

## Annual Governance Statement – 2021/22 Financial Year

### 1. Executive Summary and Approval

- 1.1 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.
- 1.2 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.
- 1.3 The Internal Auditor’s opinion on the Council’s internal control environment:

**Overall, for the financial year 2021/22, 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.**

- 1.4 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 2021/22.

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

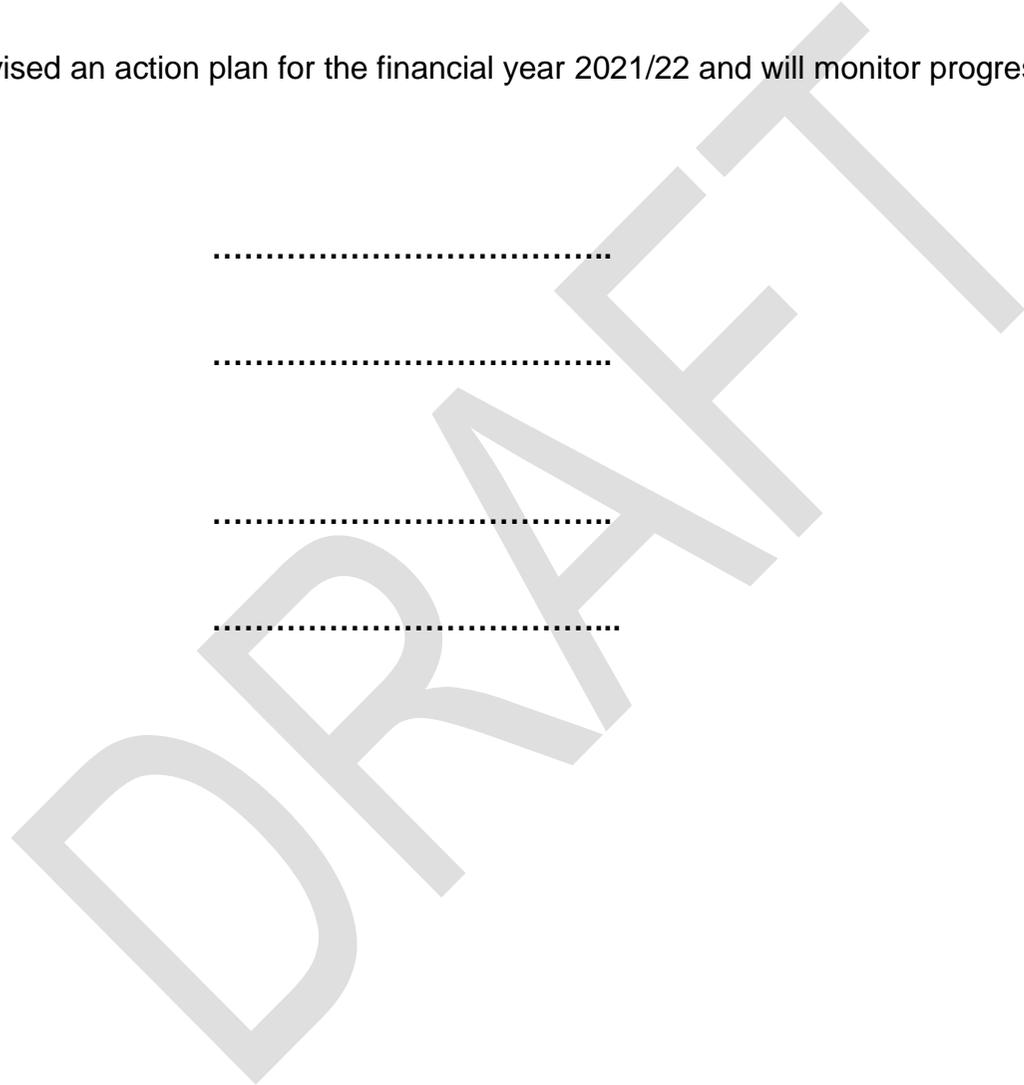
1.7 The Council has devised an action plan for the financial year 2021/22 and will monitor progress during the year.

**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 This statement is guided by CIPFA Bulletin 06 Application of the Good Governance Framework and describes the Council’s governance framework, the steps taken to ensure that it is effective and establishes key actions that will be put in place to ensure the ongoing effectiveness of its arrangements.
- 2.5 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.
- 2.6 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 2022 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 as well as a refreshed Whistleblowing Policy on 29 July 2021 and an updated Bribery Policy on 20 October 2021.

**5. The Governance Framework**

Council Strategy 2020/24

5.1 The Council Strategy 2020-2024 came into force on 1 April 2020, replacing the Corporate Plan 2016-2020. The Council Strategy 2020/24 sets out, at a high level, the aims for the council and what outcomes it aims to have achieved by the end of 2024.

5.2 The strategy highlights the developments and changes the Council wants to make and as such does not include current ongoing areas of work that might be considered business as usual.

5.3 The Council Strategy 2020-2024 is a public document and is presented in a way that is easy for people to understand.

5.4 The Council's vision is "Building a world-class city for everyone". By creating successful places in which to live

and work, supporting its communities and addressing the climate emergency, it aims to build a fairer, greener city in which everyone can thrive.

5.5 The Council has set four key priorities over the next four years – all of equal importance. The four priorities are all interconnected, and the Council will work to achieve them in a joined-up way:

- Pursue a zero carbon Oxford
- Enable an inclusive economy
- Support thriving communities
- Deliver more affordable housing

5.6 The Council is committed to a “customer-first” approach. It works innovatively and efficiently as a flexible and customer-focused team offering high quality services that meet people’s needs. It works to tackle inequality through its employment practices and the ways in which services are delivered aim to provide equality of opportunity and access for all.

5.7 The Council’s investments and policy-making are all designed to address the social and financial inequalities across Oxford. The Council values diversity and seeks to build a greater sense of togetherness across the city’s communities. It wants to ensure all of Oxford’s citizens, including those who are harder to reach, have fair opportunities and a real share in the city’s future.

5.8 The Council works in partnership with others – other councils, businesses, communities, the voluntary sector,

Oxford’s universities, the Government and other public sector bodies to ensure the way it shapes services and directs investments is joined-up with others.

5.9 The Council uses its commercial assets for the benefit of local people. It uses the wholly-owned companies and the commercial properties it owns to create jobs, support the local economy and provide additional funds that support delivery of public services. This is called the “Oxford Model”.

5.10 The Council is a campaigning organisation, working actively to engage with residents, businesses, stakeholders and Government and use its influence to help achieve the aims set out in the Strategy.

5.11 For each of its four priorities, the Council has set out the outcomes it would like to see achieved over the four years, and some of the headline actions it believes will be required to help deliver this.

5.12 The Council Strategy is complemented by an annual business plan that sets out the key priorities and specific actions and milestones the Council will undertake for the year ahead and reports on progress against agreed key performance indicators. This strengthens the prioritisation of key areas of work and supports collaboration among officers and with external partners. The first Business Plan covering the period 2021/22 was published in September 2020 and an [update](#) was provided on the Council’s website.

5.13 The Council continues to use CorVu for financial reporting and for integrated financial, performance and risk reporting to the Cabinet on a quarterly basis.

5.14 The project management process supporting the Council's Capital Programme has continued to evolve and develop. The Project Management Office (PMO) supports the Development Review Group and Asset Review Group which provide scrutiny of projects before they reach the Council's Development Board for formal decision taking. The Housing Supply Board similarly is providing reports into the Development Board which maintains scrutiny of the whole Capital Programme.

5.15 Work is now underway corporately to review and standardise reporting across a range of project areas through the organisation to ensure the Corporate Management Team is able to have an overview of the whole programme. These changes will be implemented in the 2022/23 financial year.

5.16 In 2021/22 an audit was undertaken by BDO, the Council's internal auditors, of the Council's project management process. The system in use was identified as moderate in both its design and effectiveness. Good practice was identified in the following areas;

- The Council has a robust Capital Strategy in place, which is thoroughly detailed to explain the Gateway Project Delivery process, arrangement of capital schemes and rules which aid in the effectiveness of project management within the Council. The Capital

Strategy is supported by the P2P approver limits which lists the budget approvers for each project to ensure that expenditure is kept within limits

- There was a sample of five capital projects which confirmed that they had been developed in line with the Council's Corporate Strategy and progressed through all appropriate gateway stages: proposal, feasibility, design, pipeline, and delivery
- The PMO Team had retained all project documents to evidence the gateway stages of the projects selected for sample testing, which include project initiation forms, project briefs, appraisal documents and board meeting minutes. Therefore, it was possible to follow how the projects had been adequately assessed to cover risks, benefits, costs, and impact
- The PMO Team generate several reports to provide an update on the progress of projects in relation to risks, budget, expenditure, and slippages. There was a review of the integrated reports generated by the Management Accounting Manager for the first and second quarters of 2021/22 which confirmed that the reports provide thorough detail on the financial position, risks, performance, and slippages to the Cabinet for consideration and support in decision-making
- The PMO Lead produces highlight reports on a monthly basis to the Council's Development Board and the Development Review Group which provides information on the project progress, key milestones, finances and deadlines. The report includes a project finance section which details the overall budget over the project duration, the budget for the year, actual

and forecasted expenditure. Key risks are addressed, and action points are stated for each project. It was confirmed that for all the projects reviewed, this information was reported within the December 2021 Highlight report

- There was a sample of three sets of Development Board meeting minutes from November 2021 to January 2022 which confirmed that in each instance, there were adequate discussions regarding the progress of the capital projects, budgets, project expenditure and the risk. Action points had been raised for projects, which are revised at the subsequent Board meeting. There has also been a review of evidence of the Action Tracker populated at the end of each meeting with actions to be taken, including the responsible Officer, date, status, and additional comments
- There was a review of three of the most recent sets of Development Review Group (DRG) meeting minutes from December 2021 to February 2022 which confirmed that in each instance, specific projects are discussed in relation to their progress, risk, and finances. There is also evidence of a review of the Feasibility Funding List and the Capital Programme to discuss the budgets and expenditure. There are recommendations to the Development Board listed at the end of each item and it was possible to follow the recommendations within the Development Board minutes.

5.17 Three key areas were identified for improvement:

- The testing identified blank entries in the October, November, and December 2021 Capital Monitoring reports, due to Projects Managers not adequately completing all sections of the monthly Smartsheets (Finding 1 – Medium)
- An inconsistency in risk monitoring across all five projects tested was identified, as each project had a different register in place which was not in line with the Council's prescribed Capital Risk Register (Finding 2 – Medium)
- The Council does not have an established process to monitor and feedback on lessons learnt for wider learning (Finding 3 – Medium).

5.18 The outcome of the audit has been reported to the Development Board and an action plan has been produced to monitor the successful implementation of the actions from the audit. These include greater visibility on whether reporting has not been completed, improvements to project documentation and standardisation of risk registers and increased training to support the process. These actions are taking place in the 2022/23 financial year.

#### Review of Corporate Risks

5.21 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. The Audit and Governance Committee and the Cabinet receive a quarterly report on progress against the risk registers.

## Partnerships

5.22 The Council works with a wide range of organisations through a number of city and county-wide partnerships to deliver its corporate objectives.

5.23 The Council's Leader and Chief Executive represent the Council on the following formal partnership:-

- 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 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 Future Oxfordshire Partnership, the recently confirmed new name of the Oxfordshire Growth

Board. The Future Oxfordshire Partnership is a joint committee of the six councils of Oxfordshire together with key strategic partners and meets four times a year. Its purpose is to coordinate local efforts to manage economic, housing and infrastructure development in a way that is inclusive and maximises local social and environmental benefits. The Leader and Chief Executive also attend regular informal systemwide meetings at a countywide level with other leaders and officers

- The Leader chairs the Fast Growth Cities group of councils that also includes Cambridge, Milton Keynes, Norwich, Swindon and Peterborough, with regular meetings attended by fellow leaders and senior officers.

5.24 Other formal countywide partnerships which have member representation from the Council include the Oxfordshire Resources and Waste Partnership, the Oxfordshire Health and Well Being Board, the Health Improvement Board and the Children's Trust.

5.25 In addition, the Council actively supports and participates in two further partnerships in the last year, the Zero Carbon Oxford Partnership (which the City Council established in 2020), bringing together key organisations in the city to coordinate action to reduce carbon emissions; and the Oxfordshire Inclusive Economy Partnership which brings together businesses and, councils and the universities to coordinate action on tackling economic inequalities

## The Council's Companies

5.26 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.

5.27 Capitalised expenditure across the companies totalled £18.8m on acquisitions and development activities compared to £17.1 in the 2021/22 financial year. This is mainly due to increased development activity. The spending for the year by both the development and investment company are in line with the estimated figures for the year.

5.28 During 2021/22 the investment company OCH(I)L took handover of an additional 14 dwellings from the housing scheme at Barton Park, taking the cumulative total now managed by the company to 117 at year end. Further properties from the third phase of Barton Park are expected to be handed over in the 2022/23 financial year.

5.29 During the year OCH(D)L continued to work on over 40 sites completing 68 units across 8 sites by the year end. The Company's business plan assumes 1,902 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).

5.30 Gross profit for the OCHL group of three companies totalled £6.79m, up from £629k last year. The profit was mainly derived from property sales by the development company. After other costs the net profit for the year was £3.4m compared to a net loss of £1.4m. After taking into account property re-valuations the total comprehensive profit for the Group was £2.5m compared to £120k last year.

5.31 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 2021/22 represented their third year of trading.

5.32 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.

- 5.33 The profit on ODSTL for the 2021/22 financial year amounted to £454k, compared to a profit of £613k last year. The profit on ODSL for the year amounted to £619k, compared to a profit of £188k last year. No dividend payments were made and retained earnings totalled £2.7m for ODSL and £915k for ODSTL. It is expected that the companies will pay a dividend relating to the years up to 2021/22 during 2022/23. Early signs in 2022/23 are positive with a number of major contracts won and a return to some sense of normality although the recent problems experienced from the implementation of the QL housing system programme is hampering the production of financial management information to confirm this. Additional cost pressures are also being felt due to increases in the cost of energy, fuel and raw materials.
- 5.34 The Council also is a 50% partner in Oxwed LLP with a joint 50% partner, Nuffield College Developments 1 Ltd. The Council originally set up Oxford West End Developments Limited as a joint venture with Nuffield College. During 2021/22 the work of the Company was transferred into a Limited Liability Partnership, OxWED

LLP whose partners are Oxford City Council and Nuffield College Developments 1 Ltd, a wholly owned subsidiary of Nuffield College. OxWED LLP is now tasked with formulating the development plans and seeking planning permission for the site, following which strategic infrastructure will be installed, and onward sale of plots for development of housing and commercial properties will be made, with dividends in respect of these sales forecast to be returned to the shareholders over the next 4 to 5 years. The loss in the LLP for the period from 10<sup>th</sup> December 2021 to 31<sup>st</sup> March 2022 totalled £834k.

- 5.35 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.
- 5.36 At the end of the financial year 2021-22 236 of the 237 properties in Phase 1 had been completed 95 of which are affordable. A further 41 properties have been completed in phase 2 out of the total of 207 units. Contracts have recently been exchanged for the development of Phase 3 consisting of a further 435 dwellings.
- 5.37 Each of the Council’s companies held regular Board meetings throughout the year 2021/22. In addition representatives of the housing companies and the direct service companies attended periodic reporting meetings

with their shareholders. For the year 2021/22 these shareholder meetings are to be regularised into quarterly reporting meetings and combined with the scrutiny function, reporting on the activities of all interests of the Council in wholly owned companies and joint ventures, at which decisions on matters reserved for the shareholder can be made.

#### Data Protection

5.38 Through leaving the Covid-19 pandemic, cost of living crisis and the Ukrainian refugee programme there has been a need for the Council to review its current practices and respond to new data sharing arrangements. It has undertaken the following activities in respect of data protection governance:

- Enforced the completion of the iLearn mandatory data protection training for officers (two modules rather than one depending on type of job role held) as part of their induction and then annually.
- Engaged with county wide local authorities on the provision of housing for Ukrainian refugees to allow for the sharing of data to provide support both hosts and guests.
- Engaged with the Oxfordshire County Council on the Household Protection Fund and managed the Council's responsibility about handling this data
- Established and published a revised information retention schedule, ensuring that this process is managed as the Council's ICT team migrate users over to Microsoft Office 365.

- Ensured that data is used properly whenever the delivery of further support to individuals is contemplated as part of the Council's response to the cost of living crisis.

#### Council Housing

5.39 The Council owned housing stock totals 7791 units which comprises 7333 of general needs social rented properties, 52 general needs affordable rent properties, 292 sheltered accommodation units, 26 shared ownership property and 73 properties used as homeless temporary accommodation. The Council also has 15 properties leased to external organisations and a further 696 leaseholder properties.

5.40 During the financial year 2021/22 the Council successfully collected 97.80% of rental income due in respect of its rented housing.

#### Constitution

5.41 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.

5.42 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.

5.43 The Constitution is reviewed annually to take account of changes to regulations and other developments in the Council's governance arrangements. In 2021/22 this work was overseen by a cross-party group of councillors which held a series of meetings to consider and shape proposals from officers. The outcomes of this work were reported to the Council on 21 March 2022 when a revised version of the Constitution was approved.

5.44 The revisions approved by the Council included amendments to governance arrangements which changed elements of governance rules and practice; alongside amendments to clarify existing governance arrangements which did not materially impact governance arrangements. The more significant amendments included:

- A higher threshold for project approval from Cabinet of £1m for contract awards (previously £500k)
- The principle that an officer report will be published 5 clear working days before a decision is taken by an individual Cabinet Member (to promote transparency)
- To authorise officers to order questions on notice and to group similar questions (for Council meetings)

- To include a sub-section on answering questions stating that members answering questions can offer to follow up with a written response within 5 working days of the meeting if they do not have the answer to hand and that any written responses will be added to the minutes of the meeting.
- To include a rule that Cabinet must respond to recommendations from the Scrutiny Committee within two months unless the Scrutiny Committee agrees to an extension.
- To align the key decision rules with the financial thresholds for matters reserved to Cabinet.
- The adoption of a new Members Code of Conduct, with effect from 18 May 2022.

5.45 The Monitoring Officer retains delegated authority to make minor and consequential amendments to the Council's Constitution, to include correcting clerical mistakes and ensuring it follows the law. The Monitoring Officer also has delegated authority to change Part 4 of the Constitution (who carries out executive responsibilities) and Part 6 (roles of Cabinet members) to reflect the wishes of the Leader of the Council.

#### Standards

5.46 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.

5.47 The Standards Committee met three times during 2021/22 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 recommended the appointment of a parish council representative as a non-voting member of the Standards Committee up to May 2022 and considered the proposed new Members Code of Conduct and recommended it to Council for adoption.

5.48 The Standards Committee has a role in advising the Monitoring Officer on the Council's arrangements for training councillors. The Committee endorsed the proposed arrangements for member training in 2022; including the continuation the delivery of most member training and briefing sessions remotely via Zoom.

#### Members' Allowances Scheme

5.49 The Council's Members' Allowances Scheme forms Part 26 of the Council's Constitution. The scheme will operate for four years, until the end of March 2023.

5.50 There was an internal audit carried out of the procedures for the operation of the Members' Allowances Scheme during 2018/19 and spot checks continue to be undertaken periodically on the allowances paid to members.

#### Dispensations for Members

5.51 The Localism Act 2011 requires that the Members of the 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 the existence of a disclosable pecuniary interest, can be granted at the discretion of the Monitoring Officer.

5.52 On 21 March 2022, the Council granted generic dispensations to all Members for a period of four years from 01 October 2022 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

- 5.53 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.
- 5.54 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. The

Council recruited four independent persons for a four year term each from 25 November 2019.

#### Procurement

- 5.55 The Council's Procurement Team has transferred the Council's contract register and pipeline into Sharepoint to enable better contract management and monitoring of the Council spend. The register enables the Council to fulfil its obligations under the transparency agenda. The Contract register and pipeline is a live document meaning that as soon as a contract is updated any reports subsequently derived from the register are also updated. The council has an established contract register and pipeline which is updated on a daily basis and reflects the council contracts with a value exceeding £5000. This is published on the Council website
- 5.56 A new Procurement Strategy was approved the Council's Cabinet September 2020 to run for 2 years until September 2022. A new procurement strategy is in development for the 2023 – 2025 financial years.
- 5.57 Officers from the Council's legal and procurement teams have recently undertaken an exercise to update the standard form of terms and conditions for contracts below the Find a Tender (the government's e-notification scheme "FTS") thresholds and those above the FTS thresholds. Other contract templates are consistently reviewed and updated when required. This is on-going and will reflect updates to any regulations

5.58 Procurement officers have reviewed the government's Green Paper "Transforming Public Procurement", published in December 2020 and have highlighted the potential changes and impact to the Council's Finance Panel. Officers will continue to monitor the situation – the Procurement Bill is with Government. It is expected that the new procurement regulations will come into effect during 2023, 6 months' notice will be provided. The Council's procurement team is monitoring progress.

5.59 Section 19 of the Constitution which contains the Council's Contract Rules has been reviewed in 2022 and will be reviewed yearly.

5.60 Transparency reporting (Spend over £500) is undertaken and published to the Council's website quarterly.

#### Member Training

5.61 During 2021/22 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. 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.

5.62 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. This expanded induction programme was delivered following the May 2022 local elections and sessions were well attended.

5.63 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.

5.64 Members are able to access externally facilitated training sessions with the agreement of their Group Leader.

#### Officer Training

5.65 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

5.66 On 9 December 2020 the Cabinet approved the Workforce Equality Report 2018-2020, considered current progress on the development of the draft Equalities, Diversity and Inclusion (EDI) Strategy where it related to Workforce Equality. It also considered those

actions which fall out of the draft EDI strategy but that will support the Council to develop relationships with local communities and realise its employee representation aspirations. In January 2021 The Workforce Equalities Report 2018 to 2020 which includes its Gender Pay Gap Report and its Ethnicity Pay Gap Report was published in January 2021.

#### Appointments

- 5.67 The Appointments Committee is responsible for appointing Executive Directors and Assistant Chief Executives and for undertaking the recruitment and selection process for the Chief Executive and designation of Head of Paid Service, Chief Finance Officer and Monitoring Officer and recommending these appointments to Council. The Committee also receives reports from the Chief Executive on senior management arrangements, to include any change. The Committee met twice in 2021/22.
- 5.68 The appointment of councillors to outside bodies such as trusts, charities and community associations is the responsibility of the Leader of Council, who chooses to seek Cabinet agreement to nominations. The Council currently has representatives on a total of 56 outside bodies. Those appointed to charities and trusts generally 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

- 5.69 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, environmental 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

- 5.70 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 a work planning process while remaining flexible and responsive to emerging issues, priorities and Cabinet decisions. Where there are multiple suggestions for Scrutiny-commissioned work,

the Council's TOPIC methodology is engaged to rank suggestions - with points awarded for timeliness, organisational priority, public interest, influence (the ability to) and cost. Preferential focus is given to Cabinet reports, which generate less additional officer work to produce for Scrutiny, allowing Scrutiny to navigate the balance of continuing to consider topics of particular importance whilst not overburdening the organisation.

- 5.71 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 one major piece of review work in 2021/22. The topic chosen for review was child poverty; the review specifically considered what more the Council could do to embed poverty prevention methods into Council activity and how the Council might work with partners and local anchor institutions on a collaborative response to this issue. The review resulted in an evidence based report to Cabinet containing a series of recommendations.

Audit and Governance Committee

- 5.72 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 2021/22 the Committee also received reports from officers on the performance of the Council's fraud investigations team as well as considering and approving the Council's refreshed Whistleblowing Policy and retaining the Council's Anti-Bribery, Fraud and Corruption Policy.

- 5.73 The Audit and Governance Committee receives quarterly reports on all allegations of fraud, corruption and money laundering once any on-going investigation is complete as well as those Ombudsman complaints for which a Public Interest Report is issued.

Financial Planning

- 5.74 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

- 5.75 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. The emergency planning documentation held by the Council is updated as required.

5.76 During 2021/22 the Council set up a working group for to emergency planning drawing on the expertise of all those involved in any emergency event within the City. The Council did the following:

- Introduced a new Flooding Protocol and Sandbag Policy and improved flood preparation information and communications for residents in the City which supported the County Council and ODS preparation and response to flooding
- Developed a more co-ordinated and comprehensive approach across the council and ODS to respond to incidents and emergencies, developing processes to support this
- Continued work on the Council's Crowded Places Plan to ensure it meets requirements and monitored progress on future Prevent legislation
- Ensured relevant officers continued to participate in Gold and Silver training in conjunction with Oxfordshire County Council
- Ensured officers across services participated in training to support the setting up of Reception Centres in an emergency
- Attended all relevant Thames Valley Local Forum Group online meetings to update and take forward

actions on major incidents e.g. flooding, heatwaves, fuel crises

- Worked with the Oxfordshire County Council on documents and plans in relation to the Death of a Senior Figure, developing a city plan for the Proclamation.

#### Statutory Officer Reports

5.77 The Monitoring Officer and Chief Finance Officer have had no cause to issue reports in exercise of their statutory powers in the 2021/22 financial year.

#### Whistleblowing

5.78 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 in July 2021.

#### Corporate Complaints

5.79 The Council also operates a comments, compliments and complaints system ("the 3 Cs"). The Council received 13 "stage 3" complaints. 9 of these were not upheld, 1 was upheld, 2 were partially held and one is on hold due to a legal claim.

5.80 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. 20 complaints against the Council were received

by the Local Government and Social Care Ombudsman but out of these only 2 were investigated and one complaint upheld. As a consequence of the Council has agreed to review its Housing Benefit appeal process to minimise delays and, where appropriate, will ensure appeals are passed to tribunal within a reasonable timescale.

- 5.81 Following the Council's self-assessment against the Housing Ombudsman's new Complaint Handling Code for registered providers of social housing, it was agreed by the Council's Corporate Management Team (CMT) to adopt a two stage procedure for all complaints across the Council and ODS and to update and expand the 3 Cs documentation. This came into effect from July 22.

#### Fraud and Corruption

- 5.82 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.
- 5.83 Working in tandem with a number of Council departments 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 2021-2022, the team were responsible for

preventing losses and increasing revenue, to the value of £6.81m for the Council.

- 5.84 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 12 instances of this in the year.
- 5.85 In early 2020, the team formed a shared-services partnership with the Counter-Fraud Team of Reigate and Banstead Borough Council. Both teams work in a commercial manner, supplying a range of services to client organisations and both teams have unique areas of specialisms. Joint working between the teams continued to thrive in the period with a range of high profile and high value outcomes achieved by the teams working in tandem.
- 5.86 In October 2021, the partnership was recognised by the IRRV, the Institute for Revenues, Ratings and Valuations, in their prestigious Performance Awards scheme. Together, the teams won the "Excellence in Partnership Working" award. In addition, the Oxford Team were independently recognised and won the "Excellence in Counter Fraud" award.
- 5.87 In November 2021, the team hosted its sixth Annual Fraud Conference. After hosting a virtual event in 2020, the conference again returned to the Town Hall for an in-person event with over 150 in attendance.

5.88 Throughout the year, the team continued to work as a commercial entity, providing a range of counter-fraud services to 23 external organisations, identifying £2.1m of fraud and financial irregularity on behalf of those organisations.

#### Employment

5.89 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.

5.90 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 People Team, who provide training, coaching and ad hoc support and advice. The People Consultancy Team and Business Partners 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

5.91 During the Covid-19 pandemic, the Council's response to a business continuity incident was tested in reality when the country went into full lockdown 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.

5.92 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 was proved that this accommodation wasn't needed through the use of ICT and remote working solutions.

5.93 The Council has now moved to a hybrid working pattern with staff working from home unless there is a need to attend the office. Most of the Council's workforce are therefore now essentially home-based. The Council's corporate and service business continuity plans have been updated in line with the revised business model and the reduction in the need for office space.

5.94 The business continuity plans currently still contain reference to alternative sites but the contract for the alternative site is being ended since it is no longer deemed necessary following the change in working patterns following the pandemic. Business continuity

plans with therefore be updated to remove the reference to the availability of an alternative location.

5.95 Business Continuity continues to be a focus for regular review. Service Area Business Continuity Plans are reviewed and tested on a regular basis with the most recent exercise being undertaken in February 2021 and focusing on the loss of ICT. This exercise was facilitated by the council's insurer Zurich Municipal and was successful with higher attendance than previously, probably due to the flexibility offered by running the event remotely.

5.96 Zurich Municipal also undertook a desk top review of all business continuity plans and provided feedback to the Council on those plans. These findings and the findings from the February 2021 exercise were fed back to managers to inform their business continuity plan updates.

5.97 The evidence provided by the continued delivery of services to the public during the pandemic indicates that the Council's business continuity processes held up well and that the Council can adapt well and quickly to changing circumstances

#### Freedom of Information

5.98 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 2021/2022 the Council received 964 requests for information, 11 of which were subject to an internal review. Two cases were referred to the Information Commissioners Office (ICO), the first was closed after a satisfactory internal review response was sent, the other is still awaiting an ICO case manager to be allocated.

5.99 It is clear that the types of request are becoming more complex with requesters using the FOI route to ask questions and opinions of officers rather than for recorded information

## 5 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, the Head of 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 Plans attached as Appendix 1 to this statement. Milestones will be added to this Action Plan as the work to achieve the tasks progresses.

## 6 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.

## **7 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 1 to this statement.

## **8 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 auditors have stated that in giving the opinion it should be noted that assurance can never be absolute. The internal audit service provides Oxford City Council with moderate assurance that there are no major weaknesses in the internal control system for the areas reviewed in 2021-22. 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.

9.4 In assessing the level of assurance to be given, the auditors took the following matters into account:

- All internal audits undertaken by BDO LLP during 2021-22
- 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 Oxford City Council
- Any limitations which may have been placed on the scope of internal audit – it is acknowledged that no restrictions were placed on the work.

## Appendix 1

### Awards/Recognition for 2021/22

The awards/external accreditations earned or retained by the Council in the year April 2021 – March 2022 are as follows:

- All five OCC leisure facilities and Rose Hill Community Centre are quality assured to the UK Quality Award Scheme for Sport & Leisure, QUEST;
- Parks and Green Spaces are accredited to the Green Flag Award® scheme; recognising well managed parks and green spaces, setting the benchmark standard for the management of recreational outdoor spaces across the United Kingdom and around the world;
- National Youth Agency Accreditation Framework;
- Town Hall has achieved AIM Accreditation. This is a formal accreditation provided by the MIA (Meetings Industry Association) and is UK's only recognised accreditation scheme for the meetings and events industry. More about the accreditation you can read their website <https://www.mia-uk.org/AIM>
- Arts Council England awarded its Museum Accreditation (ACE) to the Museum of Oxford;
- Regulatory Services & Community Safety received the Government's Regulatory Excellence Award for the response to the Coronavirus pandemic.
- Community Services received the Investors in Volunteers accreditation;
- The Council's Youth Ambition Team received the National Youth Agency accreditation.
- The Active Communities Team continues to achieve Active Communities Quest Stretch at 'Outstanding'; and
- The legal team within Law & Governance retained its LEXCEL accreditation and was commended as no non-compliances were identified during the assessment.