

Law and Governance

Annual Governance Statement – 2018/19

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Annual Governance Statement – 2018/19 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:

The Council’s framework of risk management, control and governance is assessed as moderate and there are no major weaknesses in the internal control system for the areas reviewed in 2018-19

- 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 2018/19.

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

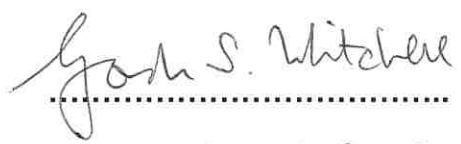
Leader of the Council


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Date

10 August 2019
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Chief Executive


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Date

8th August 2019
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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 31st March 2019 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 reaffirms 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 sets 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 was re-adopted by Council on 29 April 2019 and sets out the changed policy and financial contexts in which the Council is working and the Council's response to this changed environment.
- 5.2 The Council has 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 adopted and published a consultation framework.
- 5.3 The Council's priorities are:
- 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 has also adopted and published targets for the Corporate Plan measures.

5.5 The Corporate Plan is 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 continues to use CorVu for financial reporting and for integrated financial, performance and risk reporting to the Cabinet¹ on a quarterly basis.

5.7 Governance structures were simplified during 2018/19, resulting in the disestablishment of the previous programme boards and the establishment of a Development Board with a Review Panel reporting into it supported by a Project Management Office (PMO).

5.8 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.

¹ At the Council meeting on 29 April 2019 the Leader reported the change of name of the executive to Cabinet with effect from 13 May 2019. During the period covered by the AGS the executive was known as the City Executive Board but will be referred to as Cabinet throughout

5.9 The Capital Gateway framework has been revised during the year with on-going involvement in programme delivery. Project Managers and other officers involved with the delivery of the Council’s Capital Programme are encouraged to engage with the PMO who provide support and guidance in both the documentation required and the tasks demanded at each stage (gateway) of delivery. The Capital Gateway framework is intended to establish if ideas for projects should be developed, and then reconsidered at feasibility and design stages. A Review Panel with representation of Officers across the Council provides this peer review and challenge on proposals and business cases for the Development Board.. Following approval by Development Board and subsequent ratification by the Corporate Management Team capital projects are prioritised and recommended to Members for inclusion in the Councils Capital Programme subject to the availability of Capital finances. The revised processes enhance both Project Sponsors’ and Project Managers’ compliance with excellent project management practices, together with ensuring more timely and successful delivery of the Council’s capital projects.

5.10 A briefing was provided to Members in June 2019 on these new arrangements. All new projects go through these new governance processes, whilst projects already funded have been integrated into the process as appropriate.

5.11 The operations of Oxford Direct Services and Oxford City Housing Ltd continue to be managed through their

respective company boards with regular reporting to Shareholder meetings

- 5.12 Alongside this there are significant private and public sector investment proposals as well as the Oxfordshire Housing and Growth Deal.
- 5.13 The membership and format of the Heads of Service meetings was refreshed during the financial year 2018/19 and a wider group meets as the Operational Delivery Group (“ODG”) with a work plan of operational matters and Strategies to consider over the course of the year. Both the Development Board and ODG are responsible to the Corporate Management Team . These groups provided effective oversight of the large number of projects on-going.

Review of Corporate Risks

- 5.14 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

- 5.15 The Council works in partnership with various organisations to deliver its corporate objectives. The Council’s Leader and Chief Executive represent the

Council and the Chief Executive is a board member of each of the following organisations:-

- 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 Oxford Strategic Partnership (“OSP”) 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.
- 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

- 5.16 During the year 2018/19 the Council’s three housing companies (Oxford City Housing Limited (Company number 10212716), Oxford City Housing (Investment)

Limited (Company number 10370637) and Oxford City Housing (Development) Limited (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.

5.17 The most visible sign of the companies' progress has been in Oxford City Housing (Investment) Limited ("OCH(I)L") beginning to take ownership of the affordable housing at the new Barton Park site, as and when it becomes available, and commencing letting to tenants. In response, however, to changes in government policy during the year which liberalised the constraints on borrowing in the Housing Revenue Account ("HRA"), the companies are planning to make some key amendments to their business operation, under which the small to medium Council-owned sites, which were originally intended to be transferred to OCHL(I)L, would be developed by Oxford City Housing (Development) Limited ("OCH(D)L") before being sold into the HRA. In addition, the intention to transfer up to five properties per year from the HRA into the housing company will be suspended while the current regulatory regime remains in force. OCHL is wholly-owned by the Council, and OCH(I)L and OCH(D)L are both wholly-owned subsidiaries of OCHL.

5.18 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 2018/19 represented their first year of trading.

5.19 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. ODSTL trades exclusively with third parties and in its first year of operation has provided commercial waste collection services to its commercial clients.

5.20 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 is to develop and regenerate the Oxpens area of the city centre, and the principal business of the company throughout the year 2018/19 has been to run a procurement exercise to select an appropriate developer for the site. At the end of the procurement process the OxWED board will recommend its preferred developer to the two shareholders, for their consideration.

5.21 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. As part of establishing the JV the Council transferred its land into the entity at an agreed price. 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. Strictly the LLP has no shareholders and reporting on the activities of the LLP has been to the Council's Cabinet (last report 10th July).

5.22 Each of the Council's companies held regular Board meetings throughout the year 2018/19. 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 are to be 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 can 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.

5.23 The Directors of each of the Council's companies have been properly appointed and plans are in place for further non-executive appointments to be made during the financial year 2019/20.

Data Protection

5.24 The Council has continued to embed its practices in relation to the requirements of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018. Over the course of the financial year 2018/19 the Council:

- Completed a suite of corporate GDPR awareness training to the whole organisation.
- Produced and implemented a Policy and Procedure to deal with Subject Access Requests
- Carried out work within services on developing and approving Data Sharing Agreements with third parties
- Produced guidance on Privacy by Design including the provision of a Data Protection Impact Assessment Form for service areas to use.
- Set up registers for all core central documents to comply with the accountability aspect of the GDPR.
- Appointed two qualified GDPR practitioners to provide full governance of Data Protection for the organisation.

5.25 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

5.26 The Council owned housing stock totals 7696 units which comprises 7269 of general needs social rented properties, 45 general needs affordable rent properties, 291 sheltered accommodation units, 2 shared ownership

properties and 73 properties used as homeless temporary accommodation. The Council also has 698 leaseholder properties.

5.27 During the financial year 2018/19 the Council successfully collected 98.51% of rental income due in respect of its rented housing.

Projects

5.28 In the last year the Council:

- Submitted the Oxford Local Plan 2016-2036 for independent examination;
- Initiated development programmes in respect of East Oxford Community Centre, Barton Neighbourhood Centre, Oxford Sport Park, Museum of Oxford and Bullingdon Community Centre;
- Initiated a strategic housing review;
- Started an equalities framework review and an inclusive growth review;
- Took part in the government funded Controlling Migration Fund Project;
- Commenced arrangements for a Climate Emergencies Citizens' Panel which is due to meet in September 2019;
- Participated in a Health Inequalities project;
- In January 2019 Oxford City Council and Oxfordshire County Council have published updated proposals for a Zero Emission Zone ("ZEZ") in Oxford city centre. The updated proposals follow 15 months of listening to businesses, residents, transport operators and

health experts in Oxfordshire. The Councils set a journey to zero transport emissions in Oxford by 2035. From 2020, the ZEZ will see restrictions on some vehicles and journey types, which will increase gradually to all vehicles in the following years. The aim of the ZEZ is to tackle Oxford's toxic air pollution and protect the health of everyone who lives in, works in and visits the city. It is also expected that the ZEZ will improve air pollution levels across Oxfordshire because the buses and taxis that serve Oxford also serve towns and villages across the county; and

- Following the adoption of the Summertown and St. Margaret's Neighbourhood Plan a referendum was required to see if the electors of those two wards were in favour of the Plan. The referendum took place on 7th March 2019 and the result was as follows: Yes – 92.2%, No – 7.3%. The plan was therefore approved and will be taken into consideration by the Council when deciding planning applications in those two wards

Constitution

5.29 The Council's Constitution sets out comprehensively the rules for conducting business undertaken by the Council, including executive arrangements, committee structures, structures, finance and contract procedure rules and schemes of delegation.

5.30 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.

- 5.31 The Council's Constitution is reviewed annually to take account of changes to regulations and other developments. It sets out clear schemes of delegation for stipulating which decisions must be taken by full Council, the Cabinet, committees and officers. The constitution also provides clear opportunities for public and councillor engagement in Council decision making and policy formulation.
- 5.32 During 2018 the Council's Constitution was subject to an extensive review. This process began at officer level and as proposals developed a cross party working group was convened to consider changes and to make recommendations to Council. The review was undertaken to ensure that the Council's Constitution complied with all statutory requirements and to examine how the processes and procedures could be altered to improve organisational efficiency and achieve stronger governance. The Employment Rules in the Constitution were amended to properly reflect the provisions of the Local Authorities (Standing Orders) (England) Regulations, 2001.
- 5.33 An updated Constitution was agreed by Council on 26 November 2018. Key changes included additional clarity about the role of the Monitoring Officer in providing advice to councillors in respect of motions, a wider role for the Standards Committee in overseeing all councillor

training and the introduction of arrangements for councillors to voluntarily record offers of gifts and hospitality. Council also agreed to the inclusion of a social media policy to offer additional guidance to councillors.

- 5.34 The Monitoring Officer has delegated authority to amend the Councils' Constitution if it is to put right clerical mistakes or 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.
- 5.35 Any other changes must be agreed by Council after considering a report from the Monitoring Officer.
- 5.36 As changes are made to the Constitution it is updated on the Council's website. Previous versions of the Constitution are also available for reference.

Members' Allowances Scheme

- 5.37 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.

5.38 There has also been an internal audit carried out of the procedures for the operation of the Members' Allowances Scheme during 2018/19.

Dispensations for Members

5.39 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.

5.40 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

5.41 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.

5.42 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

5.43 Over the last two years 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. In 2019/20 there are plans to migrate the data to a Smartsheet which will give the register more functionality.

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

Member Training

5.45 The Council has an established framework in place for inducting and training councillors. Feedback is collected and analysed to inform the content and delivery of training to ensure the sessions are accessible, useful, engaging and meet councillors' needs.

5.46 Following the Oxford City Council elections on 3 May 2018 all newly elected councillors were required to attend a choice of two induction sessions which included training on the Members' Code of Conduct. New councillors were also assigned a "buddy" from within the Committee and Member Services Team to act as their first point of contact during their early months in office and ensure that their needs were being met.

5.47 An annual programme of compulsory and optional training is offered to all councillors. Compulsory training is provided annually on the Code of Conduct, planning and, for members on licensing committees; licensing. Council has collectively agreed that any members who fail to attend compulsory induction or training sessions will have a voluntary reduction applied to their basic allowance.

5.48 Compulsory training is complemented by optional training which is designed to be more specific to the specialist roles that members undertake. In 2018/19 a number of additional themed planning sessions were held, for example on the National Planning Policy Framework, planning enforcement and key urban design

principles. Optional training sessions were also held on the Council's finances and safeguarding.

- 5.49 Building on the current arrangements, a revised training framework will be put in place for the years 2020-24. This process will be overseen by a cross-party group of members and reported to the Standard's Committee. Feedback from members is collected and analysed to inform the content and delivery of training members are offered.

Officer Training

- 5.50 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

- 5.51 Following a comprehensive review of equalities data as part of the Council's duty to publish a Workforce Equality Report (WER) it has been recognised that there is a disparity in how representative the Council workforce is in relation to the economically active communities of Oxford. The WER also recognised how a diverse workforce drives higher performance.

- 5.52 As a result of this review a recruitment and retention development plan has been developed and is being implemented. This covers various themes such as how and where the Council recruits, its employer brand, talent management and training. All members of staff were asked to complete two short training programmes; one on unconscious bias and the other on general equalities awareness. In June 2019 the Council delivered a week of events and activities under the banner of Everyone Matters to engage staff in equalities diversity and inclusion issues.

- 5.53 Alongside this work the Council has set up a project group which is completing a review of Equalities, with an external focus, using the Local Government Equalities Framework to guide the work. Looking initially at data across Oxford in terms of demographics and inequalities the work is designed to inform future service delivery.

Decision Taking

- 5.54 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 legal, financial and other risks and 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. The Council's Forward Plan provides at least a four month

forward view of upcoming key 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

- 5.55 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 City Executive Board decisions. In addition to considering reports at committee and sub-committee meetings on a wide range of issues and decisions that affect the city and its communities, Scrutiny commissioned three major pieces of review work in 2018/19. The topics chosen for review were the homelessness no local connection policy, tourism management and the annual review of the Council's finances and budget proposals. Each of these reviews resulted in an evidence based report containing a series of recommendations for improvement, the majority of which were agreed by the Cabinet.

Audit and Governance Committee

- 5.56 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 2018/19 the Committee also received update reports from officers on senior management turnover, staff retention processes and as an update on the risks challenges and actions being taken to ensure the best possible cyber security for the Council.
- 5.57 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

- 5.58 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

- 5.59 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 will receive appropriate training during the financial year 2019/20. The emergency planning documentation held by the Council is being updated accordingly.

Statutory Officer Reports

- 5.60 The Monitoring Officer and Chief Finance Officer have had no cause to issue reports in exercise of their statutory powers in the 2018/19 financial year.

Whistleblowing

- 5.61 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

- 5.62 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.
- 5.63 There were no formal Public Interest Reports issued by the Local Government and Social Care Ombudsman against the Council in this year. One complaint against the Council was upheld by the Ombudsman. It related to how the Council dealt with a planning application and how the Council responded to a complaint about the way a complaint was dealt with. No remedy was recommended as the Ombudsman was satisfied that the Council had apologised and that no significant injustice had been caused.

Fraud and Corruption

- 5.64 The Counter-Fraud team continued to provide a highly effective fraud prevention, detection and investigation capability for the 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.
- 5.65 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 2018-2019, the team were responsible for preventing losses and increasing revenue, to the value of £3.68m for the Council.

- 5.66 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 financial year 2018/19..
- 5.67 For the third consecutive year, the team has been recognised by the Institute of Revenues, Ratings and Valuation (IRRV) in the winning of the 2018 prestigious performance award for Excellence in Counter Fraud. Human Resources
- 5.68 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.

- 5.69 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

- 5.70 Business Continuity Planning has continued to be a focus for improvement and regular review. Service Area Business Continuity Plans and have been reviewed and tested 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.
- 5.71 The Corporate business continuity Plan has been updated following these reviews and tests and will be finalised in the 2019/20 financial year.

5.72 The next stages involve updating the Service Area Business Continuity Plans and a full review by the council's insurer Zurich Municipal of both the Corporate and Service Area Business Continuity Plans. This review will then inform some follow up training sessions to be facilitated by Zurich Municipal. The reviews and tests to date have found that the plans are broadly effective and the follow up actions are to further improve and update the plans and to refresh the training of key officers.

5.73 Freedom of Information

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 2018/19 the Council received 902 requests for information, three of which were subject to an internal review. No cases were referred to the Information Commissioner.

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, 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 service area has completed and each Head of Service has signed an assurance checklist. The checklist covers the following areas:

- Risk Management
- Business Performance
- Projects and project management
- Financial management
- Fraud
- Procurement and contract management
- Human resources
- Equality and Diversity
- Data quality and security
- Health and safety
- External accreditations
- Review and documentation of business critical processes

6.3 The checklist 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. Each Head of Service gave a positive assurance.

6.4 A number of actions have taken place and are planned within various of the Council's Service Areas and these are summarised as follows:-

- Increased review and staff awareness of risk assessments
- Continued awareness raising of data protection requirements in order to promote best practice and to avoid data breaches
- Review of business continuity plans and health and safety controls
- Training for officers identified to undertake silver and gold level response roles and update of the Council's emergency planning documentation
- After the successful neighbourhood planning referendum in Headington in 2017, the Headington Neighbourhood Forum requested the Council carry out a community governance review (CGR) with a view to creating a community (parish) council for the area. Full Council agreed the Terms of Reference for the CGR in February 2019. The consultation period will start in mid-July, finishing on 25th August 2019. A report will be submitted to Full Council in October 2019 for it to decide whether a community council is created. If approved the new council would come into effect in 1st April 2020, with its first elections on Thursday 7th May 2020
- Increased reporting of the activity of the Council's companies to the shareholders to enable increased transparency of the companies' activities and to ensure that the financial implications of the decisions taken are fully understood by the Council.

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

7.2 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

- 8.2 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.

9. Significant Governance Issues

- 9.2 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.
- 9.3 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.
- 9.4 Overall the annual report from the Council's internal auditors, which will be reported to the Audit and Governance Committee on 24 July 2019, provides that, based on the evidence of the audits conducted, moderate assurance is given that there are no major weaknesses in the internal control system for the areas reviewed in 2018-19
- 9.5 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.

9.6 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 2018-19. 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.

9.7 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 2018-19
- 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

Awards/Recognition for 2018/19

The awards/external accreditations earned by the Council in the year April 2018 – March 2019 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 six 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 2018 – March 2019 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;
- Business Improvement retained Payroll Quality Partnership and the Payroll Assurance Scheme;
- Community Services retained ISO 14001 and ISO 9001;

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