



Audit & Governance Committee Wednesday, 11 May 2022

ADDENDA

8. Treasury Management Annual Performance Report (Pages 1 - 14)

3.15 pm

Report by Director of Finance

Audit & Governance Committee is RECOMMENDED to note the report, and to RECOMMEND Council to note the Council's Treasury management activity in 2021/22.

11. Local Code of Corporate Governance (Pages 15 - 28)

4.00 pm

Report by Monitoring Officer

In 2016 CIPFA & SOLACE produced an updated guidance and framework with the identified principles that should underpin the governance of each local authority, and a structured approach to assist individual authorities to achieve good governance, "Delivering Good Governance in Local Government: Framework 2016 Edition." The Council's Code of Corporate Governance is based upon this guidance.

The Committee is RECOMMENDED to approve the Local Code of Corporate Governance.

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Division(s): N/A

ITEM

AUDIT & GOVERNANCE COMMITTEE – 11 MAY 2022

TREASURY MANAGEMENT ANNUAL PERFORMANCE 2021/22

Report by Director of Finance

RECOMMENDATION

1. **Audit & Governance Committee is RECOMMENDED to note the report, and to RECOMMEND Council to note the council's treasury management activity in 2021/22.**

Executive Summary

2. Treasury management is defined as: "The management of the organisation's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks."
3. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) 'Code of Practice on Treasury Management 2021' requires that the Council and Audit & Governance Committee receives an updated report on Treasury Management activities at least four times per year. This report is the final report for the financial year 2021/22 and sets out the position at 31 March 2022.
4. Throughout this report performance for the 2021/22 financial year is measured against the original budget agreed by Council in February 2021.
5. At 31 March 2022, outstanding debt totalled £313m and average interest paid on long-term debt was 4.39%. The council repaid £22m of maturing Public Works Loan Board (PWLB) loans during the year. No new borrowing was arranged during 2021/22. The Council's debt financing position for 2021/22 is shown in Annex 1.
6. The Treasury Management Strategy for 2021/22 was based on an average base rate forecast of 0.10%. The budget for interest receivable assumed that an average interest rate of 0.58% would be achieved. The average daily balance of temporary surplus cash invested in-house was expected to be £327m in 2021/22.
7. The Council achieved an average in-house return for the year of 0.47% on average cash balances of £455.915m, producing gross interest receivable of £2.155m. In relation to external funds, the return for the year was 3.83% producing gross distributions totalling £3.834m, bringing total investment income to £5.989m. This compares to budgeted investment income of £5.753m, giving a net overachievement of £0.237m.
8. At 31 March 2022, the council's investment portfolio of £553.821m comprised £409.000m of fixed term deposits, £39.296m at short term notice in money market funds and £105.525m in

pooled funds with a variable net asset value. Annex 4 provides an analysis of the investment portfolio at 31 March 2022.

Treasury Management Activity

Debt Financing & Maturing Debt

9. The Strategy for Long Term Borrowing included the option to fund new or replacement borrowing up to the value of £100m through internal borrowing to reduce the Council's exposure to credit risk and reduce the cost of carry (difference between borrowing costs and investment returns) whilst debt rates remained higher than investment interest rates.
10. The council is able to borrow from the Public Works Loan Board (PWLB) or through the money markets. However, as the council was able to undertake internal borrowing no new external borrowing was arranged during 2021/22.
11. As at 31 March 2022, the authority had 50 PWLB loans totalling £263.383m, 9 LOBO¹ loans totalling £45m and one £5m money market loan. The average rate of interest paid on PWLB debt was 4.47% and the average cost of LOBO debt in 2021/22 was 3.94%. The cost of debt on the money market loan was 3.95%. The combined weighted average for interest paid on long-term debt was 4.39%. The Council's debt portfolio as at 31 March 2022 is shown in Annex 1.
12. The Council repaid £22m of maturing PWLB loans during the year. The weighted average interest rate payable on the matured loans was 4.75%. The outturn for Interest Payable in 2021/22 was £14.7m which was below the budgeted figure of £15.1m. The details are set out in Annex 2.

Investment Strategy

13. In line with the CIPFA Code of Practice on Treasury Management, the council prioritised security and liquidity of cash above the requirement to maximise returns during 2021/22. Fixed deposits, call accounts, notice accounts, money market funds and pooled funds were utilised to deposit the council's in-house cash surpluses during 2021/22. Credit quality information regarding the institutions on the council's approved Lending List was continuously monitored to reduce risk.
14. Because of continued volatility in financial markets during 2021/22, exposure to banks was limited by lending to local authorities in the United Kingdom. At 31 March 2022 the council had £79.5m of long-term fixed deposits (deposits over 364 days), all of which were placed with local authorities. The aim was to maintain a high level of security and manage exposure to interest rate and counterparty risk.
15. The 2021/22 Treasury Management Strategy allowed for 50% of the total portfolio to be held in Strategic Pooled funds and this policy was maintained throughout the year, although the value held in these funds was consistently well-below that maximum.

¹ LOBO (Lender's Option/Borrower's Option) Loans are long-term loans which include a re-pricing option for the bank at predetermined intervals.

16. The weighted average maturity of all deposits at 31 March 2022, including money deposited in short-term notice accounts, was 259 days (compared with 225 days during 2020/21). The increase in weighted average maturity was to take advantage of higher interest rates for longer dated deposits.

The Council's Lending List

17. In-house cash balances are deposited with institutions that meet the council's approved credit rating criteria. The approved Lending List, which sets out those institutions, is updated to reflect changes in bank and building society credit ratings. Changes are reported to Cabinet as part of the Business Management & Monitoring Report. The approved lending list may also be further restricted by officers, in response to changing conditions and perceived risk. There were no changes to the Lending List in 2021/22.

Investment Income Received in 2021/22

18. Temporary surplus cash balances include: developer contributions; council reserves and balances; and various other funds to which the Council pays interest at each financial year end. The budgeted return on these in-house balances for 2021/22 was 0.58%, and assumed an average in-house cash balance of £327.026m.
19. The actual average daily balance of temporary surplus cash invested in-house was £455.915 in 2021/22 and the average in-house return was 0.47%, producing gross interest receivable of £2.155m. Gross distributions from pooled funds totalling £3.834m were also realised in year, bringing total investment income to £5.989m. This compares to budgeted investment income of £5.753m, giving a net overachievement of £0.237m. This reflects a combination of higher than forecast average cash balances, offset by lower returns resulting from the Bank of England base rate remaining at 0.10% for longer than expected, and higher than forecast distributions from pooled funds.
20. The Council operates a number of instant access call accounts and money market funds to deposit short-term cash surpluses. During 2021/22 the average balance held on instant access was £118.470m.
21. At 31 March 2022 the total value of pooled fund investments was £105.525m, which is above pre pandemic levels. The values as at 31 March 2022 represented a book value gain of £4.839m compared to the value at 31 March 2021.
22. At 31 March 2022, the Council's investment portfolio of £553.821m comprised £409.000m of fixed term deposits, £39.296m at short term notice in money market funds and £105.525m in pooled funds with a variable net asset value. Annex 4 provides an analysis of the investment portfolio at 31 March 2022.
23. During 2021/22 the Council extended two Revolving Credit Facilities of £10.000m each to Network Homes Ltd and Yorkshire Housing Ltd. Neither facility was utilised during the year. Non utilisation fees for the facilities produced £0.070m interest for the year.

24. The Council's Treasury Management Strategy Team regularly monitors the risk profile of the Council's investment portfolio. An analysis of the credit and maturity position of the portfolio at 31 March 2022 is shown in Annex 3.

Prudential Indicators for Treasury Management

25. During the financial year, the Council operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy for 2021/22. The outturn for the Prudential Indicators is shown in Annex 4.

External Performance Indicators and Statistics

26. The Council's treasury management advisors Link Treasury Services benchmark the Council's investment performance against its other clients on a quarterly basis. The results of the quarter 4 benchmarking to 31 March 2022 are included in Annex 5.
27. The benchmarking results show that the Council was achieving higher than average interest on deposits at 31 March 2022 compared to the benchmark group. This has been achieved by placing deposits over a longer than average duration with institutions that are of higher than average credit quality, coupled with the Treasury Management officers negotiating higher than market average returns.

Financial Implications

28. This report is mostly concerned with finance and the implications are set out in the main body of the report.

Comments checked by:

Ian Dyson, Assistant Director of Finance, ian.dyson@oxfordshire.gov.uk

Legal Implications

29. There are no direct legal implications arising from this report save for the need for ongoing collaborative working between the S151 Officer and the Monitoring Officer. CIPFA guidance promotes the need for consultative working and collaboration between these respective roles to promote good organisational governance.

Comments checked by:

Sukdave Ghuman, Deputy Monitoring Officer, Sukdave.ghuman@oxfordshire.gov.uk

Lorna Baxter
Director of Finance

Contact officer: Tim Chapple
Telephone Number: 07917 262935
May 2022

OXFORDSHIRE COUNTY COUNCIL DEBT PROFILE 31 MARCH 2022

LOAN No	£m	RATE %	Start Date	End Date	LOAN No	£m	RATE %	Start Date	End Date
479915	1.684	6.625	30/11/1995	26/03/2023	492376	10.000	4.200	01/11/2006	31/03/2037
479916	0.316	6.625	30/11/1995	26/03/2023	492386	2.000	4.350	03/11/2006	01/04/2027
480364	1.000	6.250	29/12/1997	31/12/2022	492535	10.000	4.200	29/11/2006	30/06/2037
480867	2.000	5.625	23/04/1998	30/04/2023	492561	6.000	4.250	07/12/2006	30/06/2032
480915	2.000	5.625	30/04/1998	22/05/2023	492598	8.000	4.500	18/12/2006	30/04/2027
483469	3.000	4.250	12/11/1999	22/11/2024	492599	6.000	4.500	18/12/2006	31/05/2027
483659	2.000	4.250	25/11/1999	30/04/2025	492789	6.000	4.500	24/01/2007	31/01/2032
487777	4.000	4.650	16/05/2003	01/05/2028	492990	6.000	4.450	06/03/2007	31/03/2032
488204	8.000	5.000	27/10/2003	01/11/2023	492807	4.000	4.250	25/01/2007	30/06/2053
488562	7.650	4.700	19/03/2004	16/03/2030	493378	4.000	4.900	11/06/2007	30/06/2032
488563	1.733	4.700	19/03/2004	16/03/2030	493638	6.000	4.550	02/08/2007	30/09/2052
488989	6.000	4.850	16/08/2004	13/07/2030	493803	4.000	4.650	23/08/2007	20/09/2032
489168	6.000	4.700	22/10/2004	01/03/2030	493822	6.000	4.450	23/08/2007	30/09/2053
489287	6.000	4.600	22/11/2004	01/04/2032	493960	4.000	5.050	03/10/2007	31/10/2022
489429	6.000	4.550	02/12/2004	01/06/2032	494069	6.000	4.500	21/11/2007	30/09/2052
489856	5.000	4.600	06/05/2005	01/05/2033	494171	6.000	4.480	27/12/2007	31/03/2052
490105	5.000	4.450	23/05/2005	01/12/2033	494200	6.000	4.420	04/01/2008	31/03/2057
491669	4.000	4.450	23/05/2006	14/06/2026	494703	6.000	4.460	04/08/2008	13/07/2058
491948	5.000	4.650	16/08/2006	31/12/2026	494747	10.000	4.390	15/08/2008	26/03/2058
491957	4.000	4.500	18/08/2006	31/12/2031	497549	5.000	4.190	08/07/2010	14/06/2054
491958	4.000	4.500	18/08/2006	30/09/2031	LOBO 06	5.000	4.290	27/04/2005	27/04/2022
491959	2.000	4.600	21/08/2006	30/04/2027	LOBO 07	5.000	4.500	27/04/2005	27/04/2022
491960	10.000	4.600	21/08/2006	30/09/2026	LOBO 08	5.000	3.950	31/05/2005	29/05/2065
492021	5.000	4.350	25/08/2006	22/11/2031	LOBO 09	5.000	3.680	23/11/2005	24/11/2025
492063	5.000	4.450	31/08/2006	31/03/2028	LOBO 10	5.000	3.800	31/07/2006	31/10/2022
492064	5.000	4.450	31/08/2006	30/04/2027	LOBO 11	5.000	3.840	31/07/2006	29/07/2026
492088	4.000	4.350	04/09/2006	02/03/2032	LOBO 12	5.000	3.825	02/10/2006	02/10/2022
492117	4.000	4.450	07/09/2006	02/03/2037	LOBO 13	5.000	4.010	02/10/2006	02/10/2024
492371	13.000	4.500	31/10/2006	31/12/2026	LOBO 14	5.000	3.820	31/08/2006	31/08/2023
492375	10.000	4.200	01/11/2006	31/12/2036	LOBO 15	5.000	3.720	21/09/2006	13/10/2022
					TOTAL	313.383			

Long-term debt Maturing 2021/22

Public Works Loan Board: Loans Maturing in 2021/22

Date	Amount £m	Rate %	Repayment Type
31/12/2021	2.0	4.70	Maturity
31/12/2021	10.0	4.65	Maturity
31/07/2020	10.0	4.85	Maturity
Total	22.0		

Repayment Types

Maturity – Full amount of principal is repaid at the final maturity date

EIP – Equal Instalments of Principal are repaid every 6 months until the final maturity date

OXFORDSHIRE COUNTY COUNCIL INVESTMENT PORTFOLIO 31/03/2022

Fixed term deposits held at 31/03/2022

Counterparty	Principal Deposited	Maturity Date
Dudley Metropolitan Borough Council	£10,000,000.00	01/07/2022
Dudley Metropolitan Borough Council	£5,000,000.00	03/01/2023
Cambridgeshire County Council	£5,000,000.00	09/01/2023
Dudley Metropolitan Borough Council	£5,000,000.00	12/10/2022
Northumberland County Council	£5,000,000.00	30/01/2023
Peterborough City Council	£5,000,000.00	29/04/2022
Dudley Metropolitan Borough Council	£5,000,000.00	08/11/2022
Worcestershire County Council	£7,500,000.00	03/03/2023
Uttlesford District Council	£5,000,000.00	19/06/2023
Blaenau Gwent County Borough Council	£3,000,000.00	10/07/2023
Staffordshire Moorlands District Council	£3,000,000.00	31/07/2023
Cherwell District Council	£5,000,000.00	15/07/2022
South Ayrshire Council	£5,000,000.00	24/05/2024
South Ayrshire Council	£3,000,000.00	22/02/2024
Rotherham Metropolitan Borough Council	£5,000,000.00	26/04/2024
Gravesham Borough Council	£5,800,000.00	15/03/2024
Rotherham Metropolitan Borough Council	£5,000,000.00	26/04/2024
Wokingham Borough Council	£5,000,000.00	13/04/2022
Wokingham Borough Council	£5,000,000.00	13/04/2022
Surrey County Council	£5,000,000.00	13/04/2022
Sandwell Metropolitan Borough Council	£10,000,000.00	27/04/2022
Blackpool Council	£3,000,000.00	03/05/2022
Blackpool Council	£5,000,000.00	03/05/2022
Doncaster Metropolitan Borough Council	£5,000,000.00	04/05/2022
Blackpool Council	£5,000,000.00	04/05/2022
Doncaster Metropolitan Borough Council	£5,000,000.00	05/05/2022
Lancashire County Council	£5,000,000.00	10/05/2022
Guildford Borough Council	£10,000,000.00	13/05/2022
Lancashire County Council	£5,000,000.00	24/05/2022
Aberdeenshire Council	£5,000,000.00	26/05/2022
Gravesham Borough Council	£2,500,000.00	26/04/2024
Basildon Borough Council	£5,000,000.00	07/06/2022
Rotherham Metropolitan Borough Council	£5,000,000.00	30/09/2024
Blackpool Council	£5,000,000.00	31/05/2022
Lancashire County Council	£5,000,000.00	13/06/2022
Surrey County Council	£5,000,000.00	15/06/2022
Plymouth City Council	£5,000,000.00	16/06/2022
Monmouthshire County Council	£5,000,000.00	07/06/2022
West Dunbartonshire Council	£6,000,000.00	17/06/2022

Counterparty	Principal Deposited	Maturity Date
Basildon Borough Council	£5,000,000.00	20/06/2022
London Borough of Southwark Council	£5,000,000.00	21/06/2022
Gravesham Borough Council	£2,400,000.00	26/04/2024
Gravesham Borough Council	£1,800,000.00	26/04/2024
West Dunbartonshire Council	£5,000,000.00	18/07/2022
London Borough of Brent Council	£5,000,000.00	10/08/2022
Canterbury City Council	£5,000,000.00	24/08/2022
Kingston Upon Hull City Council	£5,000,000.00	13/09/2022
Plymouth City Council	£5,000,000.00	14/09/2022
London Borough of Brent Council	£5,000,000.00	14/09/2022
London Borough of Southwark Council	£5,000,000.00	20/09/2022
Police and Crime Commissioner for Merseyside	£5,000,000.00	08/07/2022
Lancashire County Council	£5,000,000.00	23/09/2022
Plymouth City Council	£5,000,000.00	28/09/2022
Falkirk Council	£5,000,000.00	03/01/2025
Falkirk Council	£5,000,000.00	31/01/2025
Surrey County Council	£5,000,000.00	30/09/2022
Worthing Borough Council	£3,000,000.00	19/11/2024
Kingston Upon Hull City Council	£5,000,000.00	30/09/2022
Cambridgeshire County Council	£10,000,000.00	22/11/2023
South Ayrshire Council	£5,000,000.00	11/10/2022
North Lanarkshire Council	£5,000,000.00	01/09/2022
Ashford Borough Council	£5,000,000.00	17/10/2022
West Lindsey District Council	£5,000,000.00	17/10/2022
Police and Crime Commissioner for Lancashire	£5,000,000.00	06/01/2025
Woking Borough Council	£5,000,000.00	24/10/2022
Kirklees Council	£5,000,000.00	15/02/2024
North Lanarkshire Council	£5,000,000.00	25/01/2023
West Dunbartonshire Council	£5,000,000.00	23/11/2022
North Lanarkshire Council	£5,000,000.00	06/02/2023
London Borough of Haringey Council	£5,000,000.00	29/12/2022
Medway Council	£5,000,000.00	28/11/2022
Kirklees Council	£5,000,000.00	22/09/2022
London Borough of Southwark Council	£5,000,000.00	31/08/2022
Guildford Borough Council	£5,000,000.00	05/12/2022
East Dunbartonshire Council	£5,000,000.00	15/02/2023
Oxford City Council	£5,000,000.00	08/09/2022
Warrington Borough Council	£8,000,000.00	02/09/2022
East Dunbartonshire Council	£5,000,000.00	02/03/2023
Australia and New Zealand Banking Group	£10,000,000.00	11/04/2022

Money Market Funds

Counterparty	Balance at 31/03/22 (£)	Notice period
Aberdeen Liquidity Fund	3,880,000.00	Same day
Goldman Sachs Sterling Liquid Fund	500,000.00	Same day
Deutsche Sterling Liquid Fund	0.00	Same day
Federated Sterling Liquidity Funds	6,040.93	Same day
Legal & General Sterling Liquidity Fund	25,000,000.00	Same day
CCLA Public Sector Deposit Fund	0	Same day
Morgan Stanley Sterling Liquid Fund	5,003,979.23	Same day
Total	34,390,020.16	

Notice / Call Accounts

Counterparty	Balance at 31/03/22 (£)	Notice period
Santander Call Account	3,606.21	Same day
Barclays Current	9,325.51	Same day
Handlesbanken	2,308.34	Same day
Total	15,312.06	

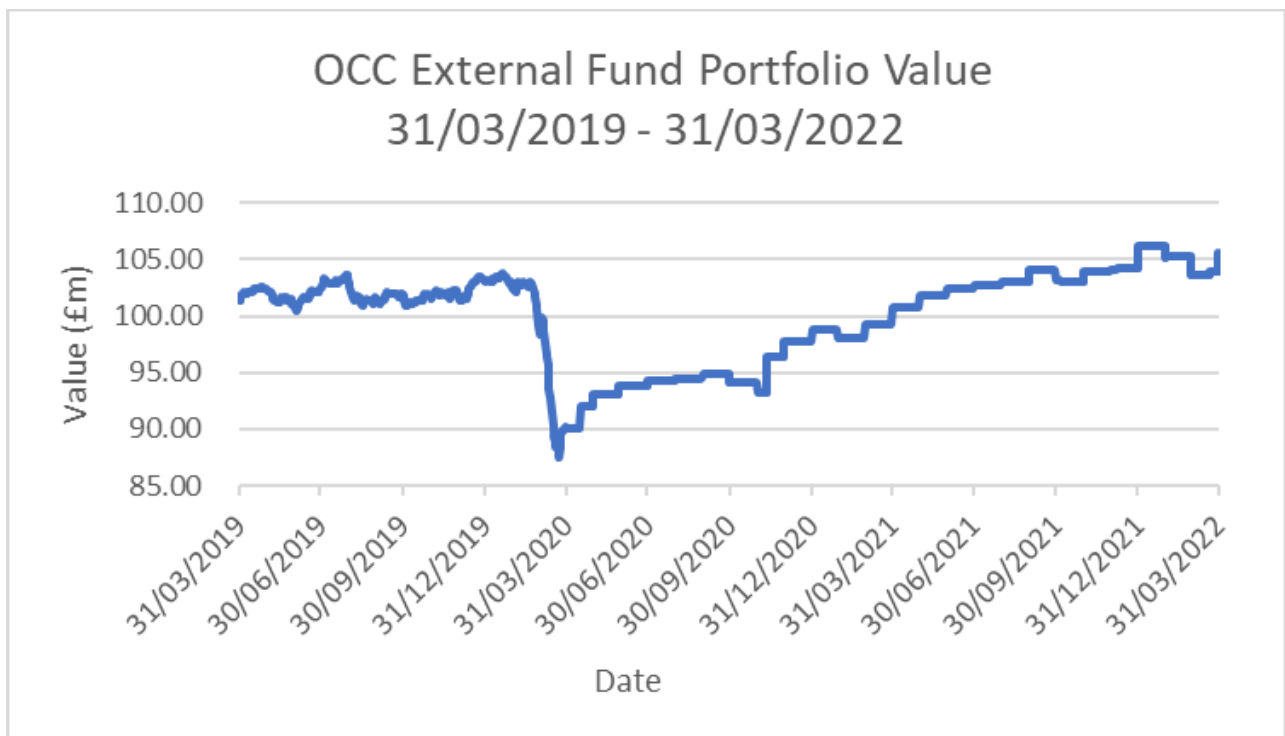
Strategic Bond Funds

Fund	Balance at 31/03/22 (£)	Notice period
Threadneedle strategic bond fund (income)	13,145,796.06	4 days
Threadneedle Global Equity Income Fund	15,505,725.99	4 days
Kames Diversified Income	10,142,352.07	4 days
Ninety One Diversified Income	9,485,305.75	4 days
M&G Strategic Corporate Bond Fund	12,160,077.87	4 days
Schroder Income Maximiser	11,410,377.43	4 days
CCLA Diversified Income Fund	4,924,380.30	4 days
Total	77,002,220.89	

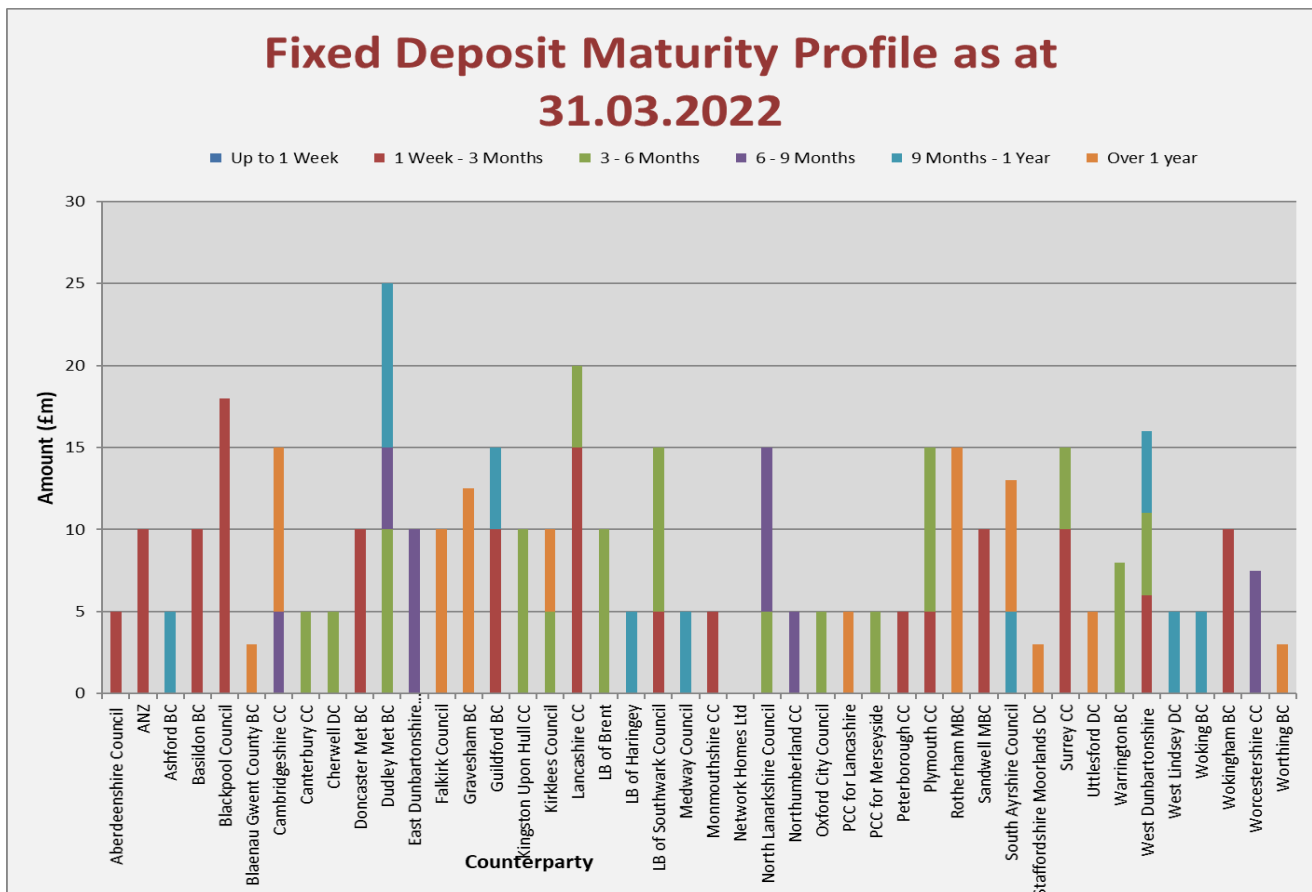
Property Funds

Fund	Balance at 31/03/22 (£)	Notice period
CCLA Local Authorities Property Fund	28,523,173.92	Monthly
Total	28,523,173.92	

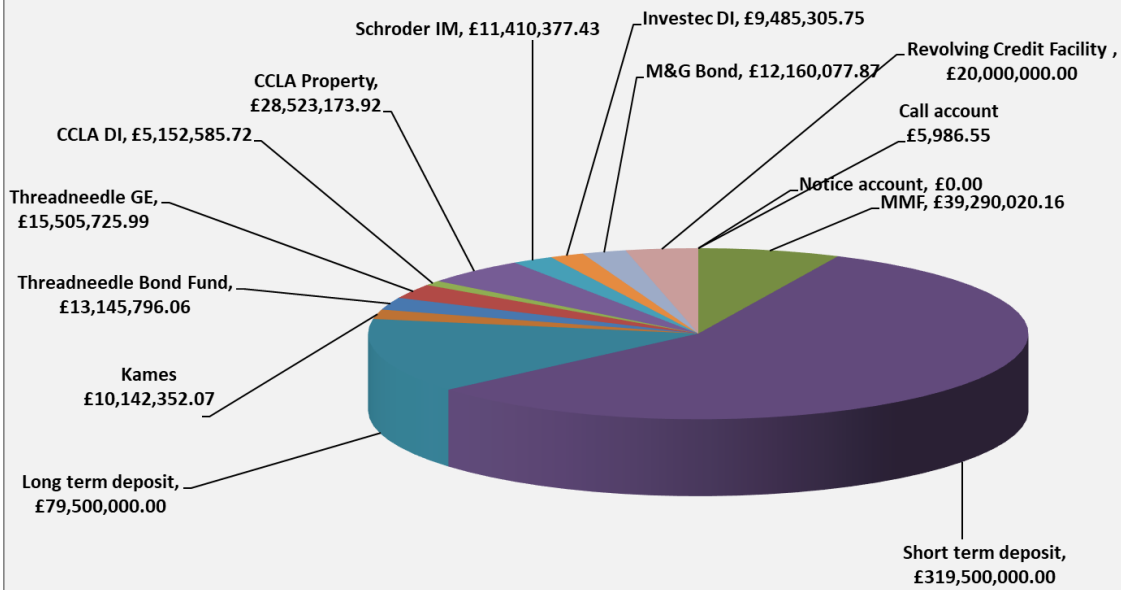
Strategic Pooled Fund Portfolio Value Over Time



Investment portfolio risk profile at 31/03/22



Total Combined Portfolio as at 31.03.2022



Prudential Indicators Outturn 31 March 2022**Authorised and Operational Limit for External Debt**

Authorised Limit for External Debt	£445,000,000
Operational Limit for External Debt	£420,000,000
Actual External Debt at 31 March 2019	£419,707,000

Fixed Interest Rate Exposure

Fixed Interest Net Borrowing limit	£350,000,000
Actual at 31 March 2020	-£75,117,382

Variable Interest Rate Exposure

Variable Interest Net Borrowing limit	0
Actual at 31 March 2021	- £26,397,331

Sums Invested over 364 days

Total sums invested for more than 364 days maximum limit	£215,000,000
Actual sums invested for more than 364 days at 31 March 2021	£79,500,000

Maturity Structure of Borrowing at 31/03/20

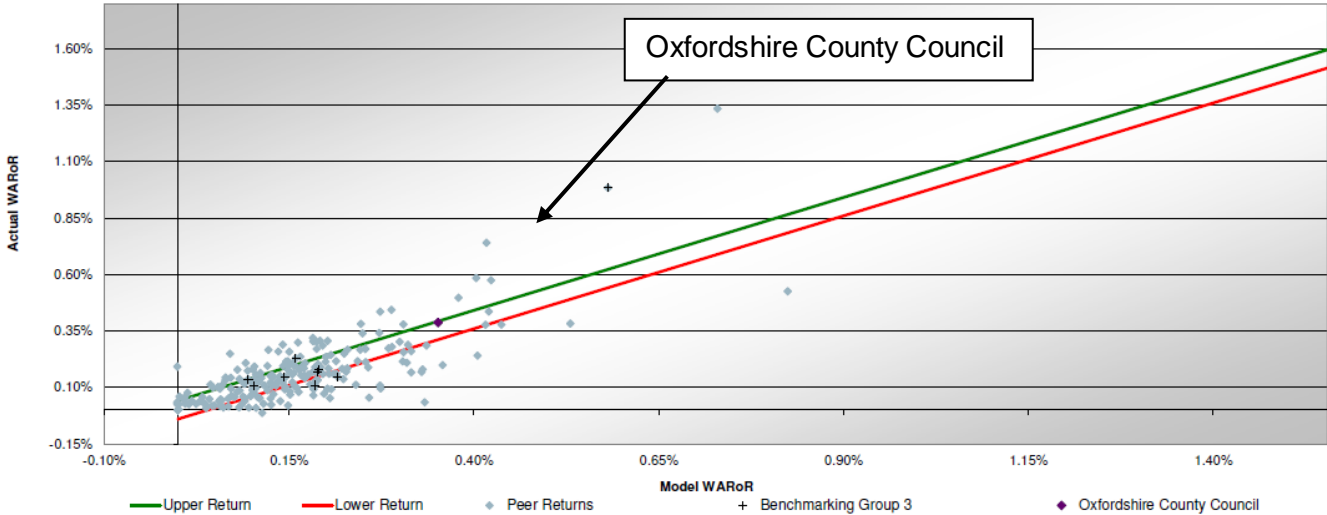
	Limit %	Actual %
From 01/04/21		
Under 12 months	0 - 20	17.00
12 – 24 months	0 - 25	5.07
24 months – 5 years	0 - 35	5.07
5 years – 10 years	5 - 40	25.46
10 years +450 - 95	47.41	

The Prudential Indicators for maturity structure are set with reference to the start of the financial year. The actual % shown above relates to the maturity period remaining at 01/04/21 on loans still outstanding at 31/03/22.

Benchmarking

Weighted Average Return

Population Returns against Model Returns

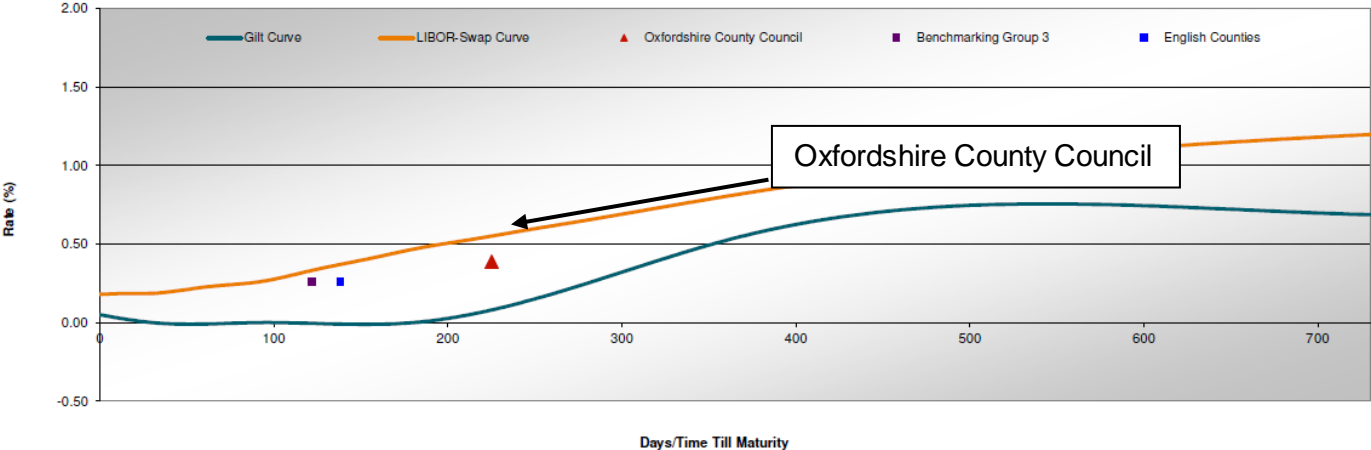


	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
Oxfordshire County Council	0.39%	0.35%	0.04%	0.31%	0.39%	Inline

Oxfordshire County Council was in line with the upper interest rate return compared to the average achieved by Link Treasury Services clients, as at 31/03/2022.

Return Compared to Risk Free Rate

Returns Comparable Against the Risk-Free Rate and LIBOR Curve



Oxfordshire County Council achieved a higher interest rate compared to the average achieved by Link Treasury Services clients, as at 31/03/2022, by increasing the weighted average duration of deposits.

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AUDIT AND GOVERNANCE COMMITTEE – 11 May 2022

Local Code of Corporate Governance

Report by Monitoring Officer

RECOMMENDATION

1. The Committee is RECOMMENDED to approve the Local Code of Corporate Governance.

Executive Summary

2. In 2016 CIPFA & SOLACE produced an updated guidance and framework with the identified principles that should underpin the governance of each local authority, and a structured approach to assist individual authorities to achieve good governance, “Delivering Good Governance in Local Government: Framework 2016 Edition.” The Council’s Code of Corporate Governance is based upon this guidance.
3. The Framework urges local authorities to test their structures against seven core principles by:
 - Reviewing their existing governance arrangements against the Framework
 - Developing and maintaining an up-to-date local code of governance including arrangements for ensuring its ongoing application and effectiveness
 - Preparing an Annual Governance Statement in order to report publicly on the extent to which they comply with their own code, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.
4. The Corporate Governance Assurance Group has reviewed and updated Oxfordshire County Council’s Local Code of Corporate Governance, and this will be subject to an annual review; the next review date is March 2023.

Format of the Local Code of Corporate Governance

5. The Local Code of Corporate Governance sets out how Oxfordshire County Council complies with the requirements of the Code and identifies key documents, which provide detailed information as to how the Council ensures the Corporate Governance principles are adhered to.
6. Appendix A details the actions and behaviours taken by the Council that demonstrate good governance; as taken from 2016 CIPFA & SOLACE: “Delivering Good Governance in Local Government: Framework 2016 Edition”
7. Appendix B identifies evidence that demonstrates that the Council is delivering good governance

Conclusion

8. This Local Code of Corporate Governance has been drafted with the oversight of the Corporate Governance Assurance Group (CGAG) and with input from ELT representatives. SLT have also reviewed the Code ahead of Committee being invited to comment on the draft.
9. The Committee is invited to approve the Local Code of Corporate Governance.

Legal Implications

10. Unlike the Annual Governance Statement, there is no statutory requirement for a Local Code of Corporate Governance. Rather, the Code complements and underpins the Annual Governance Statement by demonstrating, with evidence, how the Council meets the good governance principles set out in the Good Governance Framework published by the Chartered Institute of Finance and Accountancy.

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**OXFORDSHIRE
COUNTY COUNCIL**

Code of Corporate Governance

2021-2022

Review date: March 2023

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Introduction

In 2016 CIPFA & SOLACE produced an updated guidance and framework with the identified principles that should underpin the governance of each local authority, and a structured approach to assist individual authorities to achieve good governance, “Delivering Good Governance in Local Government: Framework 2016 Edition.”

The Council’s Code of Corporate Governance is based upon this guidance.

What is Governance?

Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads its communities.

Corporate governance in public bodies can be defined as “the framework of accountability to users, stakeholders and the wider community, within which organisations take decisions and lead and control their functions, to achieve their objectives”. It can be further defined as including “robust systems and processes, effective leadership and high standards of behaviour, a culture based on openness and honesty and an external focus on the needs of service users and the public”.

GUIDANCE AND FRAMEWORK

The Framework urges local authorities to test their structures against seven core principles by:

- Reviewing their existing governance arrangements against the Framework
- Developing and maintaining an up-to-date local code of governance including arrangements for ensuring its ongoing application and effectiveness
- Preparing an Annual Governance Statement in order to report publicly on the extent to which they comply with their own code, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.

The preparation and publication of an annual governance statement in accordance with this Framework is necessary to meet the statutory requirement set out in Regulation 6 (4) of the Accounts and Audit (England) Regulations 2015 for authorities to prepare a statement of internal control in accordance with “proper practices”.

Internal control and risk management are increasingly recognised as important elements of good Corporate Governance.

The scope of internal control spans the whole range of the Council's activities and includes controls designed to ensure that:

- The Council's policies are implemented in practice;
- High quality services are delivered efficiently and effectively;
- The Council's values and ethical standards are met;
- Laws and Regulations are complied with
- Required procedures are adhered to;
- Financial statements and other published performance information is accurate and reliable;
- Human, financial, environmental and other resources are managed efficiently and effectively.

The Regulations place a requirement on the Council to conduct an annual review of the effectiveness of its internal controls and identify areas where improvements can be made.

POSITION IN OXFORDSHIRE

The implementation of the Accounts and Audit Regulations required the production of a Statement on Internal Control, which formed part of the Council's Statement of Accounts. The Council's Corporate Governance Assurance Framework sets out the Corporate Governance arrangements within the Council and sets out the roles and responsibilities of key Officers, Councillors and Committees within that process.

This Local Code of Corporate Governance sets out how Oxfordshire County Council complies with the requirements of the Code and identifies key documents, which provide detailed information as to how the Council ensures these Corporate Governance principles are adhered to.

Core Principles

The Council's Code of Corporate Governance is based on seven core principles: -

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- B. Ensuring openness and comprehensive stakeholder engagement;
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes;
- E. Developing the County Council's capacity, including the capability of its leadership and the individuals within it;
- F. Managing risks and performance through robust internal control and strong public financial management; and
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Code specifically identifies the actions and behaviours taken by the Council in relation to each of these core principles and associated sub principles. The Code, along with its supporting infrastructure is set out below at Appendix A, with evidence of compliance summarised in in Appendix B.

The Audit and Governance Committee is currently responsible for approving this Code and ensuring it is annually reviewed and updated accordingly.

Next Review date: March 2023

Appendix A - Actions and behaviours taken by the Council that demonstrate good governance

As taken from 2016 CIPFA & SOLACE: “Delivering Good Governance in Local Government: Framework 2016 Edition”

Principle	Sub Principles	Council Actions and Behaviours
(A) Behaving with integrity, demonstrating strong Commitment to ethical values, and respecting the rule of law	Behaving with integrity	<ul style="list-style-type: none"> ▪ Ensure that Members and Officers behave with integrity and lead a culture where acting in the public interest is visible and consistently demonstrated thereby protecting the reputation of the Council; ▪ Ensure that Members take the lead in establishing specific standard operating principles or values for the Council and its staff and that they are communicated and understood. These will build on the Seven Principles of Public Life (The Nolan Principles); ▪ Lead by example and use the above standard operating principles or values as a framework for decision making and other actions; and ▪ Demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which will be reviewed on a regular basis to ensure they are operating effectively.
	Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> ▪ Seek to establish, monitor and maintain the Council’s ethical standards and performance; ▪ Underpin personal behaviour with ethical values and ensure they permeate all aspects of the Council’s culture and operation; ▪ Develop and maintain robust policies and procedures which place emphasis on agreed ethical values; and ▪ Ensure that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the Council.
	Respecting the Rule of Law	<ul style="list-style-type: none"> ▪ Ensure Members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations; ▪ Create the conditions to ensure that the statutory officers, other key post holders, and Members are able to fulfil their responsibilities in accordance with legislative and regulatory provisions; ▪ Strive to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders; ▪ Deal with breaches of legal and regulatory provisions effectively; and ▪ Ensure corruption and misuse of power is dealt with effectively.
(B) Ensuring openness and comprehensive stakeholder engagement	Openness	<ul style="list-style-type: none"> ▪ Ensure an open culture through demonstrating, documenting, and communicating the Council’s commitment to openness; ▪ Make decisions that are open about actions, plans, resource use, forecasts, outputs, and outcomes. The presumption will be for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential will be provided; ▪ Provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and will be explicit about the criteria, rationale and considerations used. In due course, the Council will ensure that the impact and consequences of those decisions are clear; and ▪ Use formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action.
	Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> ▪ Effectively engage with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably; ▪ Develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively; and ▪ Ensure that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.
	Engaging stakeholders individual citizens and service users	<ul style="list-style-type: none"> ▪ Establish a clear policy on the type of issues that the Council will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes; ▪ Ensure that communication methods are effective, and that Members and Officers are clear about their roles with regard to community engagement; ▪ Encourage, collect, and evaluate the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs; ▪ Implement effective feedback mechanisms in order to demonstrate how their views have been taken into account; ▪ Balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity; and ▪ Take account of the interests of future generations of taxpayers and service users.

Principle	Sub Principles	Council Actions and Behaviours
(C) Defining outcomes in terms of sustainable economic, social and environmental benefits	Defining outcomes	<ul style="list-style-type: none"> ▪ Have a clear vision, which is an agreed formal statement of the Council's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the Council's overall strategy, planning, and other decisions; ▪ Specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer; ▪ Deliver defined outcomes on a sustainable basis within the resources that will be available; ▪ Identify and manage risks to the achievement of outcomes; and ▪ Manage service users' expectations effectively with regard to determining priorities and making the best use of the resources available.
	Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> ▪ Consider and balance the combined economic, social, and environmental impact of policies, plans and decisions when taking decisions about service provision; ▪ Take a longer- term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints; ▪ Determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs; and ▪ Ensure fair access to services.
(D) Determining the interventions necessary to optimise	Determining interventions	<ul style="list-style-type: none"> ▪ Ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore, ensuring best value is achieved however services are provided; and ▪ Consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.
	Planning interventions	<ul style="list-style-type: none"> ▪ Establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets; ▪ Engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered; ▪ Consider and monitor risks facing each partner when working collaboratively including shared risks; ▪ Ensure arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances; ▪ Establish appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured; ▪ Ensure capacity exists to generate the information required to review service quality regularly; ▪ Prepare budgets in accordance with organisational objectives, strategies and the medium-term financial plan; and ▪ Inform medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.
	Optimising intended outcomes	<ul style="list-style-type: none"> ▪ Ensure the medium-term financial strategy integrates and balances service priorities, affordability, and other resource constraints; ▪ Ensure the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term; ▪ Ensure the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage; and ▪ Ensure the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes".

Principle	Sub Principles	Council Actions and Behaviours
(E) Developing the Council's capacity, including the capability of its leadership and the individuals within it	Developing the Council's capacity	<ul style="list-style-type: none"> ▪ Review operations, performance use of assets on a regular basis to ensure their continuing effectiveness; ▪ Improve resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the Council's resources are allocated so that outcomes are achieved effectively and efficiently; ▪ Recognise the benefits of partnerships and collaborative working where added value can be achieved; and ▪ Develop and maintain an effective workforce plan to enhance the strategic allocation of resources.
	Developing the capability of the County Council's leadership and other individuals	<ul style="list-style-type: none"> ▪ Develop protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained; ▪ Publish a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body; ▪ Ensure the Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads the Council in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority; ▪ Develop the capabilities of Members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political, and environmental changes and risks by: <ul style="list-style-type: none"> ➢ ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged; ➢ ensuring Members and Officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis; and ➢ ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external. ▪ Ensure that there are structures in place to encourage public participation; ▪ Take steps to consider the leadership's own effectiveness and ensure leaders are open to constructive feedback from peer review and inspections; ▪ Hold staff to account through regular performance reviews which take account of training or development needs; and ▪ Ensure arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.
(F) Managing risks and performance through financial management	Managing Risk	<ul style="list-style-type: none"> ▪ Recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making; ▪ Implement robust and integrated risk management arrangements and ensure that they are working effectively; and ▪ Ensure that responsibilities for managing individual risks are clearly allocated.
	Managing Performance	<ul style="list-style-type: none"> ▪ Monitor service delivery effectively including planning, specification, execution and independent post implementation review; ▪ Make decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the Council's financial, social and environmental position and outlook; ▪ Ensure an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the Council's performance and that of any organisation for which it is responsible; ▪ Provide Members and senior management with regular reports on service delivery plans and on progress towards outcome achievement; and ▪ Ensure there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).
	Robust internal control	<ul style="list-style-type: none"> ▪ Align the risk management strategy and policies on internal control with achieving objectives; ▪ Evaluate and monitor the Council's risk management and internal control arrangements on a regular basis; ▪ Ensure effective counter fraud and anti-corruption arrangements are in place; ▪ Ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor; ▪ Ensure an Audit and Governance Committee which is independent of the executive and accountable to the Council: <ul style="list-style-type: none"> ➢ provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; and ➢ that its recommendations are listened to and acted upon.

Principle	Sub Principles	Council Actions and Behaviours
(F) Managing risks and performance through robust internal control and strong public financial management	Managing Data	<ul style="list-style-type: none"> ▪ Ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data; ▪ Ensure effective arrangements are in place and operating effectively when sharing data with other bodies; and ▪ Review and audit regularly the quality and accuracy of data used in decision making and performance monitoring;
	Strong public financial management	<ul style="list-style-type: none"> ▪ Ensure financial management supports both long-term achievement of outcomes and short-term financial and operational performance; and ▪ Ensure well –developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.
(G) Implementing good practices in transparency, accountability	Implementing good practice in transparency	<ul style="list-style-type: none"> ▪ Write and communicate reports for the public and other stakeholders in a fair, balanced, and understandable style appropriate to the intended audience ensuring that they are easy to access and interrogate; and ▪ Strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.
	Implementing good practices in reporting	<ul style="list-style-type: none"> ▪ Report at least annually on performance, value for money and the stewardship of its resources to stakeholders in a timely and understandable way; ▪ Ensure Members and senior management own the results; ▪ Ensure robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publish the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (Annual Governance Statement); ▪ Ensure that the Framework is applied to jointly managed or shared service organisations as appropriate; and ▪ Ensure the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.
	Assurance accountability	<ul style="list-style-type: none"> ▪ Ensure that recommendations for corrective action made by external audit are acted upon; ▪ Ensure an effective internal audit service with direct access to Members is in place which provides assurance with regard to governance arrangements and that recommendations are acted upon; ▪ Welcome peer challenge, reviews and inspections from regulatory bodies and implement recommendations; ▪ Gain assurance on risks associated with delivering services through third parties and evidence this in the annual governance statement; and ▪ Ensure that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.

Appendix B – Oxfordshire County Council’s Evidence of Good Governance

Core Principles	(A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	(B) Ensuring openness and comprehensive stakeholder engagement	(C) Defining outcomes in terms of sustainable economic, social, and environmental benefits	(D) Determining the interventions necessary to optimise the achievement of the intended outcomes	(E) Developing the Council’s capacity, including the capability of its leadership and the individuals within it	(F) Managing risks and performance through robust internal control and strong public financial management	(G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability
Evidence of Good Governance	The Constitution	Strategic Plan 2022-25	Cabinet Reports	Delivering the Future Together (DTFT) Board	The Constitution	The Constitution Scheme of Delegation	Audit and Governance Committee, Terms of Reference
	Schemes of Delegation / Decision making protocols	Decision Making Protocols Oxfordshire County Council website – Key Decisions	Strategic Plan 2022-25	Budget Consultations – Reported to Cabinet	Protocol on Members’ Rights and Responsibilities Constitution – Opposition rights	Audit and Governance Committee, Corporate Governance Assurance	Scrutiny Committee/Framework
	Audit & Governance Committee / Terms of Reference	Annual Statement of Accounts/ Annual Governance Statement	Scrutiny Committees	Stakeholder Engagement	Member Induction/Development Programme	Scrutiny Committee/Framework Cabinet Report	Decision Making Protocols
	Scrutiny Committees Standards Committee Terms of Reference	Health Improvement Partnership Board; Growth Board	Oxfordshire Vision 2030	Business Cases including options appraisals	Workforce Planning Toolkit	Pension Fund Committee / Pensions Benefit Sub Committee Monthly Business Management and Monitoring reports	External audit of accounts and VFM opinion
	Financial Procedure Rules / Financial Regulations / Contract Procedure Rules Ethical Procurement Policy Statement	Public Meetings		Director of Finance S25 statement	Chief Executive Appraisal Process Leadership / Management Development Programmes	Financial Procedure Rules / Financial Regulations / Contract Procedure Rules Business and Budget Planning Process	Annual Statement of Accounts
	Statutory Officer roles: Head of Paid Service (Chief executive), Director of Finance, Monitoring Officer. Chief Internal Auditor <u>mandate/Internal</u>	Scrutiny Committee Work Programmes Health Overview and Scrutiny Committees	Business Cases / Options Appraisals to support decision making	Business and Budget Planning Process; Monthly Business Management Reporting	12:3:2 / 1-2-1 programmes – managing for performance, Managing for Performance Framework Organisational Development Programme	External audit of accounts and VFM opinion/ statement of accounts/ medium term financial strategy / Internal Audit Strategy	Annual Governance Statement Corporate Governance Assurance Framework
	Members’ and Officers’ Codes of Conduct, LGA Model Code of Member conduct	Annual Budget Consultation Engagement Toolkit	Business and Budget Planning process, including Service Plans	Medium Term Financial Strategy	Annual Monitoring Officers Report Annual Governance Statement	Financial Management Code of Practice Annual Compliance review; Internal Audit PSIAS external	Chief Internal Auditors Annual Opinion / Report
	Member/Officer Induction Programme Members’/Officers’ Register of Interest	Co-production Programme	Social Value Policy	Business Continuity Plans Contingency Planning Local Resilience Forum	Benchmarking Local Government Association Peer Review Internally led reviews / independent challenge External Reviews	Data Protection and Information Security Incident Policy Information asset registers Data Protection Training Information Governance Board/Group Privacy Assessments	Internal Audit Service Children’s Social Care Annual Report
	Delivering the Future Together programme Protocol on Member Officer relations	Joint Strategic Needs Assessment	Risk & Opportunities Management Strategy Risk Registers	Risk & Opportunities Management Strategy	Health and Safety Governance Framework and policies Wellbeing advice Coronavirus support and advice Employee assistance	Risk & Opportunities Management Strategy Risk Management Framework Risk Based Internal Auditing Service / planning	Business and Budget Planning process / Monthly Business Management Reporting
	Counter Fraud Strategy	Joint performance risk and finance reporting		Annual Service Plans		Strategic Risk Register Leadership Risk Register	Transparency Code
	Anti-Bribery and Anti-Money Laundering Policies	Transparency Code	Monthly Business Management reports	Social Value Policy	Delivering the Future Together (DTFT) Board	Chief Internal Auditors Annual Opinion / Report Annual Governance	Oxfordshire County Council Website

Whistleblowing policy Transparency Code	Corporate and Statutory Complaints Procedures	Transparency Code	Decision Making Protocols	Continuing Professional Development (CPD)	Monthly Performance, Risk and Financial	Freedom of Information Publication Scheme
Risk & Opportunities Strategy	Freedom of Information Publication Scheme	Equality Diversity and Inclusion Framework, Equality and Climate Impact Assessments	Oxfordshire Vision 2030	Scheme of Delegation	Counter Fraud Strategy Anti-Bribery and Anti- Money Laundering Policies	Corporate and Statutory Complaints Procedures
Embedded organisational values through network of 190 Delivering the Future Embedded organisational values through network of 190 Delivering the Future Together Champions.	Consultation and Engagement Strategy 2022-25 and accompanying best practice guidance			Succession planning and talent management to manage current and future risks of key personnel together with opportunities for individual growth and promotion. (An employer of choice)	Business Continuity Plans Contingency Planning Local Resilience Forum	Unacceptable Behaviour Policy
Procurement Strategy					Established and effective systems and processes for managing employee relations	
Customer Service Standards					Procurement Strategy	
Mandatory e-learning induction modules						

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