

To: Audit and Governance Committee
Date: 29 October 2024
Report of: Head of Law and Governance (Monitoring Officer)
Title of Report: 2023/2024 Annual Governance Statement

Summary and recommendations	
Purpose of report:	To present the 2023/2024 Annual Governance Statement for approval. To present the refreshed Code of Corporate Governance for approval.
Recommendation(s): That the Audit & Governance Committee resolves to:	
<ol style="list-style-type: none"> 1. APPROVE the Annual Governance Statement for 2023/2024; 2. APPROVE the new Code of Corporate Governance; 3. NOTE the action plan appended to the Annual Governance Statement and that progress will be reported on in 2025; and 4. DELEGATE authority to the Head of Law & Governance to make any typographical changes to the Annual Governance Statement for 2023/24 or the Code of Corporate Governance that may be required before publication on the Council's website. 	

Appendices	
Appendix 1	Annual Governance Statement 2023/2024
Appendix 2	Code of Corporate Governance
Appendix 3	The LGA's Councillors Guide: Improvement and Assurance Framework for Local Government [link]
Appendix 4	The LGA's Improvement and Assurance Framework [link]

Introduction and background

1. Each year the Council must produce a statement evaluating its governance and effectiveness. This is done considering the year against the Code of Corporate Governance.
2. The Council's Code of Corporate Governance has also not been reviewed for some time and therefore a review has been undertaken.
3. There is a stronger focus on the governance of Local Authorities following on from high profile failings which have been underpinned by poor governance

arrangements and practices elsewhere in the Country. This has resulted in the LGA producing a new Assurance Framework, and associated guidance (see appendices 3 and 4).

Code of Corporate Governance Refresh

4. The Council's current Code of Corporate Governance ("the Code") was not based around the principles defined by CIPFA and SOLACE in the "Delivering Good Governance Local Government Framework". As such the refresh has been based on bringing it in line with the best practice for codes aligning with the principles.
5. The refreshed Code has been designed around the principles and also sets out the key policies, procedures and bodies that form part of the system of ensuring the Council has strong, robust and effective governance arrangements.
6. The Council governance is set out in many documents (policies, procedures, protocols, the constitution, schemes of delegation etc). The Code of Governance pulls them together and explains what the Council will do to ensure good governance is practiced throughout the Council and in all it does.
7. Governance is defined by CIPFA and SOLACE as 'the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved'. Good governance helps deliver the outcomes desired by an organisation.
8. The refreshed Code of Corporate Governance is in line with good practice guidance, including the principles that underpin it.
9. It will, subject to approval, form part of the Council's control environment assurance arrangements.
10. The revised Code brings together an underlying set of values, legislative requirements, governance principles and management processes that enable effective outcomes, setting the framework for the Council to ensure that it operates in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
11. The Leader of the Council and Chief Executive are accountable for ensuring good governance in their authority and sign the Annual Governance Statement on behalf of the Council.
12. All services are responsible for maintaining proportionate but sound operational procedures and processes that adequately mitigate risks that may result in a service failure or the failure to deliver service objectives. Application of the framework outlined should put the Council in a strong position to successfully deliver whatever services it chooses to.

Annual Governance Statement Refresh

13. The Annual Governance Statement ("the AGS") is a statutory requirement (Accounts and Audit Regulations 2015) for local authorities.
14. As an annual report it is published with the Council's financial statements and its purpose is to describe the effectiveness of the council's overall governance arrangements. It should also provide an action plan to improve them.

15. The AGS needs to consider whether there is sufficient evidence to show that the Corporate Code of Governance is appropriately and consistently implemented. Where it is not, the AGS needs to propose actions to address this in the coming year. Improvements are not a suggestion that the Council is doing things incorrectly but a signal of good self-reflection and challenge, to strive to do better in its governance and assurance.
16. It is a corporate document. Though typically produced by the Monitoring Officer it reflects the corporate approach to governance by all departments considering the Code of Corporate Governance.
17. In the LGA Assurance Framework at Appendix 3 the roles of the Organisation around good governance and the AGS sets out the following as best practice:
 - **Operational directors** ensure that directorate assurance statements to inform the annual governance statement are comprehensive and accurate, informed by an assessment of compliance with all relevant policies and procedures.
 - **The strategic management team** effectively oversees operational and strategic delivery, including contributing to the review of the effectiveness of the authority's governance arrangements to inform the Annual Governance Statement.
 - **The Head of Paid Service (Chief Executive)** ensures that an appropriate person leads the review of the effectiveness of the authority's governance arrangements to inform the Annual Governance Statement.
 - **Audit and Governance Committee** (as the relevant committee of OCC):
 - reviews the draft Annual Governance Statement.
 - reviews, challenges, and approves the annual governance statement and holds management (via the chief executive and lead member as signatories) to account for implementation of improvement actions identified.
 - **A whole-council approach:** assurance isn't just the responsibility of the Monitoring Officer or the Head of Internal Audit. All members have a responsibility to oversee effective governance, and all officers have a duty to comply with good governance and provide information to demonstrate that compliance. Everyone should understand their contribution – and this may include partners and other stakeholders. The opportunity provided by the preparation of the Annual Governance Statement to step back and consider how well the authority's systems and controls are working as a whole, is a crucial one: depending on the scale of challenges and risks the authority is facing, the corporate statutory officers and/or audit committee may need to find other opportunities to do so at intervals during the year.

18. For 2023/2024 the format of the AGS has been refreshed and redesigned to reflect the new Code of Corporate Governance and to increase its effectiveness for the Council in reviewing its governance processes and arrangements and their use. The template has been developed that:
- puts a focus on outcomes and value for money.
 - evaluates against the local code and principles.
 - is written openly and in an easy-to-read way.
 - includes a conclusion on whether arrangements are fit for purpose.
 - identifies significant governance issues and produces an action plan to address them.
 - explains action taken in the year to address any significant governance issues identified in the previous year's statement (though note, this will be difficult to do based on the last AGS) and
 - is signed and endorsed by the Leader and Chief Executive.

Annual Governance Statement 2023/2024

19. The preparation of the Annual Governance Statement (“the AGS”), to support the Annual Statement of Accounts, is a statutory requirement (Accounts and Audit Regulations 2015) for local authorities. Its purpose is to demonstrate and evidence that there is a continuous review of the control environment - the effectiveness of the Council’s internal control, performance, and risk management systems. This allows an assurance on their effectiveness to be provided so that users of the Annual Report and Statement of Accounts can be satisfied that proper arrangements are in place to govern spending and safeguard assets. The process also enables the production of a corporate action plan to address any identified weaknesses.
20. The AGS also explains what governance challenges the Council is facing and how it is addressing those challenges and seeking improvement in how its functions are exercised. As part of the process of identifying issues self-assessment information is collated for all Service Areas through annual governance questionnaires. The responses to the questionnaires are analysed to identify recurring governance challenges.
21. Overall, the Annual Report from the Council’s internal auditors provides that moderate assurance can be given that there is a sound system of internal control, designed to meet the Council’s objectives and controls are being applied consistently.
22. The Committee is required to consider and, if satisfied, approve the AGS. The AGS forms part of the Council’s Statement of Accounts and is attached to the report as Appendix 1.

Financial implications

23. There are no financial implications arising directly from the report.

Legal issues

24. Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires an authority to conduct a review at least once in a year of the effectiveness of its systems of internal control and include a statement reporting on the review with any published Statement of Accounts. The Annual Governance Statement explains how Oxford City Council meets this requirement.

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