Annual Governance Statement 2014/15

INTRODUCTION

1. Good corporate governance means that:

   - The purpose and vision of the Council is clear to everyone;
   - The Council has clear values, focusing on customers and the way we work;
   - There is robust engagement and consultation with local people and stakeholders;
   - Councillors and officers have clear functions, roles and responsibilities and training;
   - Standards of conduct and behaviour are high, and meet the values of the Council;
   - Decisions are taken in an informed, transparent and accountable way, focusing on outcomes for the community;
   - Decisions are the subject of review and scrutiny;
   - Risks are considered and managed to a reasonable level;
   - There are internal controls on decisions and actions; and that
   - Each year, the governance structure itself is reviewed and updated, progress planned last year is checked and there are new plans for further improvements.

   Corporate governance is about ensuring that we do the right things, in the right way, for the right people in an accountable, honest, inclusive, open and timely manner. Excellent systems, processes, cultures and values are needed to control the Council and engage with and lead Oxfordshire to meet the needs of residents.

2. This Statement describes the corporate governance in Oxfordshire County Council in 2014/15 and up to the date of approval of the Statement of Accounts. It also shows how systems have been reviewed and will be improved. This Annual Governance Statement is required by Regulation 4(3) of the Accounts and Audit (England) Regulations 2011.

3. The Council is subject to other complex legal requirements in this area. We:

   - Are responsible for ensuring that our business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and that it is used economically, efficiently and effectively;

   - Have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness; and

   - Are responsible for putting in place proper arrangements for the governance of our affairs and facilitating the effective exercise of our functions and managing risk.

4. Oxfordshire County Council has adopted a 'Code of corporate governance', which is consistent with the principles of the CIPFA/SOLACE[1] Framework 'Delivering Good Governance in Local Government'. A copy of our 'Code' is on our public website[2].

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[1] Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives
[2] http://www.oxfordshire.gov.uk/cms/public-site/corporate-governance

5. The result is our 'governance framework'. This is the system that we use to direct and control the activities of the Council. We use this system to check whether we achieve our objectives and deliver appropriate services and value for money. Internal controls – such as internal audit - are an important part of our governance framework. They help us identify and manage risks. Internal controls cannot eliminate all risks, but they do provide a reasonable level of assurance.

6. This statement covers all services including the Fire & Rescue Service. However the Fire & Rescue Service are required to produce a separate Statement of Assurance which will supplement this statement. A copy of the Fire and Rescue Service Annual Statement of Assurance for 2014/15 can be found on our public website at:
   http://www.oxfordshire.gov.uk/cms/content/oxfordshire-fire-and-rescue-service-performance

7. The following sections cover the key elements of our Council's governance framework:

   - A vision for Oxfordshire
   - Equalities
   - Consultation and Communication
   - Decision making structures
   - Senior Management
   - Controls Information, Projects and ICT
   - Codes of Conduct
   - Training

   Further sections cover working with others:

   - Schools
   - Partnerships

   Next, processes to ensure that good governance is in place:

   - Measuring and Managing service performance
   - Compliance, Risks, Complaints and Whistleblowing
   - Internal Audit
   - Checking the Effectiveness of our Governance

   Then we review past plans, review our effectiveness and introduce new plans:

   - Progress in 2014/15
   - Review of effectiveness
   - Action Plans for 2015/16

   And finally, the signatures of our Leader and County Council Management Team (CCMT) officers show their approval of our Annual Governance Statement.

OUR GOVERNANCE FRAMEWORK

A vision for Oxfordshire

8. Oxfordshire County Council's ambition, as set out in our corporate plan, is for a county where local residents and businesses can flourish - a Thriving Oxfordshire. To us this means having:

- A Thriving Economy - with small businesses starting, existing small businesses growing, and large businesses choosing to locate here, creating good jobs for local people. A strong economy makes everything else possible.

- Thriving People and Communities - where residents are empowered to help themselves and can contribute to what happens locally, and where everyone can make informed decisions about their health and wellbeing.

- A Safety Net – where we support our most vulnerable residents, focusing on those we have a duty to consider such as older people, disabled adults, and children. We must ensure they are aware of, and are easily able to access the services and care to which they are entitled.

9. We will work to achieve these objectives by delivering essential core services and playing a key leadership role within the county to bring partners together to encourage the best possible outcomes for the residents of Oxfordshire. We will also, wherever appropriate, look first at how we can help people and communities to help themselves.

10. Our Corporate Plan is supported by Directorate Business Strategies which set out how the work will be delivered. The Directorate Business Strategies for 2015/16 to 2017/18 were updated through the 2015/16 Service & Resource Planning process and approved by Council in February 2015.

Equalities

11. Oxfordshire County Council is committed to making Oxfordshire a fair and equal place in which to live, work and visit. We want our services to effectively meet the needs of all local residents, including those in rural areas and areas of deprivation. We also aim to ensure that our staff are equipped with the knowledge and skills to meet the diverse needs of customers, that our services are accessible, and to encourage supportive and cohesive communities through our service delivery.

12. In 2012 we launched our Equality Policy setting out how we aim to achieve this goal, as well as meet our obligations under the Equality Act 2010. In our Equality Policy 2012-17, we set ourselves the following objectives:

   1. Understanding the needs of individuals and communities
   2. Providing accessible, local and personalised services, including to rural areas and areas of deprivation
   3. Supporting thriving and cohesive communities
   4. Promoting a culture of fairness in employment and service delivery

These key equality objectives align closely with the council's overall strategic objectives, as set out in the council's Corporate Plan.

13. We have set of specific and measurable actions for Directorates to work toward each year in support of achieving these objectives, and we report annually to Cabinet on progress against these.

14. In addition, the Public Sector Equality Duty within the Equality Act requires us to consider how the decisions that we make, and the services we deliver, affect people who share different protected characteristics. We must publish information to demonstrate that we have done this. To meet this obligation we produce and publish Service and Community Impact Assessments (SCIAs) to review the potential impact of new and updated policies and service delivery decisions.

15. The Public Sector Equality Duty also requires us to publish information to demonstrate we have considered how our activities as an employer affect people who share different protected characteristics. We publish an Annual Equality in Employment report to monitor the extent to which we achieve this.

Consultation and Communication

16. Oxfordshire County Council's Communication team manages channels for communicating with residents and staff which include:

- The Council website with information on services and policies;
- A Press office to respond to media enquiries and run targeted media campaigns;
- Marketing channels to reach residents directly, including poster sites, email newsletters and social media channels (for example Twitter and Facebook).

Council staff are kept informed about important workplace developments via the Intranet and regularly cascaded manager briefings. The Council holds an annual staff conference and a series of staff road shows led by the Chief Executive, Directors and senior managers, to directly engage with staff and communicate possible changes.

Oxfordshire County Council also has established public affairs channels managed by the Policy team for communicating with MPs, representatives from district councils and other local and national partners. This includes a monthly MPs briefing.

17. Our website includes our 'Transparency' information, as required by the Local Government Transparency Code. This code was revised in 2014, increasing the amount of information required.

18. We also have well established consultation and involvement arrangements to specifically engage the community and its staff. There is a council-wide Consultation & Involvement Strategy, a research governance framework covering consultation, evaluation and research with adult social care customers and a dedicated engagement team working with children and young people and vulnerable adults. Details of the Council's consultation and involvement activities such as service and policy change consultations, surveys of our Citizens' Panel 'Oxfordshire Voice', service user events

and Sounding Boards are published on an online consultation calendar that can be found at: http://www.oxfordshire.gov.uk/consultation.

19. Oxfordshire County Council uses a wide range of evidence and information to inform strategy, policy development and service planning and delivery. Examples of this include feedback from consultation and involvement activities and the use of data about the lifestyle types and needs of people in different parts of Oxfordshire to inform decisions on locating services. A key aspect is to consider the impact of budget decisions on vulnerable groups. We manage this through the production of Service and Community Impact Assessments as part of our budget and service change process.

20. The County Council's Research and Intelligence Team manages the 'Oxfordshire Insight' website, which provides an open platform for sharing information and statistics on Oxfordshire. The team proactively communicates data to staff and councillors to ensure that our approach to decision making is evidence based. We also attach great importance to engaging with communities that wish to develop their own plans. Community-led planning allows us to respond to local issues and concerns raised by Oxfordshire's communities whilst encouraging self-help solutions.

21. The Health and Wellbeing Board oversees the production of the Joint Strategic Needs Assessment (JSNA) – a shared evidence base required by the Health and Social Care Act. This identifies the health needs of the local community and other factors affecting health outcomes, with trends over time and by local area. The JSNA drives the priority setting of the Health and Wellbeing Board, in particular providing the foundation for the Oxfordshire Health and Wellbeing Strategy. The JSNA also provides much of the evidence base for the Director of Public Health's Annual Report and directly informs the approach to commissioning take by the County Council and other partners.

Decision making structures

22. Oxfordshire County Council's Constitution sets out the roles of and relationships between the full Council, the Cabinet, Scrutiny and other Committees in the budget setting and policy and decision making processes. It notes the legal requirements. The County Council's Corporate Plan supplements our Policy Framework. These formal policies are approved by full Council in accordance with the provisions of Oxfordshire County Council's Constitution.

23. The Constitution also sets out a scheme of delegation. The Chief Finance Officer approves the financial scheme and the Monitoring Officer approves the decision making scheme. The Constitution also records what responsibility each Oxfordshire County Council body or individual delegate (councillor or officer) has for particular types of decisions or areas or functions. The Constitution requires that all decisions taken by or on behalf of the County Council are made in accordance with given principles.

24. The Constitution also sets out how the public can take part in the decision making process. The Cabinet's Forward Plan alerts the public to what business the Cabinet will be undertaking to give members of the public the right to make representations before a decision is taken. Some of the responsibilities of the County Council committees require statutory consultation to precede a decision being taken.

25. The Constitution is reviewed annually by the Monitoring Officer with recommendations of changes being made to Full Council for consideration and adoption.

26. There is a thirty minute Question Time at all Cabinet and individual Cabinet Member delegated decisions. Any councillor may, by giving notice, ask a question on any matter in respect of the Cabinet's delegated powers. The number of questions which may be asked by any councillor at any one meeting is limited to two (or one question with notice and a supplementary question at the meeting). As with questions at Council, any questions which remain unanswered at the end of this item receive a written response.

27. The Council has retained its procedure for dealing with Councillor Calls for Action and retains a duty on Directors to respond to petitioners within 10 working days.

28. Oxfordshire County Council has an Audit & Governance Committee which normally meets six times a year. The County Council also operates an Audit Working Group, made up of members of the Committee and Senior Officers, chaired by a co-opted member of the Audit & Governance Committee. The Audit Working Group looks in detail at specific areas of governance, risk or control under the direction of the Audit & Governance Committee. We are reviewing and updating our arrangements in response to the 2013 version of the CIPFA guidance[3].

29. The County Solicitor monitors and reviews the operation of the Constitution to ensure that its aims, principles and requirements are given full effect and makes recommendations on any necessary amendments to it to Full Council. They are authorised to make any changes to the Constitution which require compliance with the law; or to give effect to decisions of the Council or (so far as within their powers) the Cabinet, Review and Scrutiny committee and ordinary committees; or to correct errors and otherwise for accuracy or rectification. All other changes to the Constitution will only be approved by the full Council after consideration of a recommendation from the County Solicitor.

Senior Management

30. Oxfordshire has a Chief Executive who is responsible for the head of paid service function. Her role, in summary, includes co-ordinating the different functions of the council, staff appointment, organisation, management, numbers and grades. Additional responsibilities are set out in the Constitution include supporting councillors and the democratic process, overall corporate management and promoting our objectives, performance management, strategic partnership, the community strategy, media and communications.

31. Our Chief Finance Officer holds the statutory role of 'Chief Financial Officer' within the Council. In 2010 CIPFA issued a Statement on the "Role of the Chief Financial Officer in Local Government"[4]. This outlines five principles that define the core activities and behaviours that belong to the role of Chief Financial Officer and the governance requirements needed to support them. A self–assessment confirms that the Council's

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[3] Audit Committees, Practical Guidance for Local Authorities and Police, 2013 Edition, CIPFA,

[4] See: http://www.cipfa.org/Policy-and-Guidance/Reports/-/media/Files/Publications/Reports/role_of_CFO_in_LG_2010_WR.pdf

financial management arrangements conform with the governance principles of the CIPFA statement as outlined below:

1. Our Chief Finance Officer is a member of the County Council Management Team, helping it to develop and implement strategy and to fund and deliver the County Council's strategic objectives.

2. Our Chief Finance Officer is actively involved in and can influence all material business decisions.   She can make sure that immediate and longer term implications, opportunities and risks are fully considered and aligned with the Medium Term Financial Plan.

3. Our Chief Finance Officer leads the promotion and delivery by the County Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

4. Our Chief Finance Officer leads and directs a finance function that is adequately resourced and is fit for purpose.

5. Our Chief Finance Officer is professionally qualified and suitably experienced.

32. The Financial Procedure Rules are part of the Constitution and are published on the Council's website. These 'Rules' and the supporting Financial Regulations are reviewed by the Chief Finance Officer. Schemes of Financial Delegation and Delegation of Powers are reviewed and updated twice a year.

33. These financial documents are supported by a Treasury Management Manual, a Capital Manual, an Accounting Manual and information for use by non-finance specialists which are published on Oxfordshire County Council's Intranet.

34. There are teams of professionally qualified staff in the Chief Executive's Office and within Oxfordshire Customer Services. Part of their role is to support managers throughout the County Council in fulfilling their financial responsibilities and in providing regular review, scrutiny and challenge where appropriate. They also provide assurance that financial management is carried out across the organisation in accordance with the requirements of the CIPFA "Role of the Chief Financial Officer" Statement.

35. Oxfordshire has a County Solicitor who is the Monitoring Officer. His role, in summary, includes meeting all legal requirements, ensuring effective administration and compliance with statutory responsibilities around the councillors code of conduct and the ethical standards of officers. Additional responsibilities in the Constitution include maintaining the Constitution itself, work for the Audit & Governance Committee on standards issues, advising on ethical and legal issues, supporting the complaints procedure, access to information and promoting good corporate governance.

Controls on Information, Projects and ICT

36. Our Information Governance Group reviews and implements corporate policies, including the new Information Governance Policy, the Data Sharing Policy and new tools

and methods of work evaluated by ICT Business Delivery to improve the security of data transfer.

37. Oxfordshire County Council requires projects to be managed using their Project Management Framework which gives a comprehensive structure, standard paperwork and defined processes. Progress of Major Programmes is regularly reported to DLTs, the Chief Executive and also to the Audit Working Group (via the Directorate's Strategic Risk Registers).

38. Our ICT Service Manager has overall responsibility for the strategic development and delivery of all aspects of ICT for Oxfordshire County Council. The Deputy Head of Law and Culture is the Council's Data Controller and chairs the Information Governance Group. This group has representatives from all Directorates and specialists from Human Resources and ICT Services. The group has appointed a Senior Risk Information Owner, an Information Risk Owner for ICT and an Information Risk Owner for Joint Commissioning; as well as linking with the Caldicott Guardian (responsible for patient and service user confidentiality).

Codes of Conduct

39. Oxfordshire County Council has developed and adopted separate Codes of Conduct for Councillors and Officers; both Codes define the standards of behaviour expected by the County Council and the duty owed to the public. Training on the requirements of the codes is provided by the Council's Monitoring Officer for both Councillors and Officers. Both codes form part of the County Council's Constitution and are readily accessible via the council's Internet and Intranet websites. Both codes are reviewed by the Monitoring Officer to ensure that they continue to be effective and up to date. The Monitoring Officer undertakes a confidential biennial survey of Member/Officer relations.

40. Each Council must adopt a local Code of Conduct and have arrangements in place to investigate complaints made against Members. Our Council has agreed to include standards within the terms of reference of the Audit & Governance Committee. The work relating to standards being undertaken by a small advisory group led by the Monitoring Officer with the advice and assistance of independent persons.

Training

41. Oxfordshire County Council's Constitution sets out the roles and functions for all councillors. Member development is delivered having regard to emerging issues, skills requirements, formal roles and any necessary induction following an election or by-election.

42. Development needs for senior managers are identified and followed up through our appraisal process. Our in-house Senior Leadership Programme provides them with a platform for sharing best practice and the support needed to tackle the complex issues we face in local government.

WORKING WITH OTHERS

Schools

43. Section 48 of the Schools Standards and Framework Act 1998 requires the authority to prepare a scheme setting out the financial framework for local authority maintained schools, known as the Scheme for Financing Schools. Amendments to the Scheme may be proposed by the authority after consultation with all maintained schools and agreed by either the Schools Forum or the Secretary of State for Education. The Secretary of State may also direct changes to all authorities' scheme for financing schools. Practical day to day application of the Scheme is set out in the Financial Manual of Guidance, which also includes links to the County Council's Constitution. Schools receiving delegated budgets must adhere to the financial framework, and failure to comply with the Scheme can ultimately lead to withdrawal of delegation.

44. It is the responsibility of each school's governing body to set down and oversee proper governance arrangements for the school. The governing body in maintained schools is accountable to the local authority for the way the school is run. The Schools Finance Team visit maintained schools to provide support, advice and challenge and give assurance on financial management in each school. The team validates all maintained schools' budgets annually and reviews budget monitoring reports during the year. A helpline is also provided to schools to give them immediate SAP applications support and finance guidance where needed. The Schools Finance team monitors compliance with the Scheme for Financing Schools and the Financial Manual of Guidance. Schools identified as having higher financial risks or issues are given additional support and oversight. If the authority is not satisfied that a school is exercising good financial management, a notice of concern can be issued advising the school of required actions. Ultimately failure to comply with a notice of concern could lead to withdrawal of delegated budget powers from a school.

45. All local authority maintained schools are required to complete a Schools Financial Value Standard (SFVS) statement annually and submit a signed copy to the local authority. The SFVS is not externally assessed but is used to inform the authority's programme of financial assessment and audit.

46. Dedicated Schools Grant (DSG) is the main source of funding for schools and the authority must consult Schools Forum about deployment of DSG to support the Schools Budget. Government continues to make other grant streams available to schools via the County Council, including funding for school sixth forms and the Pupil Premium. Grant terms and conditions and related guidance are followed when distributing the local school funding formula and other grant streams. All local authorities are required, under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009, to publish via their public web site an annual budget statement and an annual outturn statement.

47. Academies are legally separate entities and therefore their effective governance does not fall within the control or responsibilities of the County Council. The County Council retains responsibilities to ensure that special educational needs are met and that the free entitlement to early year's education is provided by academies where applicable.

Partnerships

48. Oxfordshire County Council works together with other bodies and organisations, in many different partnerships. Each partnership is governed by terms of reference. Overall accountability for partnership working is provided by Council. Council is responsible for examining formal and informal feedback mechanisms. To enable Council to carry out this responsibility each partnership presents an annual report.

49. The key partnerships that Oxfordshire County Council is part of are:

- **Oxfordshire Local Enterprise Partnership -** responsible for championing and developing the Oxfordshire economy. Working with businesses, academia and the public sector OxLEP drives economic development across the county. The LEP is responsible for bidding and securing funding for investment to promote growth in the county.
- **Oxfordshire Skills Board –** responsible for improving the skills available to employers and the learning opportunities available to students, residents and workforce.
- **Oxfordshire Growth Board –** responsible for the delivery of the projects agreed in the City Deal and Growth Deal that fall to the councils, working collaboratively to deliver.
- **Oxfordshire Local Transport Board –** responsible for identifying and prioritising the delivery of local major transport schemes.
- **Oxfordshire Safeguarding Children Board –** responsible for scrutinising and monitoring the work of local agencies to safeguard and promote the welfare of children.
- **Oxfordshire Safeguarding Adults Board –** responsible for working together to safeguard and promote the welfare of vulnerable adults.
- **Oxfordshire Health and Wellbeing Board –** responsible for producing the Joint Health and Wellbeing Strategy and working together to improve the health and wellbeing of local people, especially those with health problems or in difficult circumstances
- **Oxfordshire Stronger Communities Alliance –** responsible for helping to build and maintain stronger communities and a thriving voluntary, community and faith sector in Oxfordshire to improve the quality of life for local people.
- **Oxfordshire Safer Communities Partnership –** responsible for tackling crime and disorder, anti-social behaviour and the fear of crime, to make the county safer for residents, those who work in Oxfordshire and those who visit.
- **The partnership with Hampshire** who will provide some of the Council's Finance and Human Resources support services from July 2015.

50. The partnership arrangements across Oxfordshire County Council are varied. There is a mixture of statutory and non-statutory bodies. The key statutory arrangements are in relation to health and wellbeing, safeguarding and community safety. There are also essential partnerships that allow for the bidding for, allocation and distribution of funding, especially those that operate in the economic growth arena and to manage pooled health budgets.

51. Further accountability is provided by the Oxfordshire Partnership. The Oxfordshire Partnership sets the objectives in the Oxfordshire 2030 strategy. The partnership meets twice a year to discuss shared priorities and key issues. Each partnership will present regular updates on the progress of their work to the Oxfordshire Partnership. The Oxfordshire Partnership currently has 37 members drawn from

- Local Government (12 members)
- Other public sector agencies (health, police, military, etc.) (7 members)
- The Voluntary, Community, and Faith Sectors (7 members)
- Town and Parish Councils (5 members)
- Private Sector representatives (3 members)
- Education (including local universities) (3 members)

REVIEWING OUR EFFECTIVENESS

Measuring and Managing Service Performance

52. Oxfordshire County Council has a robust performance management framework, centred on quarterly reporting and an exception based escalation of issues. Priorities are identified in the Corporate Plan and related performance indicators are agreed with directorates, as part of the service and resource planning process. Progress is reported by the use of dashboards with Red, Amber or Green (RAG) ratings.

53. Accountability for performance runs from the individual to corporate level through directorate leadership teams and then on to the County Council Management Team (CCMT). Public reports are made to Performance Scrutiny Committee and Cabinet. Performance Scrutiny Committee met eight times in 2014/15 to consider performance across the Council focusing on a directorate in detail at each meeting. The Committee can call for additional reports from directors and examine issues in detail to ensure that improvements are made. The Committee also challenges proposed indicators and targets to ensure they are realistic and in line with strategic priorities. The Cabinet considers and agrees the indicators and targets. They also consider any performance issues escalated to them and any recommendations for further action by the Performance Scrutiny Committee.

54. Performance is also discussed at regular meetings between each directorate leadership team and the chief executive. There is a detailed examination of a range of management information. This includes information about performance, people, risk, audits and inspections. In addition to the official reporting framework key issues are escalated to Directors and the Chief Executive on a need to know basis.

Compliance, Risks and Complaints & Whistleblowing

Compliance

55. Oxfordshire County Council uses a range of measures to ensure compliance with established policies, procedures, laws and regulations including:

- Notification of changes in the law, regulations and practice to directorates by Legal Officers;

- Training carried out by Legal Officers and external experts;

- The drawing up and circulation of guidance and advice on key procedures, policies and practices;

- Proactive monitoring of compliance by relevant key officers including the Chief Finance Officer, the Monitoring Officer and the Chief Internal Auditor;

- A Corporate Governance Strategy for Law and Culture; and a

- Protocol for Implementing New Legislation ensures that there are Directorate Leads who have a specific obligation to ensure appropriate dissemination of legal, policy and professional information within their Directorates.

56. Guidance and advice on all our key policies and procedures have been reviewed and updated. All policies and guidance are available on the Intranet within the Corporate Governance Library as well as separate pages for Human Resources and Finance.

57. Compliance with our policies is monitored by the relevant corporate lead officers. Their assessment is incorporated in the year end 'Certificate of assurance' signed off by each corporate lead officer.

58. Under Section 5 of the Local Government and Housing Act 1989, the Monitoring Officer is required to report to the County Council where, in his opinion, a proposal, decision or omission by the County Council, its Members or Officers is or is likely to be unlawful and also to report on any investigation by the Local Government Ombudsman. It was not necessary for the Monitoring Officer to issue a formal report for the year 2014/15. The Monitoring Officer undertakes a review of the County Council's annual governance arrangements. This review is formally reported to the Audit & Governance Committee.

Risks

59. Oxfordshire County Council has a Risk Management Strategy which aims to ensure that there is continuous improvement in the arrangements for managing risk across all directorates. The Chief Finance Officer was the CCMT Risk Champion during 2014/15.

60. Oxfordshire County Council has in place a process for identifying, assessing, managing and reviewing the key areas of risk that could impact on the achievement of County Council's objectives and service priorities. Reports to committees to support key policy decisions or major projects include an assessment of both opportunities and risks.

61. A strategic risk register is in place that is owned and reviewed by CCMT. Service Risk Registers are owned and reviewed by each Deputy Director with their management teams and the Director on a quarterly basis. An escalation process is in place to report significant service risks to CCMT as part of the quarterly performance reporting process and separately to the Audit Working Group. Risk registers are challenged by the Chief Executive's Office as part of the quarterly corporate monitoring.

62. Risk Management in projects is required in our Corporate Project Management Framework[5]. It includes the requirement for risk registers to be maintained as part of the project management process.

Complaints & Whistleblowing

63. Oxfordshire County Council has formal complaints and whistleblowing procedures which allow staff, service users, contractors, suppliers and the public to confidentially raise concerns about any aspect of service provision or the conduct of staff, elected councillors or other people acting on behalf of the Council.

64. An annual review of reports and incidents is undertaken by the Monitoring Officer and is reported to the Audit & Governance Committee via the report of the Audit Working Group.

Internal audit

65. In 2010 CIPFA issued a Statement on the "Role of the Head of Internal Audit in public service organisations". This outlines the principles that define the core activities and behaviours that belong to the role of the Head of Internal Audit and the governance requirements needed to support them. The Council's arrangements conform with the governance requirements of the CIPFA statement as our Chief Internal Auditor:

- Objectively assesses the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments;
- Gives an objective and evidence based opinion on all aspects of governance, risk management and internal control;
- Is a Senior Manager with regular and open engagement across the organisation, including the Leadership Team and the Audit & Governance Committee; and
- Leads and directs an internal audit service that is resourced to be fit for purpose; and is professionally qualified and suitably experienced.

66. In accordance with the requirements of the Accounts and Audit (England) Regulations 2011[6], the Monitoring Officer has carried out a review of the effectiveness of the system of internal audit. The scope of the review covered compliance with proper practice (Public Sector Internal Audit Standards 2013), reporting on performance and outcomes to the Audit & Governance Committee, and a survey of Senior Management on the effectiveness of Internal Audit.

67. The Audit & Governance Committee has determined the process by which this review is undertaken. It includes continuous monitoring of the Internal Audit process by the Committee in conjunction with the Audit Working Group.

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[5] http://projectmanagement.oxfordshire.gov.uk/wps/wcm/connect/occ/project+management+framework/Home/

[6] As set out in the sector specific note – \ local government application note, for the United Kingdom Public Sector Internal Audit Standards, CIPFA and CIIA, April 2013.

68. In the resulting report to the Audit & Governance Committee it was concluded that the Internal Audit Service overall continues to be effective and well received; however capacity to meet the planned and reactive work needs attention. The Chief Internal Auditor's self-assessment against the Public Sector Internal Audit Standards was considered as part of the review. The assessment identifies two key areas where the service does not currently conform to the standards - the Internal Audit terms of reference needs to be updated and incorporated within a new Internal Audit Charter - and a Quality and Improvement Plan needs to be produced for review and monitoring by the Audit & Governance Committee. These areas of non-conformance were also identified last year. In accordance with the requirements for reporting "non-conformance", these are detailed in the Chief Internal Auditor's annual report including actions being taken.

69. The Chief Internal Auditor has prepared an Annual Report on the work of Internal Audit which concludes that the system of internal control provides reasonable assurance regarding the effective, efficient and economic exercise of the County Council's functions. Where areas for improvement have been identified, management action plans are in place and are routinely monitored by the Internal Audit team and the Audit Working Group. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

Checking the Effectiveness of our Governance

70. Oxfordshire County Council 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 the senior managers within the County Council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, whistleblowing reports and comments made by the external auditors and other review agencies and inspectorates.

71. Full Council requested a review of effectiveness of the changes to the Committee and decision making processes of the Council, introduced in May 2013. The Monitoring Officer made some recommendations for improvements but overall regarded the changes as being effective (report back to Full Council in September 2014).

72. The following paragraphs describe the process that we have applied to maintain and review the effectiveness of the governance framework. They also include some comment on the role of key bodies.

Audit & Governance Committee

73. The Chairman of our Audit & Governance Committee produces an Annual Report to Council. The Annual Report also covers the work of the Audit Working Group. This group has met regularly throughout the year and reviewed specific areas of governance, risk and control, reporting any significant issues identified to the Committee.

Scrutiny Committees

74. Oxfordshire County Council has three scrutiny committees. They cover the following areas:

   - Education;
   - Performance;
   - Joint Health Overview includes district council and co-opted lay members)

75. The scrutiny process is a fundamental part of the governance framework. The committees have three key functions. Firstly, they provide advice to the Cabinet on major policy decisions. They also explore particular issues of concern in depth and challenge the way in which our services are run. Committees may also review the Cabinet's decisions, through the call-in process. The call-in process is a powerful tool in the accountability process. Under certain circumstances, it allows for members to request the reconsideration of Cabinet decisions and gives scrutiny committees the opportunity to examine the decision making process.

76. The good governance of the council is further enhanced by the work of the Cabinet Advisory Groups. These groups can be set up to examine topics selected by Cabinet which align to corporate council priorities. They enable back bench members to be more closely involved with issues of greatest importance to the council. The Transport Advisory Panel is a permanent group that provides challenge and assurance to the development of transport policy.

77. Member engagement is key to good governance. Within Oxfordshire, local member engagement is strengthened by locality meetings. Locality meetings allow members to examine issues and influence policy development on issues affecting their local area.

78. CIPFA guidance indicated that Audit Committees *'should have clear reporting lines and rights of access to…. for example scrutiny committees'*. The Chairman of the Performance Scrutiny Committee has a standing invitation to attend our Audit & Governance Committee to provide advice in relation to the work of the Scrutiny Committees. Similarly, the Chairman of Audit & Governance Committee has a reciprocal standing invitation to attend the meetings of the Performance Scrutiny Committee. An annual report on the key achievements of all Scrutiny Committees is considered by our Audit & Governance Committee in draft and submitted for agreement by Council. Scrutiny and Audit Committee Chairmen meet regularly to coordinate their work and forward plans.

Corporate Governance Assurance Group (CGAG)

79. This Group monitors the corporate governance framework. It reviews the Annual Governance Statement action plan, as well as monitoring and challenging the assurance framework owned by designated Corporate Leads. The Group identifies and considers weaknesses in the internal control environment. It has primary responsibility for collating all of the evidence and producing the first draft of the Annual Governance Statement. No recommendations for improvements were made by the external auditors (Ernst and Young) relating to the 2013/14 Annual Governance Statement. The group now includes a representative from Human Resources.

Key Deliverables

80. Key deliverables within Directorate Business Strategies are managed as projects as a part of our directorate business management process. Updates on projects are reported quarterly, with information reported through existing quarterly business management (performance/risk/projects) reporting procedures. The forecast financial position is reported monthly to Leadership Teams and through the regular Business Strategy Delivery Reports to Cabinet.

81. Further to these monitoring arrangements, the Chief Finance Officer and the Head of Policy meet monthly with all Deputy Directors. They review the delivery of business strategies, check progress on the delivery of projects and ensure that support is targeted to projects as necessary. The policy and finance teams work with service areas to monitor delivery of agreed savings and escalate issues for consideration to CCMT as required.

Other external reviews

82. Oxfordshire County Council receives external reports and inspections from a range of sources that can provide assurance or indicate any issues related to internal control and governance. These are generally ad-hoc and are reported to CGAG by the Head of Policy so that governance issues can be reported to Audit & Governance Committee. The following areas have been considered in 2014/15:

- In May 2013, seven men were found guilty of offences including rape, facilitating child prostitution and trafficking in Oxford from 2005-2011. The men received sentences totalling 95 years. Subsequently a serious case review was commissioned by the independent Oxfordshire Safeguarding Children Board. This review was published in March 2015. The Council fully accepted the findings of the report and is committed to acting on the recommendations that were made. Considerable action has already been taken by the Council since evidence of the abuse first emerged. Full details of action that has been taken to date and is planned in response to the review are in a report to Performance Scrutiny Committee on 26 March 2015 and Cabinet on 26 May 2015.

- On 30 June 2014, Oxfordshire's children's social care service was rated as "Good" by Ofsted.

- In March 2015, a Court of Protection visitor from the Office of the Public Guardian noted that our Money Management Team were experienced, knowledgeable and keen to ensure that arrangements for each client maximised their individual abilities and capacities.

SIGNIFICANT GOVERNANCE ISSUES

Progress in 2014/15

83. The Progress Report on Actions planned for 2014/15 follow. More details of the progress made are contained in a report to Audit & Governance Committee on 22 April 2015.

Action that were planned for 2014/15	Timescale, Responsible officer, Monitoring body	Progress	Status
1. Data Transfers and Security (on-going from 2012/13) Ensuring that where appropriate, data is transmitted securely either using 'Government Connect', or Egress Switch email and file transfer software or another secure software system.	31 March 2015 ICT Corporate Lead Information Governance Group	Appropriate secure systems are in place. Staff and schools have been informed, guided and trained. A new Acceptable Use Policy was launched in March 2015, with eLearning required for everyone. A consistent process for investigating and responding to Data Security Breaches is in place. Information Asset registers are being put in place. There is some evidence from third parties that we are using these systems appropriately.	**COMPLETED**

Action that were planned for 2014/15	Timescale, Responsible officer, Monitoring body	Progress	Status
2. Data Quality (on-going from 2013/14) Agree, implement and report on the performance of a **Data Quality Strategy** within the organisation and with third parties	31 March 2015 ICT Corporate Lead Information Governance Group	A revised Data Quality Strategy is in place. Actions include developing common operating standards, changing job descriptions, improving storage arrangements, sign-off, sharing practices, better use of the JSNA, improved contracts, ownership arrangements and developing a comprehensive communications plan.	**CONTINUING With a focus on checking major and critical databases**
3. Commercial Services Board (on-going from 2013/14) The Board's framework should be embedded and implemented effectively. This will provide an on-going robust overview of the adequacy of procurement and contract management arrangements across the organisation including contract performance and visibility of issues/risks.	31 March 2015 Chief Finance Officer Interim Corporate Procurement Manager CGAG	The Board continues to monitor significant commercial activity, focusing on the most important contracts. Training of contract managers has started. Further work is needed to fix changes in place and reinforce the Boards work. In particular to develop a more consistent approach to commissioning. Recent developments suggest that work	**CONTINUING With revised Actions**

Action that were planned for 2014/15	Timescale, Responsible officer, Monitoring body	Progress	Status
		needs to continue in this area.	
4. Business Continuity a. Undertake a review of Business Continuity processes, guidance documents and templates to ensure that they reflect contracted services and rationalised process. b. Ensure that appropriate BC toolkits, training and testing information is available to staff and managers. c. Ensure that all necessary plans exist, can easily be accessed on a central database and are up to date and realistic. d. Ensure that plans are updated when there is organisational change, estate rationalisation or increasing flexible or agile working. e. Ensure that business continuity arrangements are reviewed and if necessary changed when commissioning or externalising services.	31 March 2015 Business Continuity Corporate Lead CGAG	a. A review has been completed by the newly appointed Business Continuity and Resilience Officer. b. New guidance, training and a toolkit based on the Good Practice Guide is being rolled during 2015. c. Plans are in place and options for storing them have been explored. The search for a suitable system continues. d. Plans and priority registers have been updated and this work continues. e. Greater assurance and improved awareness have been achieved. More tangible objectives are replacing this in 2015/16. f. Plan sign off has been assured	**CONTINUING With revised Actions**

Action that were planned for 2014/15	Timescale, Responsible officer, Monitoring body	Progress	Status
f. Ensure that Tier 3 managers sign off the plans.		through the Business Continuity Steering Group.	
5. Externalisation of Human Resources and Finance Services Setting up, implementing and embedding our new operating model includes extensive working with another public body and other work. The following action is required as a result. Develop for the approval of CCMT and the Audit & Governance Committee a robust assurance framework for the governance and systems of internal control for the planned externalisation of services including explicitly those where there may be a transfer in full or in part of key control processes. Risks arising as our partner's access our data and other information assets will need to be explicitly considered. The output of this process is to be reviewed by CGAG, approved by CCMT and Audit &	31 March 2015 Chief Finance Officer Chief Internal Auditor Chief Human Resources Officer CGAG	An extensive programme of work to ensure the successful transfer of Human Resources and Finance Services to Hampshire County Council began in September 2014. A governance framework and project documentation was put in place. Operating differences and internal control issues were identified and dealt with. Detailed work continues and the handover is planned for late June and early July. Staffing issues have been identified and are being sorted out. Work continues as the handover is underway, until the project is completed. So this action continues.	**CONTINUING Until December 2015 at least**

Action that were planned for 2014/15	Timescale, Responsible officer, Monitoring body	Progress	Status
Governance Committee.			
6. Partnerships To undertake a review of governance arrangements in relation to key strategic partnerships where the council is a formal member.	31 March 2015 Head of Law & Governance Head of Policy CGAG	The Council is now necessarily involved in a complex system of Partnerships. Many steps have been taken to ensure that Councillors and staff are aware of and understand these new arrangements. These include briefings, reports and updates on changes. Additional Corporate Governance Leads will be put in place to cover: • Partnership and • Clinical Governance issues	**COMPLETED**

A Review of the effectiveness of our governance arrangements

84. We have reviewed our overall effectiveness. Key points are that:

- We have made good progress on implementing our Action Plan for 2014/15 as noted above;
- There was a full review of the Council's constitution in the summer of 2014;
- Our decision taking processes are clear;
- The council has effective financial management providing good value for money and operating within a budget that included a low council tax increases and continuing plans to make savings;
- We monitor key governance issues through a system of Corporate Lead Officers, one covers Finance for example;
- Key management roles are defined and in place – Chief Executive, Chief Finance Officer, Monitoring Officer and Chief Internal Auditor;
- We have implemented the additional requirements of the Local Government Transparency Code that were announced in October 2014;
- We are implementing the Care Act 2014, changes to the Transparency Code and responding to change in the Deprivation of Liberty arrangements;
- We are setting up a 'Local Pensions Board' as required by the Local Government Pension Scheme (Amendment) (Governance) Regulations 2014, to 'assist' the administering authority. The constitution of the board needs to be in place by 1 April 2015 and its first meeting must be within four months of that date;
- We are considering the government's Security Policy Framework as a benchmark for our Council;
- We are considering a 'Tri-county' alliance with Buckinghamshire and Northamptonshire, seeking additional powers from central government to set up a combined authority that will develop skills, transport, bus services, spatial planning and infrastructure across the area.
- Internal Audit's Annual Report concludes that the system of internal control provides reasonable assurance regarding the effective, efficient and economic exercise of Oxfordshire County Council's functions; and
- Through the governance assurance framework, issues and unacceptable risk exposures are being highlighted with action plans devised and implementation monitored on a timely basis. This will ensure that the level of risk is returned to acceptable levels as soon as possible.

Thus we consider that our governance arrangements are in reasonable shape given the pressures, scale of change and uncertainty about funding. We have continuing and new plans to improve our governance in 2015/16. They are listed below.

Action Plans for 2015/16

85. For 2015/16, some areas have been identified where work on an issue continues or the quality of our governance could be improved, or where we have planned material changes to the governance arrangements. Our action plan for 2015/16 follows:

	Action now planned for 2015/16	Timescale for Completion	Responsible Officer	Monitoring Body
1	**Data Quality (ongoing from 2013/14)** For each major or critical database held by the Council, identify what are the necessary, realistic and affordable features that there should be to ensure that an appropriate level of data quality is reached. Check if these features are in in place and effective. Then if possible make changes so that any features that are missing or weak are put in place or improved. Then report back on this process. List any remaining changes that need to be implemented and whether, when and how this will be possible.	31 March 2016	ICT Corporate Lead	CGAG

	Action now planned for 2015/16	Timescale for Completion	Responsible Officer	Monitoring Body
2	**Commercial Services Board (ongoing from 2013/14)** 1. Communicate the role of the Commercial Services Board and ensure that its requirements are fixed in place in the Council. 2. Implementation of the Contract Management Framework 3. Development of the County Procurement Team including resources to support the ongoing work of the Commercial Services Board and implementation of the contract management framework. 4. Tackling instability arising out of the externalization agenda and the effect on SAP governance and control mechanisms	31 March 2016	Chief Finance Officer Interim Corporate Procurement Manager	CGAG

	Action now planned for 2015/16	Timescale for Completion	Responsible Officer	Monitoring Body
3	**Business Continuity (BC) (ongoing from 2014/15)** 1. Increase awareness and scrutiny of BC when buying in or outsourcing activity 2. Ensure that flexible and agile working takes account of the need for BC 3. Improve links between Directorates and the BC Steering Group 4. Improve the Priority 1 exercise programme 5. Improve awareness of BC across the organisation 6. Use the good practice guide to improve BC generally 7. Scrutinise the BC resilience of new projects. Notably the Integrated Business Centre (run by Hampshire) and the Joint Fire Control, to support bedding in for the first year.	31 March 2016	Business Continuity and Resilience Officer	Business Continuity Steering Group CGAG

	Action now planned for 2015/16	Timescale for Completion	Responsible Officer	Monitoring Body
4	**Externalisation of Human Resources and Finance Services (ongoing from 2014/15)** Setting up, implementing and fixing in place our new operating model includes extensive working with another public body and other work. This work continues as Hampshire take on this role in July 2015.	31 December 2015	Chief Finance Officer Chief Internal Auditor Chief Human Resources Officer	CGAG
5	**Strategic Risk Register** The Strategic Risk Register to be refreshed and agreed by CCMT, with a quarterly review, including management assurance on the effectiveness of the mitigation for the Strategic Risks	31 September 2015	Chief Internal Auditor	CCMT
6	**Supported Transport for Children** To ensure full implementation of the children's safeguarding standards framework for the transport service and the provision of assurance that these arrangements are effective.	30 September 2016	Service Manager Business Development & Fleet Management Interim Head of Service – Safeguarding	Supported Transport Governance Group

86. Over the coming year we propose to take steps to address the above matters to enhance further our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

SIGNATURES

Signed on behalf of Oxfordshire County Council:

…………………………… Date ……….
Joanna Simons
Chief Executive

…………………………. Date ……….
Lorna Baxter
Chief Finance Officer

…………………………… Date ……….
Councillor Ian Hudspeth
Leader of the Council

…………………………. Date ……….
Peter Clark
Monitoring Officer

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