

ANNUAL GOVERNANCE STATEMENT

Financial Year 2024-2025

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2024-2025 ANNUAL GOVERNANCE STATEMENT

Executive summary

What are our Governance arrangements and are they fit for purpose?

Our governance arrangements are the systems and processes which enable us to make sound decisions with high-quality information, and a good understanding of risk. Those systems rely on strong leadership, engagement with communities and stakeholders and a laser focus on the public interest.

Alongside many Councils, City of York Council (“the Council”) continues to experience pressure on financial resources. The Council is determined, despite its financial challenges, to continuously improve¹. This requires innovative approaches to service delivery and taking difficult decisions. Our governance arrangements are crucial in getting those difficult decisions right.

The Council has adopted a Local Code of Corporate Governance which is consistent with the seven principles set out in “proper practice” for the public sector, namely Delivering Good Governance in Local Government: Framework published by CIPFA/SOLACE 2016 (the Framework”).²

The overall aim of the Local Code of Corporate Governance is to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities;
- There is sound and inclusive decision making;
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

A copy of our Local Code is available on our website at www.york.gov.uk/CorporateGovernance

This Annual Governance Statement (“AGS”) for 2024-2025 demonstrates how we have complied with our local code and reviews its effectiveness. The conclusion of this AGS is that our governance arrangements have, during the past year, met their purpose in ensuring we:

- operate in a lawful, open, inclusive, and honest manner;
- make sure public money is safeguarded, properly accounted for, and spent wisely;
- have effective arrangements in place to manage and control risk;
- secure continuous improvements in the way we operate.

Governance Outlook and areas for action

¹ The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

² An addendum to the Framework was published in January 2025. Authorities should ensure that the AGS for 2025/26 onwards comply with this amended guidance, and they are encouraged to consider it for 2024/25.

The Council is satisfied the current arrangements have adequately supported the purpose of guiding decision making which focuses on achievement of the authority's aims and manages risk. We strive however to maintain a self awareness which facilitates continuous improvement.

The Council continues to respond positively when areas for improvement come to light. During the year, where issues have been identified these have been dealt with in an open and transparent way, often including public reports to Executive. This enables the Council to learn from any mistakes and embed lessons into future planning.

During March 2025, Children's Services was inspected by Ofsted and rated as outstanding in all areas. Ofsted particularly praised the council's "relentless drive", strong leadership and commitment to putting children first.

Our annual review process identified areas for development around:

- Monitoring and reporting of project costs to allow for timely escalation and intervention
- Understanding the impact of staff resources on the ability to deliver projects and services
- Making better use of scrutiny.

These will be the target for action in the coming financial year and we will reflect on our success in strengthening these aspects of governance in the 25/26 AGS.

Assessment of Effectiveness

Our governance framework is comprised of the culture, values, systems, and processes by which we are directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes. The Council works within this framework to deliver the Council Plan.³ This Plan sets out the Council's priorities and makes the following commitments to good governance:

"Financial Management: Ensure financial stability through a long-term financial strategy, that recognises the major unprecedented financial challenges, takes the difficult decisions needed, and ensures investment is focused upon priority areas.

Core Commitments: Embed the four Core Commitments into our decision-making, policies and programmes of work."

Our system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of Internal Control is designed to help us identify, prioritise and manage risks.,

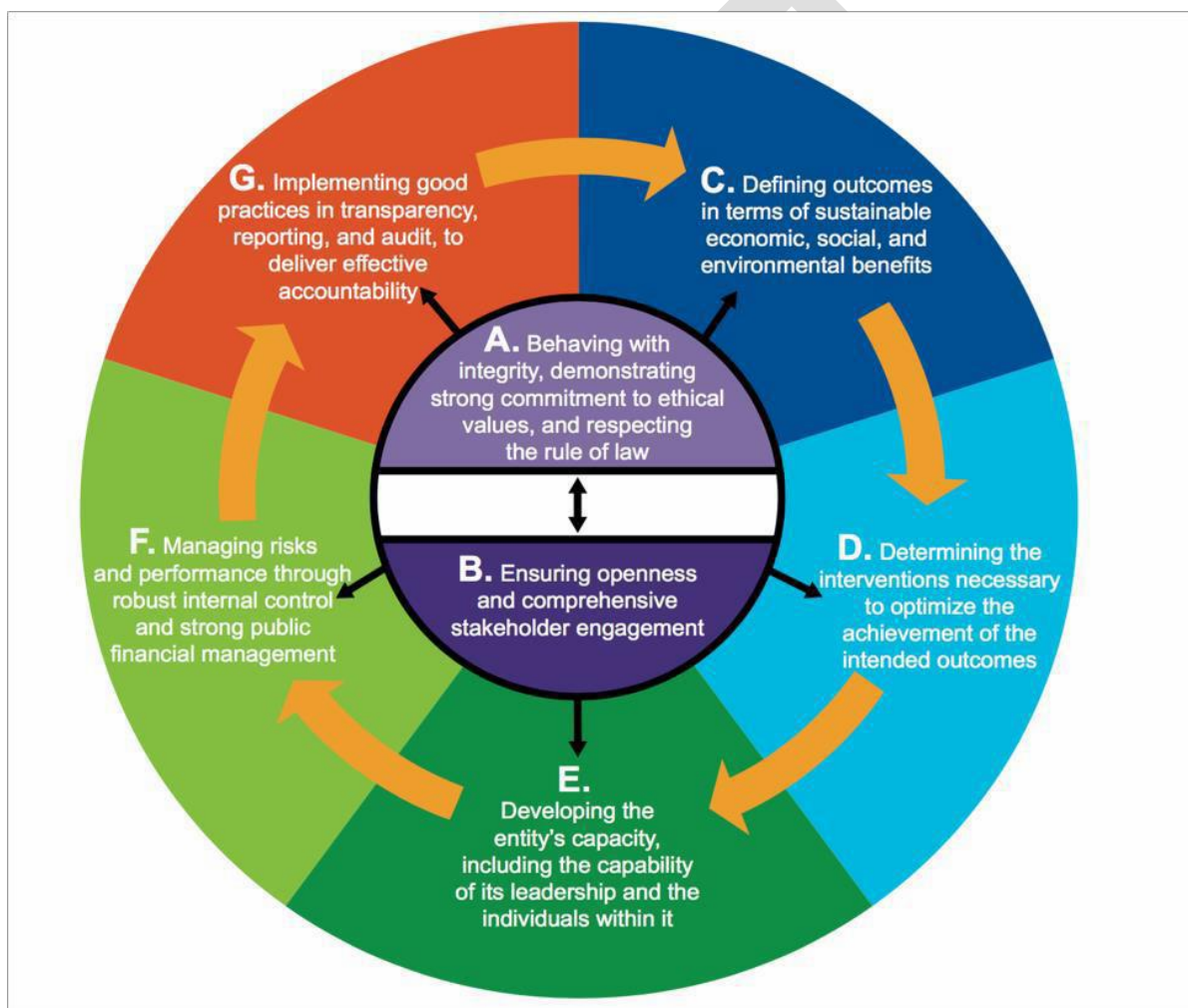
Our governance arrangements can only be effective if we engage with them as an organisation honestly and consistently. Where our processes indicate a concern, we must act swiftly.

The "Delivering Good Governance" framework below envisages a continuous application of seven principles with a core of A and B being about the behaviours of integrity,

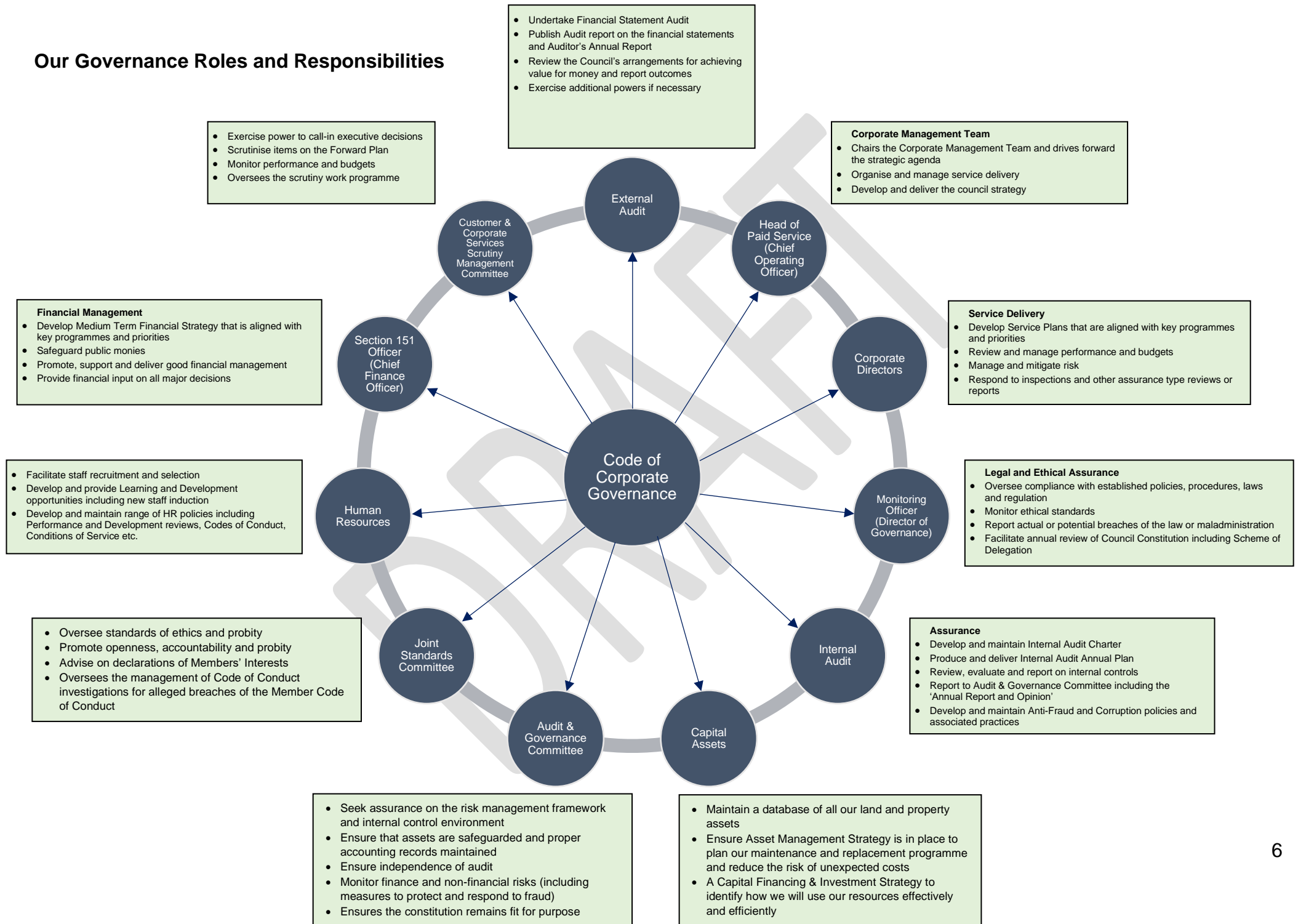
³ <https://www.york.gov.uk/CouncilPlan>

demonstrating a strong commitment to ethics and respecting the rule of law with practices being carried out in the spirit of openness and comprehensive stakeholder engagement. These behaviours are demonstrated across the Council.

Our governance arrangements are well aligned to the delivery of the priorities in the Council Plan and are being used to track progress and costs. In some cases, delivery of a planned outcome has been highlighted as being in jeopardy. Our governance framework has successfully supported reprioritisation. It is likely however that ongoing financial pressures will mean that we need to further improve some of our governance arrangements. These are described in the section on “Where our governance needs to improve.”



Our Governance Roles and Responsibilities



What Does Our Governance Assurance Framework look like?

Good assurance in any organisation provides confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved.

Our assurance framework is the structure within which Councillors and Senior Management identify the principal risks to the Council in meeting its key objectives, and through which we map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. Our assurance framework underpins the statements made within this Annual Governance Statement.

Assurance can come from many sources, including:

- Internal: Self Assurance Statements, Corporate Management Team, Internal Audit Reviews, Scrutiny, Audit and Governance Committee, Service Reviews and performance intelligence, Governance Risk and Assurance Group (membership is key Statutory Officers), Corporate Governance;
- External: Inspections, External Audit, National Fraud Initiative, Partnerships, Trade Unions, stakeholders, and local forums

How has this Annual Governance Statement for 2024-2025 been prepared?

In preparing this Annual Governance Statement we have:

- Reviewed our existing governance arrangements against the CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance;
- Assessed the effectiveness of our governance arrangements against the Local Code of Corporate Governance;
- Reviewed External Assessments; and
- Sought Self-Assurance Statements from all Directors.

How do we monitor and evaluate the effectiveness of our governance arrangements?

We continue to review the effectiveness of our governance arrangements on an ongoing basis and report on the position annually. The key sources of assurance that inform this review are outlined below:

- The work of Councillors (the Executive, and the Audit and Governance Committee) and Senior Officers (Corporate Management Team) who, individually and collectively, have responsibility for good governance;
- Consideration of the council's constitution and decision-making framework;
- The three statutory officers, being the Head of Paid Service, the Section 151 Officer, and the Monitoring Officer;

- The Head of Internal Audit's annual report on Internal Audit Activity 2023-2024, which provides independent assurance that key risks (financial and non-financial) are being adequately controlled and provides an opinion on the effectiveness of these arrangements;
- Consideration of any control weaknesses or issues identified by the Head of Internal Audit as part of the Audit Plan and as reported to the Audit & Governance Committee;
- Consideration of the council's counter fraud strategy and the level of conformance to the CIPFA code of practice on managing the risk of fraud and corruption;
- Regular updates to Audit and Governance Committee on the council's risk register and any other issues highlighted through the council's risk management arrangements;
- Performance monitoring of key deliverables in the Council Plan as well as key performance indicators which are reported quarterly to Executive;
- Challenge through Overview and Scrutiny (for example review of the work programmes, recommendations to the Executive, call-in's, etc. as can be seen in the reports to Corporate Services, Climate Change and Scrutiny Management Committee);
- Inspections and assessments (such as Ofsted Inspection of Local Authorities Children's Services Framework and Sector Led Improvement activity in Children's and Adults Services, NHS data security and protection toolkit);
- Any comments made by our External Auditors in their Annual Report or as a result of their review of the Council's arrangements for securing economy, efficiency, and effectiveness (value for money);
- Recommendations and comments made by any other review agencies and inspectorates; and
- Regular updates to Audit and Governance Committee on complaints, concerns, comments and compliments and FOI/EIR, data protection and information governance

How do we know that our arrangements are working?

The table below details the seven principles of the CIPFA/SOLACE Delivering Good Governance framework. It provides an analysis of the effectiveness of how we conform with each element of the framework, and identifies areas where improvements are required. .

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
Acting in the public interest requires a commitment to effective arrangements for:			
Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	1. Behaving with integrity	<ul style="list-style-type: none"> ➤ The political and managerial leadership sets the tone. ➤ Through this leadership we ensure that the required policies are put into place and monitored. ➤ Codes of Conduct for members and officers form part of the Council's Constitution. These sets out expected behaviours which are consistent with the Nolan Principles. ➤ The Protocol on Officer Member Relations which forms part of the Constitution sets out the way Councillors and Officers should interact and serve the public interest effectively. ➤ Mandatory Training on the Employee Code of Conduct has been launched on the Council's intranet for all officers. ➤ Joint Standards Committee produces an Annual Report to Council which includes a synopsis of Code of Conduct related complaints received during the Municipal Year in respect of 	<ul style="list-style-type: none"> ➤ A member induction programme was implemented following all out elections in May 2023. Much of the programme content was captured electronically and has been used by members for refresher training. Evaluation of member training has indicated a need to promote wider uptake and a comprehensive flexible offer which can be accessed on demand alongside ad hoc training and briefings on current issues. ➤ Joint Standards Committee responded on behalf of the Council to the Government's consultation on Strengthening Standards. Any forthcoming legislation will require an update to the Council's standards procedures.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		Councillors (both City of York and Parish Councillors).	
	2. Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> ➤ In accordance with the Localism Act 2011, and in common with the majority of Councils, we have adopted the LGA Model Code of Conduct for our Councillors, which is in keeping with the general principles of public life. All Councillors and co-opted Members undertake that they will observe the Code of Conduct. Members and key Officers have been trained on the Model Code, including training as part of the Members Induction Programme. 	
		<ul style="list-style-type: none"> ➤ We enhanced our commitment to Equity and Diversity by adopting: <ul style="list-style-type: none"> ➤ a social model of disability ➤ a Charter for Organisational Standards created by York Poverty Truth Commission ➤ an Anti Racism Strategy; and ➤ agreeing to treat care experience as if it were a protected characteristic. ➤ We reviewed and updated our decision report template to ensure that the Core Commitments in the Council plan were always addressed. 	<ul style="list-style-type: none"> ➤ We will continue to seek ways to espouse ethical values and engage proactively and respectfully with our whole city community.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	3. Respecting the rule of law	<ul style="list-style-type: none"> ➤ The Council's Constitution is regularly reviewed and updated to ensure our framework for lawful decision making is clear, accurate and up to date. ➤ Codes of Conduct set out the standards of behaviour that are expected of our Councillors and Officers. Should these standards be breached, they will be dealt with, either through the Members' Code of Conduct complaints process or, in relation to Officers, action taken under our capability and/or disciplinary procedures. ➤ The Whistleblowing Policy adopted by the Council ensures its effectiveness from a safeguarding perspective and to make it easier for staff to raise concerns about malpractice or illegal activity. The Policy contains clear guidance about how to report a concern, who to contact and sources of internal and external support. ➤ The Whistleblowing Policy is complemented by the Counter Fraud and Corruption Policy, Fraud and Corruption Prosecution Policy, Counter Fraud Strategy, Anti-Money Laundering Policy, and Anti-Bribery Policy. 	
Principle B Ensuring openness and comprehensive stakeholder	1. Openness	<ul style="list-style-type: none"> ➤ We are committed to openness and publish information online in accordance with the provisions of the Local Government Transparency Code and 	

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engagement		<p>the Freedom of Information Publication Scheme.</p> <ul style="list-style-type: none"> ➤ We provide regular performance updates relating to information requests and complaints to management teams and the Audit & Governance Committee. ➤ We have in place procedures which allow, within certain parameters, the recording and filming of Council meetings, and for public participation in the majority of meetings. ➤ Only those reports which are considered exempt are dealt with in closed session (known as Part II), and for the majority of these reports there is a public facing report (known as Part I) which sets out the matter to be decided upon, but without the information that is exempt from publication. 	
	2. Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> ➤ We engage with large numbers of stakeholders. We have a comprehensive engagement system with statutory stakeholders such as the NHS, Humber and North Yorkshire Health and Care Partnership (which was established in July 2022), North Yorkshire Police, Fire and Rescue Service. We have further subject based stakeholders particularly regional economic development such 	

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		<p>as York and North Yorkshire Mayoral Combined Authority, West Yorkshire Combined Authority and have strategic links with North Yorkshire Council. Locally, we regularly engage with key institutions such as the universities, colleges, business representative and environmental groups, education system partners such as the academies, together with health and care partners in the NHS, private sector, and community sector. We have a comprehensive approach to working with key city leaders through the monthly partnership group. We also engage and consult extensively with our Local Trade Unions in respect of employment related issues.</p> <ul style="list-style-type: none"> ➤ The City of York Council and the Humber & North Yorkshire Integrated Care Board has continued to make progress and was formally moved to establish a Joint Committee under a Section 75 agreement starting from April 2025, as reported to Executive in November 2024. ➤ To shape the Climate Change plan, we engage with institutional stakeholders through the independent York Climate Commission. ➤ We regularly engage with professional leads at the Head of Communications 	<ul style="list-style-type: none"> ➤ The abolition of NHS England is expected to have significant implications for ICBs. The current arrangements will therefore need to be kept under review to ensure they keep pace with any changes being made at a national and local level.

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		<p>Group, the Higher Education Group, the Bus Group and the Sustainability Leads Group. Each of these groups provide rich insight about the challenges facing their sectors as we recover from the Coronavirus Pandemic and respond to the challenges of climate change and the cost of living.</p>	
	<p>3. Engaging with individual citizens and service users effectively</p>	<ul style="list-style-type: none"> ➤ Local focus and community engagement are successfully promoted through a number of different activities: ➤ The Talk About Panel: a group of self-selected residents who comment on surveys throughout the year, the council actively promotes engagement in the panel through too hard to reach groups and those who are underrepresented. ➤ Extensive budget consultation was undertaken which ran from May to December. The process was broken into phases to build understanding and gather feedback iteratively. ➤ Our Big Conversation: invites residents to participate in different on and offline engagement activities designed to inform major council strategies such as the 10-year plan, the economic development, local 	<ul style="list-style-type: none"> ➤ Customer Services will continue the review and implement complaints procedures to maximise the opportunity to make service improvements and learn from feedback and ensure compliance with the Local Government and Social Care Ombudsman Complaint Handling Code which comes into effect in April 2026.

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		<p>transport plan and climate change strategies and related action plans. This has included targeted focus groups to encourage feedback from people who don't typically engage in council consultations, such as the disabled community, LGBTQi community, younger people not in work, etc.</p> <ul style="list-style-type: none"> ➤ The Council Plan was consulted on prior to publication. ➤ Major capital programmes activities are heavily consulted on allowing residents to inform the build, structure, and shape of key developments across the city, influencing and adapting masterplans to meet their needs. ➤ Citizen's panel: Following a successful engagement activity that used focus groups to help set and inform waste recycling policy, we trialled a more regular approach to focus groups by inviting Talk About participants to join a citizens panel which was designed to explore key strategic issues presented through the budget consultation. We are reviewing whether to progress this for future budget consultations and have used the same approach to inform the 10-year plan. ➤ Statutory consultation also takes 	

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		<p>place in advance of all major traffic/highways schemes, changes to services and to support the Local Plan examination.</p> <ul style="list-style-type: none"> ➤ Public consultation is undertaken on specific areas of service, or on matters that may have a substantive impact on residents, facilitated by our Communications and Consultation Teams. ➤ The Communications Team ensure that specific matters are promoted via the media and engage with the media over enquiries on specific matters. ➤ The complaints, comments, concerns, and compliments (the 4Cs) support customer customers, residents and service users to have a more flexible manner to share their comments, complaints, concerns, and compliments with us. This enables us to identify themes and lessons learned for service providers across the council. Individual members of the public are able to participate in the majority of meetings, through the Council's Public Participation Protocol. 	
<p>In addition to the overarching requirements for acting in the public interest found in principles A and B, achieving good governance also requires a commitment to, and effective arrangements for:</p>			

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits	1. Defining outcomes	<ul style="list-style-type: none"> ➤ Following the 2023 local elections, the Council adopted a new 10-Year Plan, which was developed in partnership with city stakeholders and will respond to resident feedback. This was approved by Council on 21st September 2023. The Council Plan is informed by the 10 year plan and strategies and regularly reported on, including 6 month snapshots on the Council website. An annual review is reported to Executive. ➤ Resident feedback and stakeholder engagement is informing the outcomes which will be detailed in the economic development strategy, climate change strategy (and carbon reduction action plan) together with the Local Transport Strategy. ➤ Delivery of partnership priorities through partnership boards and strategies (for example Health and Well-being strategy, Children and Young People's Plan). ➤ The fourth Monitor report presented to Executive provides an annual report with evidence about the council plan achievements and progress made in delivering the priorities and demonstrating value for money. ➤ A more robust Medium Term Financial Plan (MTFP) which aligns available resources to the activities 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		of the Council Plan and setting out the financial plans for the next 3-4 years is currently being developed.	
	2. Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> ➤ Service plans have been agreed which include clear objectives, measures and risks that are actively managed during the year and inform the setting of individual objectives. ➤ Service plans feed into and align with both Directorate plans and in response to the Council Plan's priorities. 	
Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	1. Determining interventions	<ul style="list-style-type: none"> ➤ Corporate Management Team (CMT) and Executive review the council's performance on a quarterly basis. ➤ Review and challenge through directorate management team (DMTs) led Improvement Boards in key areas and regularly reporting to Corporate Management Team in respect of the provision of children's and adults' services. Peer reviews are undertaken where necessary and appropriate to inform senior leaders. ➤ Creation of cross council performance groups (e.g., enhanced corporate support for Adult Social Care provision). ➤ Quality assurance - examples of good practice exist at service level e.g., 	<ul style="list-style-type: none"> ➤ We will be implementing a new structure for overview and scrutiny which improves focus and depth of the input scrutiny can have in policy development. ➤ A new AI Project Board will be initiated to identify further potential to harness use of generative AI across council services to increase efficiency, quality and productivity whilst managing risk.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>Children's Services.</p> <ul style="list-style-type: none"> ➤ Regular challenge from inspectorates such as Ofsted and Care Quality Commission (CQC). Annual Conversations with Ofsted make sure that progress of our services is tracked and challenged in between inspections. Children's Services were inspected in March 2025 and achieved outstanding across all areas ➤ Sector Led Improvement (SLI) challenge from regional peers in Children's and Adults' services and Public Health. ➤ Overview and Scrutiny has a planned work programme that they scrutinise throughout the year. A review of Scrutiny has been carried out by the Centre for Governance and Scrutiny in December 2024. This made recommendations for improving effectiveness. Consequent amendments have been made to the structure and supporting staff resource 	
	2. Planning interventions	<ul style="list-style-type: none"> ➤ Performance, audit, risk, and finance information is used to identify areas of concern and plan required interventions. ➤ There is an annual cycle of meetings 	

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		<p>that are planned through the municipal year, but internal procedures are flexible enough for Councillors to intervene, such as via call-in or the calling of extraordinary meetings, at any point in the year.</p>	
	<p>3. Optimising achievement of intended outcomes</p>	<ul style="list-style-type: none"> ➤ Outcomes are monitored on a regular basis and open to scrutiny. Matters which are formally project managed are required to be reported upon via published highlight reports at regular intervals. The performance framework ensures capacity is considered in balancing priorities against affordability and social value. ➤ Service planning and objectives set for the year for services and individual members of staff and the outcomes of these are reviewed regularly as part of the performance review process. ➤ Major Projects Board to oversee major capital projects and seek assurances from project teams and advisors. ➤ Our Corporate Management Team has strategic oversight of major issues affecting the Council with a tightly managed forward plan. ➤ The project management toolkit “all about projects” provides a framework for delivering projects which includes identifying clear and achievable outcomes. 	<ul style="list-style-type: none"> ➤ Project oversight will be further enhanced by the development of a corporate Programme Management Office to support the delivery of the Council’s Capital Programme.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
Principle E Developing its capacity, including the capability of its leadership and the individuals within it	1. Developing the entity's capacity	<ul style="list-style-type: none"> ➤ The Head of Paid Service is responsible for the organisation of the staff. ➤ Leadership and Management is delivered through Corporate Management Team (meeting once a week) and Leading Together and The Corporate Leadership Group Network. ➤ The Council has a performance management framework for all of its staff. The process also involves appraisal by way of regular reviews of performance of those objectives including formal mid-year and end of year performance reviews which are formally recorded. 	
	2. Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> ➤ We have a programme of training available for both Councillors, by way of the Induction Programme delivered after the May 2023 elections, and Officers (at all levels). ➤ All new starters are required to undertake an induction programme, which is available both virtually and face to face, together with an evaluation of the sessions after they have been delivered. Induction is also supported by starter checklists for managers and employees to ensure all mandatory training and key Corporate and local information is cascaded. ➤ There is mandatory training for all staff on key policies via the e- 	<ul style="list-style-type: none"> ➤ Level 7 apprentices will be supported from our senior manager cohort to access work based learning leading to chartered management institute membership.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>Learning system.</p> <ul style="list-style-type: none"> ➤ Professional members of staff are required to undertake additional training requirements (continuing professional development) as set by their professional bodies. ➤ We support staff development using cost effective opportunities including funded apprenticeships. These have been successfully matched with career graded staff structures to support organic growth and retention. ➤ We make use of peer support networks to share good practice and offer informal mentoring. 	
Principle F Managing risks and performance through robust internal control and strong public financial management	1. Managing risk	<ul style="list-style-type: none"> ➤ We have adopted a formal system of risk management overseen by the Corporate Finance Team. ➤ This ensures that the council's assets are adequately protected, losses resulting from hazards and claims against the council are mitigated through the effective use of control measures, and that our managers are adequately supported in their responsibilities in respect of risk management. ➤ Departments maintain risk registers which include corporate, operational, reputational, project and partnership risks in accordance with best practice. 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<ul style="list-style-type: none"> ➤ Key staff receive training on risk management principles. ➤ We maintain a Corporate Risk Register containing the council's key strategic risks and these are monitored by the Corporate Management Team, and by the Audit & Governance Committee. ➤ We conduct robust and quality risk assessments for data protection and privacy issues to ensure we comply with the fundamental principles and requirements of legislation. 	<ul style="list-style-type: none"> ➤ Work is underway to ensure ongoing compliance with new data protection legislation requirements alongside ensuring opportunities from AI are compliant.
	2. Managing performance	<ul style="list-style-type: none"> ➤ Principal performance targets are captured within our Performance management system and are subject to review (including Council Delivery Plan, Council Scorecard, and Departmental business and service plans). ➤ Performance management is reported on a quarterly basis to the Executive, the Corporate Management Team, and the Corporate Services, Climate Change, and Scrutiny Management and Economy, Place, Access, and Transport Scrutiny Committees. Complaints, FOI/EIR, data protection and associated regulator feedback are included in these reports and are also reported to the Governance, Risk and Assurance Group, Corporate Management Team, 	

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		<p>and to Audit and Governance Committee.</p>	
	<p>3. Robust internal control</p>	<ul style="list-style-type: none"> ➤ Preventative procedures are in place which include the segregation of duties, approval/authorisation process, security of assets and regular reconciliations. ➤ Assurance is gained through regular internal audits and reporting. ➤ Our Internal Audit Service has received an independent external review which demonstrates that the service conforms with the Public Sector Internal Audit Standards (PSIAS) (replaced by the Global Internal Audit Standards – UK Public Sector from 1 April 2025). The Head of Internal Audit also presents the results of the Quality Assurance and Improvement Programme as part of the annual report to the Audit and Governance Committee. 	

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	4. Managing data	<ul style="list-style-type: none"> ➤ We have in place a suite of Policies and Procedures covering information governance and information security that are managed and monitored by the Corporate Governance Team and ICT. ➤ We have senior officers who fulfil the roles of the Senior Information Risk Owner, Caldicott Guardians, and Information Asset Owners and Administrators. ➤ All officers and Councillors are required to undertake mandatory e-Learning training on data protection and information security. ➤ Regular council wide communications and targeted awareness sessions with teams are provided to ensure the need, and process, for reporting of all potential breaches of Data Protection legislation is clearly understood and also that lessons are learned and implemented from them. 	
	5. Strong public financial management	<ul style="list-style-type: none"> ➤ We have a budget setting process with the Budget and Medium Term Financial Plan decided annually by Council. ➤ Budget setting includes resident and business engagement. ➤ The Finance Strategy sets the overall direction for how we will fund our activities and invest in the future. 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<ul style="list-style-type: none"> ➤ We have in place a statutory Section 151 Officer with finance teams that support the budget holders. ➤ Financial Procedure Rules and Contract Procedure Rules are in place and are regularly updated. A major review of these has taken place to reflect changes brought into effect in February 2025 by the Procurement Act 2023. 	
Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability	1. Implementing good practice in transparency	<ul style="list-style-type: none"> ➤ Agendas for all Council meetings are publicly available on the website. ➤ We comply with the local Government Transparency Code 2015, publishing required information at https://www.yorkopendata.org/ ➤ We comply with The Openness of Local Government Bodies Regulations 2014 and the Freedom of Information Act publication scheme. ➤ We have a Whistleblowing Policy in place which is actively publicised. 	
	2. Implementing good practices in reporting	<ul style="list-style-type: none"> ➤ We have in place comprehensive procedures for the making of decisions, either by Full Council, Committees, the Executive, or individual decisions made by Chief Officers or Executive Members. ➤ All reports are taken through Democratic Services and require 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>clearance by legal and finance as a minimum.</p> <ul style="list-style-type: none"> ➤ Reports for Council, Committees and Executive business and minutes of these meetings are available on our website, save for reports which contain information that is exempt from publication. 	
	3. Assurance and effective accountability	<ul style="list-style-type: none"> ➤ The Constitution sets out the executive arrangements and the roles and responsibilities of the Leader of the Council, the Executive and each of the Cabinet Members and the roles and responsibilities of other Council Members. ➤ The Constitution sets out the functions of Council, Executive and the various committees. ➤ The principal roles and responsibilities of the Chief Operating Officer and senior officers, including the Section 151 Officer and the Monitoring Officer, are also set out in the Constitution. 	

What specific assurances do we receive?

Whilst a number of assurances have been obtained to support this conclusion, it is important that we consider the following specific assurances to support this statement:

1. Chief Finance Officer (Section 151 Officer)

The CIPFA Statement on the Role of the Chief Finance Officer (CFO) in Local Government (2016) requires that assurance is provided on a number of governance arrangements relating to the organisation including financial control, reporting, the approach to decision making, compliance with relevant codes and the influence of the CFO within the organisation. These have been considered within the context of this Statement and it has been established that our arrangements conform to the CIPFA requirements and the Section 151 Officer has no significant concerns.

2. Monitoring Officer

The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 1989). These have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report.

3. Head of Internal Audit

In accordance with the Accounts and Audit Regulations 2015, the CIPFA Statement on the Role of the Head of Internal Audit 2019 and the Public Sector Internal Auditing Standards (PSIAS), the Head of Internal Audit provides an annual opinion on the overall adequacy and effectiveness of our risk management, internal control, and governance processes.

The Head of internal Audit is satisfied that sufficient work has been undertaken to allow him to draw a reasonable conclusion on the adequacy and effectiveness of our arrangements. Based on the work performed during 2024/25, the Head of Internal Audit has provided the following opinion on our risk management, internal control and governance processes, in operation during the year to 31 March 2025:

*The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the council is that it provides **Reasonable Assurance**.*

The opinion given is based on work that has been undertaken directly by internal audit, and on the cumulative knowledge gained through our ongoing liaison and planning with officers. No reliance was placed on the work of other assurance providers in reaching this opinion, and there are no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Annual Governance Statement.

Full details on the assurance provided by the Head of Internal Audit are detailed within the Internal Audit Annual Report for 2024-25 which was presented to the Audit & Governance Committee on 14 May 2025.

Under the Public Sector Internal Audit Standards (the Standards) (replaced by the Global Internal Audit Standards – UK Public Sector from 1 April 2025), we are required to undertake a review of the effectiveness of our Internal Audit function and to report the results to the Audit and Governance Committee. An independent assessment against the Public Sector Internal Audit Standards must be carried out every five years. The most recent independent assessment was completed in September 2023 by the Chartered Institute of Internal Auditors. The assessment concluded that the Internal Audit function generally conforms to the Standards. This is the highest rating that can be awarded. The Standards also require us to perform a self-assessment each year. The outcome of the recently completed self-assessment, included in the Internal Audit Annual Report for 2024-25, demonstrates that the service continues to generally conform to the Standards, including the Code of Ethics. The Council can therefore continue to place reliance on the work of internal audit and the opinions given.

4. External Audit

External Audit of the Council is undertaken by Mazars LLP. They presented their Audit Completion Report for the year ending 31st March 2023 to Audit & Governance Committee on 31st January 2024. At the time of writing, their work on the 2022/23 accounts is substantially complete, awaiting assurance on one area. The 2023/24 audit will commence in July 2024.

Mazars also took the Auditor's Annual Report to Audit & Governance Committee on 22nd May 2024 which provided conclusions on the value for money (VFM) arrangements for the Council in 2022/23. Following the recommendations arising from the Public Interest Report, a significant weakness was identified in the 21/22 VFM arrangements. In the latest report it was noted that the recommended actions had been addressed and the significant weakness no longer applied.

5. SIRO and Data Protection

The Director of Governance is the Council's Senior Information Risk Officer (SIRO) and Senior Responsible Officer (SRO) for surveillance systems and use of investigatory powers. The Corporate Governance Team support these roles and is responsible for data protection, information governance, records management and oversight of the surveillance systems framework and use of investigatory powers policy and procedures.

There have been small decreases in the number of reported potential and actual personal data breaches in 2023-24 financial year from the previous year. The reporting of potential as well as actual breaches indicates the ongoing awareness that timely reporting ensures the Council can take the necessary actions in a timely way, to safeguard information, inform individuals and regulators where it has been determined appropriate to do so, conduct robust investigations and make recommendations to reduce the risk of further breaches.

The number of significant breaches reported to Information Commissioners Office has remained the same i.e., 1 in 2022-2023 and one in 2023-2024.

The Council maintains the required level of assurance on the annual NHS Digital data security and protection toolkit.

The Council received positive assurances in respect of its use of investigatory powers and covert surveillance e.g., RIPA in its last inspection by the Investigatory Powers Commissioner Office (IPCO) inspection that took place on 27th August 2021. These are undertaken by the IPCO every three years. Updates on the required work and ongoing actions from this inspection were reported to Audit and Governance Committee and training was provided for the Committee to enable their oversight of the council's use of covert surveillance, acquisition of communications data and use of a Covert Human Intelligence Source (CHIS).

The Council continues to provide mandatory data protection and information security e-learning for all staff including agency staff and Elected Members. The requirement for this training to be completed annually is reinforced by regular all staff communications and targeted messages to senior managers. There is also ongoing targeted guidance and support provided for the roles of SIRO, information asset owners, Caldicott Guardians, and for investigatory powers/covert surveillance applying and authorising officers.

Ongoing work continues in the Council's ICT infrastructure to strengthen against Cyber-attacks, improve disaster recovery arrangements and record retention.

In this context, however, it is important to note that in mid-September 2023, the Council received an enforcement notice from the Information Commissioner in respect of a backlog of Freedom of Information (FOI) requests which had either not received a reply or had received a reply without the knowledge of the Information Governance team. Notwithstanding the Council's assurance that the situation would receive appropriate priority, the notice was issued on 13 September 2023, requiring that the Council respond to all those outstanding FOI requests within a period of six months, and publish an action plan for formalising the measures we would take to ensure we complied with our legal duties. The action plan was published within the requisite 35 days, and responses were sent in respect of all the outstanding FOI requests by the end of November 2023, some three and a half months in advance of the deadline. This failure on the Council's part was deeply regrettable, and an apology was made publicly and to the Audit and Governance Committee.

6. Senior Management Assurance Statements

Senior Management Assurance Statements were produced by all Directors for the financial year 2023-24. In the Assurance Statements, the Directors' self-assessed compliance and detailed the basis of Assurance and the frequency of testing and review. Most of these statements/assurances evidenced full compliance with the principles of good governance. Areas for development are detailed at the end of this statement.

7. LGA Peer Challenge

In February 2024, a Local Government Association (LGA) Peer Challenge took place at the Council and set out to understand how the council operates, exploring the council's leadership at place and organisational level, governance, culture, financial management and capacity to improve, with a focus on improving customer service and working closely with regional partners to best represent York's interests.

The Peer Challenge recommendations and action plan were reported to Executive in May 2024, with a follow up report to the Leader's Decision Session in November 2024. Extensive work has been undertaken to complete the recommendations identified by the peer team and the actions will continue to be monitored by the Chief Operating Officer as part of the Corporate Improvement Board agenda.

Significant Governance Issues

The governance and internal control arrangements can provide a reasonable assurance but not an absolute assurance against material misstatement, safeguarding of assets or loss. This Statement is intended to provide reasonable assurance. In concluding this review of the Council's Governance Framework and Internal Control arrangements, no new issues have been identified for inclusion in the tables below, but the existing issues have been reviewed and additional actions identified to ensure progress continues to be made. There is one issue (relating to the Local Plan) that had previously been identified but that has been progressed sufficiently and no longer requires disclosure in this statement, although some details have been included for completeness this year.

How the governance issues identified in the previous year's statement have been addressed and whether further work is required.

The AGS action plan should be meaningful but brief

COMPLETED Governance issues arising from the previous Annual Governance Statement (2023-24)

YEAR IDENTIFIED	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
2023/24	Impact of not having the Local Plan in place	Work continued in responding to requests of the planning inspectors with the result that the Local Plan was formally adopted by the Council in February 2025.	The Council adopted the Local Plan at an extraordinary Full Council meeting on 27 th February 2025.

CURRENT Governance issues arising from the 2024-25 Annual Governance Statement

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
1 – Existing Issue, updated	<p>Financial Risks</p> <p>(i) Pressures - Impact of funding reductions -</p> <p>The council continues to face significant funding pressures and changes to both national and regional funding regimes which naturally present a potential risk to the council's overall governance arrangements and financial resilience.</p> <p>There is currently uncertainty around any future government funding and the long-term impact on income streams, including business rates and council tax.</p> <p>The financial position of the health economy in York, and the impact that may bring for the Better Care Fund, and implications on the Adult Services budget</p>	<p>The outturn position for 2023/24 was an overspend position, albeit much improved due to cost control measures, and therefore this remains a significant risk. The Council again set a balanced budget for 2024/25 and made proper provision for growth along with a contingency.</p> <p>The Medium-Term Financial Strategy (MTFS) reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. This continues to be updated and refreshed. This informs the budget process for future years. There remain significant challenges to deliver savings and outturn within the approved budget.</p> <p>The uncertainty around central government funding remains an issue as the 2024/25 and 2025/26 settlements were again just for one year.</p> <p>Ongoing discussions with Health Organisations in York in light of recent Government announcements regarding the abolition of NHS England and the</p>	<p>The outturn position for 2023/24 was also an overspend position and there is again an overspend in 2024/25, therefore this remains a significant risk. A balanced budget was set for 2024/25 and 2025/26. Significant provision for growth were made as well as allocations to support the increased cost from continued inflationary pressures.</p> <p>The Medium-Term Financial Strategy continues to be updated and presented to CMT and Executive. The uncertainty around central government funding remains an issue although the Spending Review announcements expected during the latter half of 2025 should begin to give some certainty to financial projections. Further development of the medium-term financial plan will be needed during the year to ensure continued financial resilience.</p>
Existing Issue			

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
	<p>(ii) Major capital projects The council has a number of major capital projects at different stages, including York Central, York Outer Ring Road, and the Housing Delivery Programme. As outlined above, the economic conditions following the pandemic will have a significant, ongoing financial impact on the capital programme.</p>	<p>resulting potential impact on Integrated Care Boards</p> <p>There are significant risks associated with the range of major schemes which have been identified in various reports, including the potential implications for both capital and revenue budgets. Ongoing regular reporting to various member meetings, alongside effective project management continues to be essential to ensure risks can be mitigated/ managed.</p> <p>The council has put in place dedicated project management expertise for its major projects and invested in a project management system to manage programme / cost risks attached to these major projects.</p> <p>Major projects have been reviewed to assess any new risks and to ensure that the financial assumptions are still sound. Clarity of delineation of the roles of those Members and Officers concerned with the delivery of projects and those concerned with regulatory decisions has been factored into the project management and protocols are in place in respect of decision making to provide necessary ethical walls within the organisation and in line with the council's constitution.</p>	<p>New governance arrangements have been put in place to improve project assurance. Officers are developing a resource plan to ensure we have the right skills and capacity to deliver the capital programme.</p>

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
2 – Existing issue, updated	Embedding Good Governance across the Council – To continue to promote a culture of good governance across the council by continuing to embed the revised constitution and ensure it remains fit for purpose; to continue to embed member development following the city Election in 2023.	<p>Progress on embedding good governance continued throughout 2023-2024, with no significant governance issues identified. Work began on reviewing key governance documents, and following the City Council elections in May 2023, a programme of training was delivered for all elected Members, albeit with varying degrees of attendance.</p> <p>Through 2023-2024 the Audit and Governance Committee received reports on corporate governance, including reports relating to action taken by the Information Commissioner's Office, and in relation to contract management processes.</p>	<p>Through 2024-2025, further work has been done in relation to the Council's constitution, culminating in significant amendments to the Council Procedure Rules, with further work ongoing. Work also continues to review contract management processes, and to homologise report-writing procedures across the Council. The Council has also undergone a review of its scrutiny committee procedures, facilitated by the Centre for Governance and Scrutiny, which has resulted in a significant change to the operating methodology.</p> <p>In addition, changes in Council senior management have allowed for reviews of procedures across Council services. In turn, this has highlighted a number of governance issues which required rectification. In line with the Council's 'no blame' culture, these governance issues, arising from human error, are treated as learning experiences, with work underway to ensure that they are not repeated. These issues highlight the need for continuous training for all staff on governance procedures, and for greater simplification of processes to ensure that adherence is easier than circumvention. They also</p>

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
			<p>demonstrate that governance is a whole-Council issue.</p> <p>Some staff turnover will impact on the corporate governance landscape, given the departure of the Head of Legal Services and Head of Democratic Governance to elevated positions in other organisations, and the acting Democratic Services Manager to alternative public service. This is ameliorated somewhat by the arrival of a new Democratic Services Manager, and by the impending arrival of a new Head of Legal Services, but there will inevitably be some disruption to routines.</p>
3- Existing issue, updated	Contract Management arrangements – To reestablish the correct contract management procedures for both officers and members ensuring there is clarity around any issues arising.	<i>New issue</i>	Contract Management is one of the work streams in the Council's transformation programme. A new (temporary) contract manager post has been created within the procurement team to support contract management on the key, high value council contracts.
4- Existing issue, updated	Resourcing and capacity – the Council has an ambitious set of major projects, as well as key developments in regional devolution alongside the provision of key services to residents. All are competing demands on the	<i>New issue</i>	<p>As above under issue 1 (iii), officers are developing a resource plan to ensure we have the right skills and capacity to deliver the capital programme.</p> <p>Working on a One Council basis and the continued use of good governance structures that have been implemented ensures that capacity is drawn from all council services where needed and on a</p>

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
	limited resources available which creates risk in achieving objectives. This is a cross cutting issue that impacts on the progress of all the governance issues identified.		dynamic basis to maximise skills and capacity. Tools for this are embedded into the workforce strategy and action plan with greater emphasis and providing training both bespoke and management focused to ensure that managers and employees have the right skills. In terms of capacity, whilst cost control is embedded, balance of investment and cost saving approach is given, without the right skill sets projects will be impacted. Reviews of market supplements and other terms and conditions are also being undertaken to ensure that as an employer we are attractive in the market to be able to be competitive. Embedding good performance management, the values and behaviours as well as visible leadership across all levels drives a positive culture to be reactionary and proactive to the competing demands.

What will our Key Governance Development Priorities be for 2025-26 ?

2025-26 Priority	Planned/Proposed Action	Responsible Officer(s)
Financial Risks/MTFS/Financial sustainability	<i>Existing priority</i> Further development and improvement of programme management arrangements across the Council to ensure delivery of the Capital Programme	Director of Finance (Section 151 Officer)
Embedding Good Governance across the Council	<i>Existing priority</i> To continue to promote a culture of good governance across the council by continuing to embed the revised constitution and ensure it remains fit for purpose. Implementation of new Corporate Improvement Framework will be key.	Head of Paid Service Monitoring Officer Section 151 Officer Chief Officer HR & Support Services
Embedding good contract management across the authority	<i>Existing priority</i> Improve contract management across the Council through training, effective risk management and clear change control processes.	Head of Paid Service Monitoring Officer Section 151 Officer
Resourcing & Capacity	<i>Existing priority</i>	Head of Paid Service Chief Officer HR & Support Services

Assurance Opinion of the Leader of the Council and the Chief Operating Officer

We have been advised on the effectiveness of the governance framework by senior management. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

It is our opinion that the Council's governance arrangements in 2024/25 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2025/26.

Having considered all the principles contained in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, we are also satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

.....
Councillor C Douglas
Leader of the City of York Council

.....
Ian Floyd
Chief Operating Officer

Annex A – About the Council of the City of York

City of York Council is a unitary Council with 47 councillors elected for a four-year term (2023-2027) to represent 21 local wards. All out elections were held in May 2023 and a change of political leadership led to the Labour Group forming an Executive. Since that time the make-up of the Council has been as follows:

- 24 Labour
- 19 Liberal Democrat
- 3 Conservatives
- 1 Independent

There are 31 Parish and Town Councils established within the boundary of City of York Council.