud prevention, detection and investigation capability for Oxford City Council. Charged with safeguarding Council services, the team has a remit to ensure that processes and controls are robust and protected from exploitation by fraudsters.
- 5.79 Working in tandem with a number of Council services and external organisations, the team ensures that vulnerabilities are addressed and where appropriate, civil and criminal action is taken against those who deceive and defraud the organisation. In the financial year 2019-2020, the team were responsible for preventing losses and increasing revenue, to the value of £4.5m for the Council.
- 5.80 The team also tackles abuse in social housing by preventing fraudulent and irregular applications for housing from progressing, and by recovering Council properties that are being illegally sublet, misused or abandoned. There were 22 instances of this in the year.
- 5.81 For the fourth year running, the team were recognised in the 2019 Institute of Revenues, Ratings and Valuation (IRRV) Performance Awards scheme by achieving a

Highly Commended award in the Excellence in Counter Fraud category.

#### Employment

- 5.82 The Council has a comprehensive range of policies, procedures and processes that combine employment legislation with best practice and organisational norms. Supplementary to these and for the purposes of monitoring and transparency, is a suite of reports and reporting tools. Together these inform and govern how the Council manages people related matters whilst also ensuring that the organisation achieves this in a fair, consistent and legally compliant manner. The policies and procedures cover the whole employee lifecycle, ranging from recruitment and selection and career development, to performance, conduct and capability issues and there is a regular cycle of review to ensure they are up to date and fit for purpose.
- 5.83 All policies and procedures are available for employees and managers to see on the Council's intranet. Additional guidance and support is accessed through the Council's Human Resources Team, ("HR") which provides training, coaching and ad hoc support and advice. The HR Business Partners and Advisors also work closely with Service Areas to deal with people related matters in a consistent manner and in line with the agreed policies and processes.

## Business Continuity Planning

- 5.84 Business Continuity Planning continues to be a focus for improvement and regular review. Service Area Business Continuity Plans are reviewed and tested on a regular basis with recent desk top exercises focusing on the loss of facilities and loss of ICT. The exercises were successful and there were a number of actions which arose from the exercises and the discussions around them. The recommendations arising from those exercises have been implemented by officers and the key learning points and recommendations around ICT have been implemented by the Chief Technology and Information Officer in conjunction with Heads of Service and the Council's Operational Delivery Group. The Corporate Business Continuity Plan was been updated following these reviews and tests.
- 5.85 Towards the end of the 2019/20 financial year, the Council's response to a business continuity incident was tested in reality when the country went into full lockdown in response to the COVID-19 pandemic in compliance with Government guidelines. All Council offices were closed with most staff working from home and all work which couldn't be carried out within Government guidelines was ceased.
- 5.86 Alongside this the Council set up locality hubs to support vulnerable people and arranged for accommodation to ensure all rough sleepers could safely be removed from the streets. Broadly, Information Technology systems coped with the change in demands; bandwidth on the

Council's VPN was increased to assist with the increased electronic traffic, although there are clearly signs of strain on the capacity at peak times. Different services had different pressures and needed to manage all of the challenges in a way that was appropriate to that service. This evidenced that the Council could perform well when faced with a business continuity incident, however the results of this are that some aspects of the Council's planned approach to business continuity will need to be reviewed going forwards.

- 5.87 The Council's Corporate Business Continuity Plan anticipated that if main Council offices were not available then alternative accommodation would be needed for office based staff. Due to the nature of the pandemic, the use of alternative corporate accommodation was not possible and in the event it proved that this accommodation was not needed. The Council's corporate and service business continuity plans will need to be updated in line with the findings from recent events. Additionally, as a result of the almost universal remote working by staff, the Council is reviewing its business model and the need for office space now and in the future. A remote working task and finish working group has been set up to review working practices and accommodation requirements going forwards.
- 5.88 The findings from the response to the pandemic will be used to inform reviews of the Corporate and Service Business Continuity Plans over the following year. This will then feed in to a test that is currently being planned

for Autumn 2020 facilitated by the council's insurer Zurich Municipal.

### Freedom of Information

- 5.89 The Council is required to provide certain information on request under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Requests are considered and, if held, information is disclosed unless an exemption or exception applies. During the financial year 2019/2020 the Council received 935 requests for information, three of which were subject to an internal review. Eight cases were referred to the Information Commissioners Office (ICO) and two of those matters resulted in the ICO requiring the Council to take action.

## 6 Review of Effectiveness

- 6.1 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 senior officers within the Authority who have responsibility for the development and maintenance of the governance environment, Internal Audit's annual report and also by comments made by the external auditors and other review agencies and inspectorates.
- 6.2 In preparing this statement each Head of Service has completed an assurance questionnaire. The

questionnaire 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.

- 6.3 A number of actions have taken place and are planned within various of the Council's Service Areas and these are summarised in the Action Plan attached as Appendix 1 to this statement. Milestones will be added to this Action Plan as the work to achieve the tasks progresses.

## 7 CIPFA Statement on the Role of the Chief Financial Officer

- 7.1 In assessing the effectiveness of the Council's Annual Governance Statement the Chief Financial Officer is required to review how their role in the authority meets the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. Key to this assessment are a number of principles:
- The Chief Financial Officer ("CFO") in a local authority is a key member of the leadership team, helping it to develop and implement strategy. In the Council the CFO is a key member of the Corporate Management Team with direct access to the Chief Executive, members, Audit & Governance Committee and internal and external audit

- The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy. In Oxford the CFO is responsible for Risk Management, has the ability to influence decisions through meetings and reporting to members and also has a statutory requirement to advise members of the robustness of estimates and the level of reserves and balances
- The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively. The CFO has a personal responsibility for financial stewardship and their prime responsibility is to the citizens to manage resources prudently, both within the authority and extending into partnerships, joint ventures and companies in which the council has an interest e.g. Oxford Direct Services Group, Oxford City Housing Limited, Oxford West End Development Limited (OxWED) and Barton LLP
- The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose. In Oxford the CFO currently has sufficient resources to undertake the Finance function and this is subject to review

- The CFO in a local authority must be professionally qualified and suitably experienced. The CFO and a number of key staff within the Finance Team are suitably qualified. Deputising for the CFO on matters of financial accounting is undertaken by the Financial Accounting Manager and Management Accountancy Manager, with additional posts taking responsibility on matters relating to Procurement and Revenues.

## **8 Awards/Recognition**

- 8.1 The Council wishes to ensure that it remains up to date with best practice and standards of performance so it regularly enters competitions against its peers and has achieved standards and won awards as set out in Appendix 2 to this statement.

## **9 Significant Governance Issues**

- 9.1 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.
- 9.2 The Council's internal auditors are BDO LLP who are required to provide the Audit and Governance Committee, and the Section 151 Officer with an opinion on the adequacy and effectiveness of risk management,

governance and internal control processes, as well as arrangements to promote value for money.

9.3 The annual report from the Council's internal audit provides an overall opinion on the adequacy and effectiveness of the Council's risk management, control and governance processes, within the scope of work undertaken by the firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. Overall the annual report from the Council's internal auditors, which will be reported to the Audit and Governance Committee on 30 July 2020, provides that, based on the evidence of the audits conducted, moderate assurance is given that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.

9.4 As the internal auditors of the Council BDO LLP is required to provide the Audit and Governance Committee and the Section 151 Officer with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.

9.5 In giving its opinion BDO LLP has stated that assurance can never be absolute. The internal audit service provides the Council with Moderate assurance that there are no major weaknesses in the internal control system

for the areas reviewed in 2019/20. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

9.6 In assessing the level of assurance to be given, BDO LLP has stated that the following matters were taken into account:

- All internal audits undertaken by BDO LLP during 2019/20
- Any follow-up action taken in respect of audits from previous periods for these audit areas
- Whether any significant recommendations have not been accepted by management and the consequent risks
- The effects of any significant changes in the organisation's objectives or systems
- Matters arising from previous internal audit reports to the Council
- Any limitations which may have been placed on the scope of internal audit – no restrictions were placed on our work...

**Appendix 1 ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2020/21**

Action Required	Deadline	Responsibility	Comment	Action Completed
1 All Heads of Service to review service area processes and procedures following response to Covid-19 pandemic to ensure that they still meet the business needs taking account of any new ways of working e.g. local schemes of delegation and authorised signatories.	31/3/21	Head of Law & Governance	To be followed up with Heads of Service through the Operational Delivery Group.	
2 Update business continuity plans in line with the lessons learned from the response to the Covid-19 pandemic.	31/12/20	Head of Financial Services	To be followed up with Heads of Service through the Operational Delivery Group.	
3 Undertake a further test of Business Continuity Plans.	31/3/21	Head of Financial Services	To ensure that business continuity plans are robust and reflect lessons learned from the response to the Covid-19 pandemic.	
4 Reviewing the priorities of the capital programme and timescales for delivery of those projects following the response to the Covid-19 pandemic and ensuring appropriate project governance processes are in place.	31/3/21	Executive Director Development	Following mitigating action with regard to the Council's capital programme in response to the Covid-19 pandemic as set out in the report of the Head of Financial Services - Financial Monitoring Report – April 20 considered by the Cabinet on 24 June 2020.	

Action Required	Deadline	Responsibility	Comment	Action Completed
5 Employee Code of Conduct – Refresh training for all staff on policies to ensure consistent knowledge on when and how to apply or engage with the policies.	31/3/21	Head of Business Improvement	As there has not been recent training a need for updated training has been identified to ensure knowledge of policies across the organisation.	
6 Whistle Blowing and Anti - Fraud and Corruption procedures - Need to provide refresher courses on policies to ensure consistent knowledge on when and how to apply or engage with the policies.	31/3/21	Head of Law & Governance and Head of Financial Services	There is a need to keep such policies in the awareness of all employees.	
7 Refresh the corporate arrangements for recording complaints ensuring that the complaint is responded to comprehensively and that lessons learnt are captured and acted upon.	31/3/21	Head of Business Improvement	The Council's current system for customer service case management is currently being replaced. Once the new system is implemented the corporate arrangements for recording complaints will need to be refreshed to include the design of accessible data output	
8 New online training module on Data Protection for all staff.	31/3/21	Head of Law & Governance (Data Protection Officer)	New module of training building on GDPR implementation training to be rolled out across the Council.	
9. Ensuring that adequate processes are in place in respect of Data Protection for	31/3/21	Head of Law & Governance	Ensure the ICO guidance and best practice are followed with regard to data protection	

Action Required	Deadline	Responsibility	Comment	Action Completed
officers working from home.		(Data Protection Officer)	practices and data security.	
10 Raising awareness of the need for good quality Equality Impact Assessments in respect of policy or service delivery changes.	31/3/21	Executive Director for Communities	To raise awareness building on good practice to date.	
11 Practical implementation of the delivery of social value through contract procurement activity – to be captured in revised procurement strategy.	31/3/21	Head of Financial Services	Revised procurement strategy to be implemented reflecting current practice.	
13 Implement a Conflicts of Interests Protocol to deal with crossover of roles now that there have been further appointments to the Boards of the Council's companies.	31/3/21	Head of Law and Governance	To ensure guidance to officers in situations of potential conflicts of interest.	
14 The Construction (Design and Management) Regulations 2015 (CDM) compliance.	31/3/21	Executive Director for Development	Ensure that the Council's responsibilities under CDM are understood and addressed and staff appropriately trained so that the risks involved in construction are managed from start to finish of a project.	

Action Required	Deadline	Responsibility	Comment	Action Completed
15 Member Code of Conduct	31/3/21	Head of Law & Governance	Submit response to consultation  To consider the outcome of the Local Government Association consultation on a model code and implement any resultant changes as required.	6/7/20

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## Appendix 2

### Awards/Recognition for 2019/20

The awards/external accreditations earned by the Council in the year April 2019 – March 2020 are as follows:

- QUEST for the Council's Leisure Centres and Rosehill Community Centre – the Council's Sport and Physical Activity Team was rated "Outstanding";
- Green Flag status for all of the Council's parks;
- Arts Council England awarded its Museum Accreditation (ACE) to the Museum of Oxford;
- Community Services received the Investors in Volunteers accreditation; and
- The Council's Youth Ambition Team received the National Youth Agency accreditation.

The awards/external accreditations retained by the Council in the year April 2019 – March 2020 are as follows:

- Investors In People Gold (2017);
- Customer Service Excellence accreditation for the entire organisation;
- The legal team within Law & Governance retained its LEXCEL accreditation and was commended as no non-compliances were identified during the assessment.
- Business Improvement retained Payroll Quality Partnership and the Payroll Assurance Scheme; and
- Community Services retained ISO 14001 and ISO 9001;