

# **Cherwell District Council**

## **Accounts, Audit and Risk Committee**

**19 January 2021**

### **Annual Governance Statement 2020/2021 – Update on Actions**

#### **Report of Director of Law and Governance and Monitoring Officer**

This report is public

#### **Purpose of report**

To consider an update on actions from the Annual Governance Statement (AGS) 2020/2021.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To consider and comment on the update on the actions arising from the Annual Governance Statement 2020/2021.

#### **2.0 Introduction**

- 2.1 At its 21 June 2021 meeting, the Accounts, Audit and Risk Committee (AARC) approved the Annual Governance Statement (AGS) for the financial year 2020/2021 ([Minute 11 refers](#)).
- 2.2 Local authorities are required to prepare an AGS to be transparent about their compliance with good governance principles and to give an opinion on the effectiveness of those arrangements. As part of the process, authorities are expected to highlight particular areas of focus for the year following. This report updates the Committee on the three particular areas of focus identified for 2021/22.

#### **3.0 Report Details**

##### **Annual Governance Statement Actions for 2021/2022**

- 3.1 The Annual Governance Statement outlined the following areas and expected outcomes for particular focus in 2021/22: Procurement, Governance arrangements (post COVID); Constitution Review; and Financial Management.

3.2 Officers will be in attendance at the meeting to speak to each of the updates, which are set out below under the relevant section of the Annual Governance Statement actions, and answer any queries from Committee members.

**Procurement**

Action now planning for 2021/22	Timescale for completion	Responsible officer	Monitoring body
<ul style="list-style-type: none"> <li data-bbox="245 495 687 819">• To develop an OCC/CDC Procurement Strategy and OCC/CDC Social Value Policy with CEDR fully sighted on both documents. Ensure all staff are fully briefed and trained on the content and their respective obligations.                             <ul style="list-style-type: none"> <li data-bbox="296 864 687 1447">○ The new Provision Cycle Hub and Spoke functional model will fully define contract management accountability across the Councils. To help fulfil this accountability the council will enhance its contract management systems and processes and provide a training programme to support contract management skills improvement.</li> </ul> </li> <li data-bbox="245 1491 687 1738">• The electronic Contract and Supplier Management System (eCMS) functionality has been enhanced and will continue to be reviewed as part of the Provision Cycle transformation programme.                             <ul style="list-style-type: none"> <li data-bbox="296 1783 687 2101">○ This will include an improvement plan with the expectation to develop and implement improvements that will provide management and controls across the full cycle of Commissioning,</li> </ul> </li> </ul>	<p data-bbox="719 495 1094 640">A new joint procurement strategy will be presented to CEDR by end July 2021.</p> <p data-bbox="719 674 1094 965">The new Social Value Policy, including Climate Change elements, will be presented to CEDR by July 2021. It will be implemented as appropriate across all tenders from July 2021.</p> <p data-bbox="719 1480 1107 1850">All contracts will be stored in the eCMS to demonstrate a complete Forward Plan in terms of current active contracts and renewal timescales. It will be a live document driving procurement engagement across all service areas.</p>	<p data-bbox="1126 495 1326 640">Head of Procurement &amp; Contract Management</p> <p data-bbox="1126 1480 1326 1626">Head of Procurement &amp; Contract Management</p>	<p data-bbox="1348 495 1535 640">Corporate Governance Assurance Group</p>

Action now planning for 2021/22	Timescale for completion	Responsible officer	Monitoring body
Procurement and Contract Management. <ul style="list-style-type: none"> <li>○ This will enable a consistent, council-wide approach enabling 100% visibility of requirements throughout the provision cycle, ensuring all contracts are effectively managed.</li> </ul>			

### Update

- 3.3 A Social Value Policy has been drafted and will be presented to the February 2022 Executive for review by Members. The Policy will apply to all tenders above a certain threshold value across both Oxfordshire County Council (OCC) and Cherwell District Council(CDC) and will involve the use of the third-party supplier Social Value Portal, who have provided this service for many other Councils across the UK.
- 3.4 There is a degree of flexibility to ensure that the selected topics for Social Value are relevant to that particular tender and will include elements relating to Carbon Net Zero: for example reductions in carbon emissions and air pollution, ensuring that the natural environment is safeguarded, and that resource efficiency and circular economy solutions are promoted. It is intended that this policy go live from April 2022.
- 3.5 The Procurement Strategy is in draft format, and will presented to CEDR (the senior leadership team) in due course, once the Social Value Policy has been approved.
- 3.6 The Atamis system continues to act as the central document repository for Procurement. All tenders, contracts, and extensions are stored within it, enabling a Forward Plan to be created to identify which contracts will be up for renewal at what point. This covers both OCC and CDC.

### Governance Arrangements

Action now planning for 2021/22	Timescale for completion	Responsible officer	Monitoring body
<ul style="list-style-type: none"> <li>• The Corporate Governance Assurance Group will continue to monitor, support and engage with Corporate Lead areas so as to ensure that they are able</li> </ul>	Ongoing throughout 2021/2022  Monthly review by Corporate Governance Assurance Group	Corporate Governance Assurance Group	

Action now planning for 2021/22	Timescale for completion	Responsible officer	Monitoring body
<p>to continue with effective governance arrangements.</p> <ul style="list-style-type: none"> <li>The Corporate Governance Assurance Group will continue to review the Council's governance, including its internal controls, policies and transparency arrangements.</li> </ul>	<p>Paper to ELT and CEDR in Q.2 and each Quarter thereafter to update on progress</p> <p>Local Code of Corporate Governance reviewed by ELT in Q2 for consideration by Accounts, Audit and Risk Committee in September or November.</p> <p>Report to Accounts, Audit and Risk Committee at September, November, January and March meetings on emerging governance issues post-COVID.</p>		

## Update

- 3.7 The Council's Corporate Governance Assurance Group (CGAG) has continued to meet monthly to oversee governance developments. The Group consists of the Monitoring Officer (as Chair) together with key governance officers including the Chief Internal Auditor, Assistant Finance Directors, Deputy Monitoring Officer (for OCC and CDC), the Head of Insight and Corporate Programmes and the Principal Governance Officer. CGAG is supported by the Council's governance officers.
- 3.8 An emphasis has been on closer working with CEDR and the Extended Leadership Team (ELT), that is, CEDR plus their direct senior manager reports, particularly in the development of a revised Local Code of Corporate Governance. A report on the purpose of the Code was taken to ELT in the summer with follow up work to conclude this in the New Year. A Local Code of Corporate Governance has been drafted with the oversight of CGAG and with input from ELT representatives.
- 3.9 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.
- 3.10 CGAG is also working with ELT, and then with CEDR, to bring forward a draft Annual Governance Statement for 2021/22, which will then be brought to this committee.
- 3.11 The Council has also overseen the return to physical settings of the formal democratic decision making meetings of the Council, fully compliant with public

health advice. This has been achieved while also retaining the virtual engagement from the public as well as webcasting of meetings, with the option for the public to attend in person.

3.12 Additionally, the Council has taken steps to commence the annual Constitution Review as set out below.

### **Constitution Review**

<b>Action now planning for 2021/22</b>	<b>Timescale for completion</b>	<b>Responsible officer</b>	<b>Monitoring body</b>
<ul style="list-style-type: none"> <li>Undertake an Annual Review of the Constitution, as agreed by Council in 2020, to take place during the Autumn</li> </ul>	<p>The Overview and Scrutiny Committee (OSC) to agree the scope and means of achieving the Annual Review of the Constitution (October 2021).</p> <p>Review to take place October-November</p> <p>OSC (Nov 2021) to make recommendations for any substantive change to Council (December 2021).</p>	The Monitoring Officer	Overview and Scrutiny Committee

### **Update**

3.13 The Council has agreed to undertake an annual review of the Constitution under the oversight of the Overview and Scrutiny Committee. The review has been delayed and is running from December 2021 to May 2022.

3.14 The Overview and Scrutiny Committee agreed Terms of Reference for the Constitution Review Working Group at its 30 November 2021 meeting. This included the scope for the review. ([Minute 35, resolution \(2\) refers](#))

3.15 At its 15 March 2022 meeting, the Overview & Scrutiny Committee will consider proposals from the working group and make recommendations to Full Council.

3.16 Full Council will consider recommendations from the Overview & Scrutiny Committee with a view to their adoption at its 18 May 2022 meeting.

### **Financial Monitoring**

<b>Action now planning for 2021/22</b>	<b>Timescale for completion</b>	<b>Responsible officer</b>	<b>Monitoring body</b>
<ul style="list-style-type: none"> <li>Implement budget monitoring that considers</li> </ul>	Begin monitoring of balance sheet items in	S151 Officer	Budget Planning

<b>Action now planning for 2021/22</b>	<b>Timescale for completion</b>	<b>Responsible officer</b>	<b>Monitoring body</b>
balance sheet items including reserves and outstanding debt	Period 2 of 2021/22.  As the closedown process finishes enhance the process throughout the year.		Committee

- 3.17 The Council has introduced monthly monitoring of its reserves with changes in the budgeted use of earmarked reserves and/or general balances requiring approval by the Executive. This offers the Council far greater understanding of its reserves position and the affordability of agreeing to the additional use of reserves.
- 3.18 Additionally, the Council has begun to monitor its aged debt position on a quarterly basis. This allows the Council to understand whether it is collecting the debt it is raised on a timely basis. The introduction of this monitoring has resulted in a review of the aged debt the Council holds to identify how collectible the debt is.

## 4.0 Conclusion and Reasons for Recommendations

- 4.1 In line with Annual Governance Statement process, this report provides an update on actions taken to date during 2021/2022 in respect of recommended actions arising from the 2020/2021 Annual Governance Statement.

## 5.0 Consultation

Senior officers for each area have been consulted and provided updates on progress as set out in section 3 of this report

## 6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not to note the update. This is not recommended as it is good practice for the Committee to review progress against actions arising from the Annual Governance Statement.

## 7.0 Implications

### Financial and Resource Implications

- 7.1 There are no financial implications arising directly to, or arising from, the recommendation in the report.

Comments checked by:  
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### **Legal Implications**

- 7.2 The Council has a legal duty to agree an Annual Governance Statement. This report does not itself raise legal implications but this update on the actions arising from last year's AGS is consistent with the responsibility of this Committee to ensure the effectiveness of the Council's governance.

Comments checked by:  
Christopher Mace, Solicitor.  
07702917916, [Christopher.mace@cherwell-dc.gov.uk](mailto:Christopher.mace@cherwell-dc.gov.uk),

### **Risk Implications**

- 7.3 If there were no progress against the recommended actions arising from the 2020/2021 Annual Governance Statement, this may impact on the governance of the Council.

Comments checked by:  
Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786  
[Louise.tustian@cherwell-dc.gov.uk](mailto:Louise.tustian@cherwell-dc.gov.uk)

### **Equalities and Inclusion Implications**

- 7.4 The recommendations in this report do not themselves raise equality implications. However, the effectiveness and inclusivity of the Council's governance arrangements are integral to the effective running of the Council and of the outcomes for the community.

Comments checked by:  
Steven Fairhurst Jones, Acting Policy Team Leader,  
07392 318 890, [steven.fairhurstjones@cherwell-DC.gov.uk](mailto:steven.fairhurstjones@cherwell-DC.gov.uk)

## **8.0 Decision Information**

### **Key Decision**

**Financial Threshold Met:** N/A

**Community Impact Threshold Met:** NA

### **Wards Affected**

All

### **Links to Corporate Plan and Policy Framework**

N/A

**Lead Councillor**

N/A

**Document Information****Appendix number and title**

- None

**Background papers**

None

**Report Author and contact details**

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