

## **DRAFT ANNUAL GOVERNANCE STATEMENT – 15<sup>th</sup> NOVEMBER 2021**

### **Introduction**

City of York Council is a unitary Council with 47 councillors elected for a four year term (2019-2023) to represent 21 local wards. The Executive is formed from a partnership of the Liberal Democrats and the Green Party. The current make-up of the Council is as follows:

- 21 Liberal Democrat
- 17 Labour
- 3 Green Party
- 2 Conservatives
- 2 York Independents
- 2 Independent

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

During 2020/2021, the Council has continued to be impacted by the COVID -19 Pandemic which started in York with the first cases in the UK on 31 January 2020.

### **What is Governance in City of York Council?**

City of York Council, hereafter referred to as “the Council”, is responsible for ensuring that its business is conducted in accordance with:

- the law and proper standards;
- that public money is safeguarded and properly accounted for and used economically, efficiently and effectively on behalf the of York council taxpayers.

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

In order to discharge this responsibility, the Council must put in place proper arrangements for the governance of its affairs.

Governance is about how we ensure we are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- Leadership and management;
- Performance and risk management;
- Stewardship of public money for York council taxpayers; and
- Public engagement and outcomes for residents and service users.

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 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](http://www.york.gov.uk/CorporateGovernance)

This Annual Governance Statement, hereafter referred to as “AGS” for 2020-2021 demonstrates how we have complied with our local code and met the requirements of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, which requires us to prepare an annual governance statement.

### **What is the purpose of our Governance Framework?**

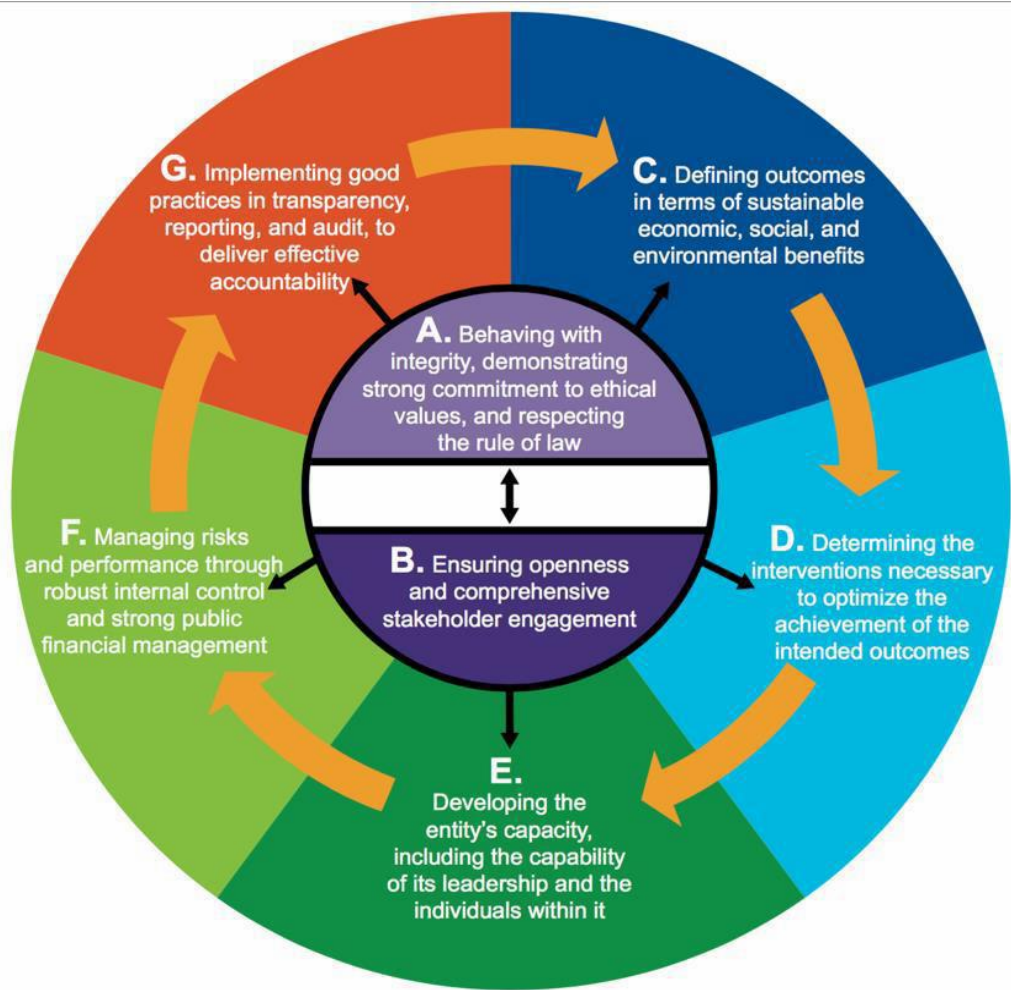
Our governance framework aims to ensure that in conducting our business, we:

- 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.

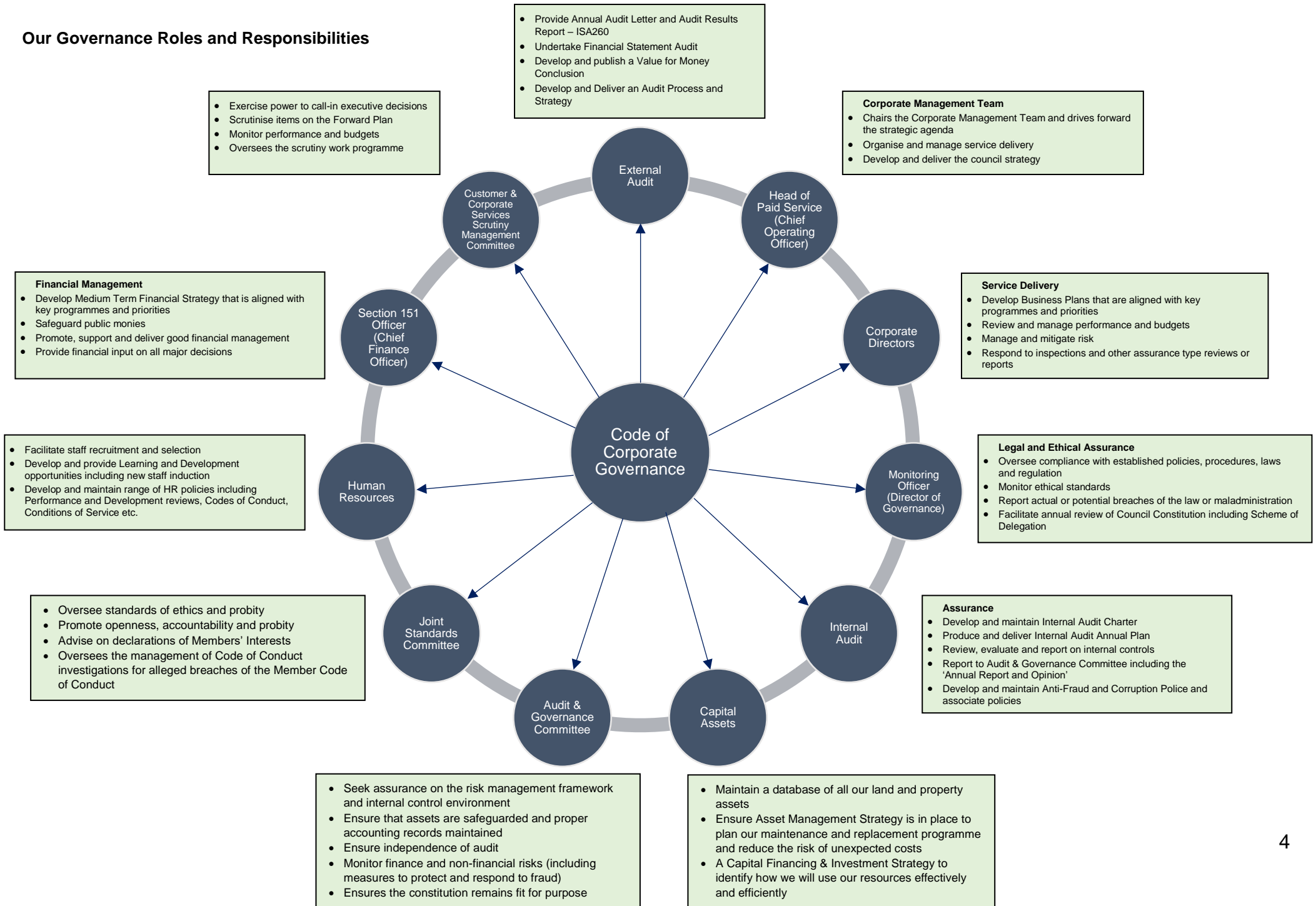
Our governance framework is comprised of the culture, values, systems and processes by which we are directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes.

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 based on an on-going process designed to identify and prioritise risks, evaluate the likelihood and impact should risks be realised, and efficiently, effectively and economically manage such risks.

The "Delivering Good Governance" framework below envisages it will be a continuous process of seven principles with a core of A and B being about the behaviours of integrity 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.



## Our Governance Roles and Responsibilities



## What is our Governance Framework?

<i>What we do</i>  Constitution and decision making framework  Finance and Contract Procedure Rules  Roles and Responsibilities  Policy Framework	<i>How we deliver</i>  Executive and scrutiny framework  Project management  Risk management  Performance management
<i>How we set priorities for change</i>  Medium Term Financial Strategy  Community Engagement  Partnership working/framework  Strategic planning	<i>How we behave</i>  Codes of conduct  Employee values  Leadership behaviours  Whistleblowing, Standards and complaints procedures

## 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:

- 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.

## How has this Annual Governance Statement for 2020-2021 been prepared?

In preparing this Annual Governance Statement we have:

- reviewed our existing governance arrangements against the revised 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;
- Review of External Assessments;

- 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 (Executive and Audit and Governance Committee) and Senior Officers (Corporate Management Team) who 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, Section 151 Officer and Monitoring Officer;
- The Head of Internal Audit's annual report on Internal Audit Activity 2020 - 2021, 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 Customer And Corporate Services 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 Value for Money Opinion;
- Recommendations and comments made by any other review agencies and inspectorates; and
- Customer insight through complaints, concerns, comments and compliments, the media and Freedom of Information/Environmental Information Regulations requests and feedback given via the public participation in council meetings.

### ***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. These are then listed in the action plan at the end of the statement.

Governance Principle	Sub-Principle	Assurance on Compliance
<b>Acting in the public interest requires a commitment to effective arrangements for:</b>		
<b>Principle A</b> <b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>	1. Behaving with integrity	<ul style="list-style-type: none"> <li>➤ The political and managerial leadership sets the tone.</li> <li>➤ Through this leadership we ensure that the required policies are put into place and monitored.</li> </ul> <p>The Employee Code of Conduct forms part of the Council's Constitution and sets out the behaviours expected of employees.</p> <ul style="list-style-type: none"> <li>➤ The Officer/Member Protocol which forms part of the Constitution sets out the way Councillors and Officers should interact.</li> <li>➤ Training is provided to Councillors who are involved in a number of committees including Licensing, Audit &amp; Governance Committee and Planning however it is recognised that more can be done to improve the overall member induction and development programme</li> <li>➤ The "Members' Code of Conduct" forms part of the Constitution with the Council seeking to replace this with the LGA Model Code of Conduct.</li> <li>➤ 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 Councillors (both City of York and Parish Councillors).</li> </ul>
	2. Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> <li>➤ In accordance with the Localism Act 2011 we have adopted a Code of Conduct for our Councillors that 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.</li> <li>➤ Training on the ethical standards framework is provided to all Councillors following the local election (which are by way of a four year cycle) however it is recognised that this does need to be reviewed as part of the review of member development.</li> <li>➤ The Joint Standards Committee monitors and reviews the Councillors' Code of Conduct and prepares an annual statement to Full Council.</li> <li>➤ The Employee Code of Conduct provides guidance to our employees on the ethical framework within which we seek to conduct its activities; and on the processes that the Council uses to ensure compliance with the highest ethical standards. City of</li> </ul>

		York Council is proposing to adopt an Ethics Statement that reflects similar principles to the Nolan Principles which form the basis of the Members' Code of Conduct as part of the review of the constitution.
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Governance Principle	Sub-Principle	Assurance on Compliance
	3. Respecting the rule of law	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ 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.</li> <li>➤ The Whistleblowing Policy is complemented by the Counter Fraud Policy, Counter Fraud Strategy and the Anti-Money Laundering Policy.</li> </ul>
<b>Principle B</b> <b>Ensuring openness and comprehensive stakeholder engagement</b>	1. Openness	<ul style="list-style-type: none"> <li>➤ We are committed to openness and publish information online in accordance with the provisions of the Local Government Transparency Code and the Freedom of Information Publication Scheme.</li> <li>➤ We provide regular performance updates relating to information requests and complaints to the Audit &amp; Governance Committee.</li> <li>➤ We have in place procedures which allow, within certain parameters, the recording and filming of Council meetings.</li> <li>➤ Only a minimal number of reports are considered 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.</li> </ul>
	2. Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> <li>➤ We engage with large numbers of stakeholders. We have a comprehensive engagement system with statutory stakeholders such as the NHS, CCG, North Yorkshire Police, Fire and Rescue Service. We have further subject based stakeholders particularly regionally economic development such as the Local Enterprise Partnership (LEP), West Yorkshire Combined Authority and have strategic links with North Yorkshire County 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.</li> </ul>

		<ul style="list-style-type: none"> <li>➤ To shape the Climate Change plan, a group of sector specific stakeholders shared their views in roundtable discussions.</li> <li>➤ We regularly engage with professional leads at the Head of Communications 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.</li> </ul>
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Governance Principle	Sub-Principle	Assurance on Compliance
	3. Engaging with individual citizens and service users effectively	<ul style="list-style-type: none"> <li>➤ Local focus and community engagement are successfully promoted through a number of different activities:</li> <li>➤ 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.</li> <li>➤ 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, economic development, local transport plan and climate change plan.</li> <li>➤ Annual Budget plan consultation invites residents to confirm their own priorities for council spend and growth.</li> <li>➤ The Council Plan was consulted on prior to publication.</li> <li>➤ 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.</li> <li>➤ Citizen's panel: Following a successful engagement activity that used focus groups to help set and inform waste recycling policy, we are now trialling a more regular approach to focus groups by inviting Talk About participants to join a citizens panel which is designed to explore key strategic issues</li> <li>➤ Statutory consultation also takes part in advance of all major traffic/highways schemes, changes to services and to support the Local Plan examination.</li> <li>➤ 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.</li> <li>➤ The Communications Team ensure that specific matters are promoted via the media and engage with the media over enquiries on specific matters.</li> <li>➤ We have improved our comments and complaints framework and introduced the 4C's toolkit to offer a more flexible manner by which residents and service users can share their comments, complaints, concerns and compliments with us. This enables us to identify themes and lessons learned for service providers across the council</li> </ul>
<b>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:</b>		
<b>Principle C</b> <b>Defining outcomes in terms of sustainable economic, social,</b>	1. Defining outcomes	<ul style="list-style-type: none"> <li>➤ 10 Year Plan is being developed in partnership with city stakeholders and will respond to resident feedback</li> <li>➤ Resident feedback and stakeholder engagement is informing the outcomes which</li> </ul>

and environmental benefits		<p>will be detailed in the economic development strategy, climate change strategy (and carbon reduction pathway) together with the Local Transport Plan – all currently in development and due to publication in the Autumn/Spring.</p> <ul style="list-style-type: none"> <li>➤ Delivery of partnership priorities through partnership boards and strategies (for example Health and Well-being strategy, Children and Young People's Plan).</li> <li>➤ The Council Plan 2019-2023 "Making History, Building Communities" describes our 9 corporate priorities, the actions we will take to deliver these, together with key success measures (sharing what will be different in 2023) and how we will monitor progress. The Council Plan has recently been updated to recognise the impact of the Coronavirus Pandemic, note those actions that are delivered and enhance actions that have changed as a result of the pandemic, with a focus on accelerating recovery and improving the health and wellbeing of residents.</li> <li>➤ 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.</li> <li>➤ Pre-decision scrutiny through the Customer and Corporate Services Scrutiny Management Committee is increasing which means that recommendations from scrutiny are received by the Executive so as to ensure greater degrees of effectiveness and challenge to the Executive's decision making.</li> <li>➤ A more robust Medium Term Financial Plan (MTFP) which aligns available resources to the activities of the Council Plan and setting out the financial plans for the next 3-4 years is currently being developed.</li> </ul>
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Governance Principle	Sub-Principle	Assurance on Compliance
	2. Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ Service plans feed into and align with both Directorate plans and in response to the Council Plan's priorities.</li> </ul>
<b>Principle D</b> <b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b>	1.Determining interventions	<ul style="list-style-type: none"> <li>➤ Corporate Management Team and Executive review the council's performance on a quarterly basis.</li> <li>➤ Review and challenge through directorate management team (DMTs) led Improvement Boards in key areas and regularly reporting to Corporate Management Team in respect of provision of children's and adults services. Peer reviews are undertaken where necessary and appropriate to inform senior leaders</li> <li>➤ Creation of cross council performance groups (e.g. enhanced corporate support for Adult Social Care provision).</li> <li>➤ Quality assurance - examples of good practice exist at service level e.g.</li> </ul>

		<p>Children's Services.</p> <ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ Sector Led Improvement (SLI) challenge from regional peers in Children's and Adults' services and Public Health.</li> <li>➤ Overview and Scrutiny has a planned work programme that they scrutinise throughout the year.</li> </ul>
	2. Planning interventions	<ul style="list-style-type: none"> <li>➤ Performance, audit, risk and finance information is used to identify areas of concern and plan required interventions.</li> <li>➤ There is an annual cycle of meetings 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.</li> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
	3. Optimising achievement of intended outcomes	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ 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.</li> <li>➤ Major Projects Board to oversee major capital projects and seek assurances from project teams and advisors.</li> <li>➤ Our Corporate Management Team has strategic oversight of major issues affecting the Council with a tightly managed forward plan.</li> <li>➤ The project management toolkit “all about projects” provides a framework for delivering projects which includes identifying clear and achievable outcomes.</li> </ul>
<b>Principle E</b> <b>Developing its capacity, including the capability of its leadership and the individuals within it</b>	1. Developing the entity’s capacity	<ul style="list-style-type: none"> <li>➤ The Head of Paid Service is responsible for the organisation of the staff.</li> <li>➤ Leadership and Management is delivered through Corporate Management Team (meeting once a week) and Leading Together and The Corporate Leadership Group Network (meeting every other month).</li> <li>➤ The Council has a performance management framework for all of its staff and is in the process of reviewing its Organisational Development programme which has been re-reviewed in light of the Coronavirus Pandemic. 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.</li> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
	2. Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> <li>➤ We have a programme of training available for both Councillors and Officers (at all levels) however it is recognised that this needs to be reviewed and refreshed.</li> <li>➤ All new starters are required to undertake an induction programme.</li> <li>➤ There is mandatory training for all staff on key policies via the e-Learning system</li> <li>➤ Professional members of staff are required to undertake additional training requirements (continuing professional development) as set by their professional bodies.</li> </ul>
<b>Principle F</b> <b>Managing risks and performance through robust internal control and strong public financial management</b>	1. Managing risk	<ul style="list-style-type: none"> <li>➤ We have adopted a formal system of risk management overseen by the Corporate Finance Team;</li> <li>➤ 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;</li> <li>➤ Departments maintain risk registers which include corporate, operational, reputational, project and partnership risks in accordance with best practice;</li> <li>➤ Key staff receive training on risk management principles;</li> <li>➤ We maintain a Corporate Risk Register containing the council's key strategic risks and these are monitored by the Corporate Management Team and the Audit &amp; Governance Committee;</li> <li>➤ We have implemented an online tool for officers to help us conduct robust and quality risk assessments for data protection and privacy issues to ensure we comply with the fundamental principles and requirements of legislation.</li> </ul>
	2. Managing performance	<ul style="list-style-type: none"> <li>➤ 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).</li> <li>➤ Individual projects have their own targets and performance reviews set within them and are reported via the projects teams as required. Major Projects are tracked through the Place Executive Recovery Group</li> <li>➤ Performance management is reported on a quarterly basis to the Executive, the Corporate Management Team and Customer and Overview and Scrutiny Committees and complaints, FOI/EIR, data protection and associated regulator feedback are reported to the Corporate Management Team and to Audit &amp; Governance Committee.</li> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
	3. Robust internal control	<ul style="list-style-type: none"> <li>➤ Preventative procedures are in place which include the segregation of duties, approval/authorisation process, security of assets and regular reconciliations</li> <li>➤ Assurance is gained through regular internal audits and reporting.</li> <li>➤ Our Internal Audit Service has received an independent external review which demonstrates that the service conforms with the Public Sector Internal Audit Standards (PSIAS). 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.</li> </ul>
	4. Managing data	<ul style="list-style-type: none"> <li>➤ We have in place a suite of Policies and Procedures covering information governance and information security that are monitored by the Corporate Governance Team and ICT.</li> <li>➤ We have senior officers who fulfil the roles of the Information Risk Owner, Caldicott Guardians and Information Asset Administrators</li> <li>➤ All officers and Councillors are required to undertake mandatory e-Learning training on information governance and all officers are required to undertake e-learning on information security.</li> <li>➤ The importance of reporting all potential breaches of Data Protection legislation is well publicised.</li> </ul>
	5. Strong public financial management	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ The Finance Strategy sets the overall direction for how we will fund our activities and invest in the future.</li> <li>➤ We have in place a statutory Section 151 Officer with finance teams that support the budget holders.</li> <li>➤ Financial Procedure Rules and Contract Procedure Rules are in place and regularly updated.</li> </ul>



<b>Principle G</b> <b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>	1. Implementing good practice in transparency	<ul style="list-style-type: none"> <li>➤ Agendas for all Council meetings are publicly available on website.</li> <li>➤ We comply with the local Government Transparency Code 2015, publishing required information at <a href="https://www.yorkopendata.org/">https://www.yorkopendata.org/</a></li> <li>We comply with The Openness of Local Government Bodies Regulations 2014.</li> <li>➤ We have a Whistleblowing Policy in place which is actively publicised</li> </ul>
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Governance Principle	Sub-Principle	Assurance on Compliance
	2. Implementing good practices in reporting	<ul style="list-style-type: none"> <li>➤ We have in place comprehensive procedures for the making of decisions, either by Full Council, Committee, Executive or individual decisions made by Directors and Executive Members.</li> <li>➤ All reports are taken through Democratic Services and require clearance by legal and finance as a minimum.</li> <li>➤ 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.</li> </ul>
	3. Assurance and effective accountability	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ The Constitution sets out the functions of Council, Cabinet and the various committees but it is recognised that the constitution is being refreshed</li> <li>➤ We have an effective Scrutiny function with a number of Scrutiny Committees whose responsibilities are also set out in the Constitution.</li> <li>➤ 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.</li> </ul>

## 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) demands 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 89). 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 opinion on the overall adequacy and effectiveness of our risk management, internal control, counter fraud 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 2020-2021 and other sources of assurance, the Head of Internal Audit has provided the following opinion on our risk management, internal control, counter fraud and governance processes, in operation during the year to 31 March 2021:

*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 **Substantial Assurance**. 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 2020-2021.

Under the Public Sector Internal Audit Standards (the Standards), we are required to undertake a review of the effectiveness of our Internal Audit function and to report the results in the Annual Governance Statement. An independent assessment against the Public Sector Internal Audit Standards must be carried out every five years. The last review was completed in 2018 by the South West Audit Partnership (SWAP).

### 4. External Audit

In their Audit Completion Report for the year ending 31<sup>st</sup> March 2020, External Audit gave an “except for” value for money opinion relating to the taking of informed decisions however they were satisfied that the Council had in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

The “except for” opinion related to their findings linked with the severance agreement in respect of the former chief executive and their concerns that they had not seen evidence in this decision that satisfied them that the Council had arrangements in place for acting in the public interest, through demonstrating and applying principles of sound governance. This resulted in the issuing of a Report in the Public Interest dated 19<sup>th</sup> April 2021.

The Council's response to the Report in the Public Interest is addressed within this Annual Governance Statement under the heading “What Are Our Key Governance Development Priorities For 2021-2022?”

## **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 are responsible for data protection, information governance, records management and oversight of the surveillance systems framework and use of investigatory powers policy and procedures.

There has been a decrease in the number of potential personal data breaches reported to the Corporate Governance Team for the 2020-2021 financial year from the previous year

The number of the reported potential personal data breaches which were found to be actual breaches has also decreased in 2020 – 2021 financial year from the previous year.

However, there was a small decrease in the number of significant breaches we reported to Information Commissioners Office from 3 in 2019-2020 to 2 in 2020-2021.

During 2020-2021, the council's complaints procedures were reviewed and culminated in the implementation of the 4C's toolkit from April 2021.

The Council maintained 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 in 2018 and the next programmed inspection by the Investigatory Powers Commissioner Office (IPCO) inspection took place on 27<sup>th</sup> August 2021 – outcome awaited.

The Council has provided training for the roles of SIRO, information asset owners, investigatory powers/covert surveillance applying and authorising officers. The Council provides mandatory data protection and information security (Cyber security) e-learning for all staff including Work with York and agency staff. The requirement for this training to be completed annually will be reinforced going forward to ensure we successfully train at least 90% of staff.

Investment was made in the Council's ICT infrastructure to strengthen against Cyber-attacks, improve disaster recovery arrangements and record retention.

## **6. Senior Management Assurance Statements**

Senior Management Assurance Statements were produced by all Directors for the financial year 2020-2021. 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.

**PROGRESS ON Governance issues arising from the previous Annual Governance Statement (2019-2020)**

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2020-2021
1 – Existing Issue, updated	<p><b>Financial Risks</b></p> <p><b>(i) Pressures - Impact of funding reductions -</b></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.</p> <p>The Coronavirus pandemic will have a significant, ongoing financial impact on the Council. 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 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 informs the budget process for future years. The council set a budget in February 2020 covering detailed proposals for 20/21 and outlining the strategic direction towards achievement of savings proposals for each directorate over the medium term.</p> <p>Budget reviews are being carried out during 2020/21 as part of the pandemic recovery planning. Further development of the medium term financial plan will be needed during the year to ensure continued financial resilience, for example, A series of strategic reviews will be conducted across the council to help inform a 3-4 year financial plan, drawing on a robust evidence base that focuses on cost benefit and outcomes.</p> <p>The MTFS includes contingencies and a service risk reserve to assist in dealing with cost pressures generally.</p> <p>Ongoing discussions with Health Organisations in York, and reporting to Health &amp; Wellbeing board</p>	<p>The outturn position for 2020/21 was an overspend position and therefore this remains a significant risk. The Council again set a balanced budget for 2021/22 and made proper provision for growth along with a contingency to support recovery from the pandemic.</p> <p>The Medium Term Financial Strategy continues to be updated and refreshed. There remain significant challenges to deliver savings and outturn within the approved budget.</p> <p>The uncertainty around central government funding remains an issue.</p> <p>The Capital Programme was reviewed and has been re-prioritised to ensure the investment made meets strategic objectives. The Guildhall project has passed its highest risk construction phases and whilst risks have manifested during construction such as flooding and medieval corpses these risks have been managed within the contract framework.</p>

Existing Issue, updated	<p>The financial impact of Brexit is as yet uncertain but there is a potential impact on business rates income, investment returns and the tourist economy.</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><b>(ii) Major capital projects</b></p> <p>The council has a number of major capital projects at different stages, including Guildhall, York Central, York Outer Ring Road, and the Housing Delivery Programme. As outlined above, the Coronavirus pandemic will have a significant, ongoing financial impact on the capital programme.</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. Key programmes include Housing Delivery and York Central. 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>	
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		<p>Major projects will need to be reviewed to assess any new risks and to ensure that the financial assumptions are still sound.</p> <p>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>	
2 – Existing Issue, updated	<p><b>Local Plan</b></p> <p>The Council has submitted a draft Local Plan for inspection, however a final version is yet to be approved.</p> <p>Planning policy sits within a national regulatory framework; non-compliance with that framework means that planning decisions by the local authority can be successfully challenged both in the Courts and through the Secretary of State. In addition failure to adopt a compliant Local Plan, given the expectations embodied in the National Planning Policy Framework (NPPF) leaves undeveloped areas of the city vulnerable</p>	<p>At an extraordinary meeting of Full Council on 17th May 2018 members resolved to submit the Local Plan to the Planning Inspectorate for examination. The Local Plan was submitted on 25th May 2018. The next stage is an examination of the Local Plan by a planning inspector. There has been ongoing correspondence between the council and the inspector as part of this examination process and as a result, a number of modifications to the Plan were approved by Executive on 7th March 2019.</p> <p>Phase 1 hearing sessions took place between the 10<sup>th</sup> and 18<sup>th</sup> December 2019 and covered matters relating to legal compliance, housing need and green belt principle. The Inspectors asked the Council to complete some additional homework items which were submitted by end of March 2020. A letter was received on 12 June 2020 setting out some concerns which the Inspectors have in relation to the evidence provided in respect of the greenbelt. The Inspectors will not issue their interim report for Phase 1 until these concerns have been addressed. Dependent on the outcome of this</p>	<p>The Council continues to respond to the requests of the planning Inspectors in respect of their requirements in the Local Plan public enquiry process. Clearly the Council is not in control of the process and there remains risks with the adoption of the plan and the associated timetable. In respect of resources the Councils 2021 budget has provided permanent ongoing funding for the Councils forward Strategic Planning team beyond the Local Plan process. The Corporate Director of Place has also taken direct responsibility for the next phase of the public enquiry and whilst interim staffing arrangements have been made for the first half of 2021 the skills remain in high demand and capacity is stretched within the team. Having provided the Inspector with a significant body of work in April 2021 in accordance with agreed timetables the Inspector has now provided indicative target months for 3 public enquiry hearings for 2022 which gives greater clarity of the Inspectors expectations and should facilitate progress and greater clarity as to public and developer engagement with the Local Plan and the process towards adoption.</p>

	<p>to development proposals which the council will be unable to stop.</p> <p>Also given Ministerial statements failure to progress a plan could lead to interventions by Government into the City's planning services along with the removal of funding such as New Homes Bonus</p>	<p>report the hearings will either progress to Phase 2 or further work may be required prior to Phase 2 commencing. Updates to the Local Plan examination timetable and correspondence with the Inspectors can be found at <a href="http://www.york.gov.uk/localplanexamination">www.york.gov.uk/localplanexamination</a></p>	
<p>3 – Existing Issue, updated</p>	<p><b>Information Governance and information security</b></p> <p>The nature of the council's activities means that there are ongoing information governance risks as well as information and cyber security risks, which continue to require careful monitoring and management particularly the risks of financial, service and reputational damage.</p>	<p>Information governance arrangements require continual monitoring and review to ensure compliance with all data protection and privacy legislation e.g. UK GDPR. Cyber security threats also require ongoing monitoring and the development of appropriate policy and technical responses. Continue to monitor and review for both information governance and information security using a variety of methods including data breach management</p> <p>Data Protection Impact Assessments (DPIA's) are completed before planned changes in data processing are made. Continue to work on embedding DPIAs as a legal compliance requirement across the council especially in projects.</p> <p>Improvements are being made in records management processes to ensure information is easily accessible and data is not retained for longer than is required. A review is underway as part of a wider records management programme of work, working alongside ICT and York Explore/City Archives</p>	<p>Ongoing monitoring and review of information governance arrangements with regular reports to the Governance, Risk and Assurance Group, Corporate Management Team and Audit &amp; Governance Committee</p> <p>Ongoing work to meet the recommendations and actions required from several internal audits.</p> <p>Implementation of a revised corporate procedure for dealing with comments, compliments, concerns and complaints ("the 4Cs") to help us to address issues to reach a satisfactory outcome and continuously improve our services</p> <p>Implementation of online tool to conduct robust and quality data protection impact assessments</p> <p>Continued work through the Digital records management board combined with MS365 Project / Working as One e.g. a records management toolkit" and building blocks to ensure we provide guidance and support to embed robust records management.</p> <p>Ongoing work to improve the current Information Asset Register online tool to provide record of processing activities solution</p>



		Investment has been made in reviewing all council websites to ensure they are secure and this review is ongoing.	Provision of up to date training for those in SIRO, IAO and RIPA roles  Review of Caldicott Guardian processes								
4 – Existing Issue, updated	<b>Absence Management</b>  Internal Audit work carried out in previous years highlighted inconsistencies in the recording of sickness on iTrent and evidence of supporting documentation. The work also highlighted delays in implementing the new iTrent module	Executive approved the procurement of a Day One Reporting System whereby all staff report absence to one number and are asked a series of questions to ensure that staff receive the most appropriate advice and support in a timelier manner to prevent longer term absence. This system went live 30 September 2019 and is in place for two years. iTrent provides up to date staffing data to the Day one Reporting System and a daily file is returned to CYC, Business Support. Business Support then update iTrent daily. Alerts are sent in real time to managers to notify of new absences, absences that are ongoing and when a member of staff has informed day one absence. Update reports on absence levels and the contract with the provider are provided to Customer & Corporate Services Scrutiny Management Committee.	<p>This system originally went live 30 September 2019, and Executive recently approved a further years increase in the original contract to take us to September 2022, on the basis that whilst sickness rates have reduced significantly within the authority and are now closer to previous stated public sector averages, with the impacts of Covid, home working and altered business practices, at this stage it is difficult to be certain that this reduction can solely be attributed to the Day One Reporting System.</p> <p>Further reports on either bringing the process back in house, or continuing with the current contract will be brought to Executive in 2022.</p> <p>Latest data published for “Average Sickness Days per FTE - CYC (Excluding Schools) - (Rolling 12 Month)” is:</p> <table border="1"> <thead> <tr> <th>2018/2019</th><th>2019/2020</th><th>2020/2021</th><th>2021/2022 @ Q1</th></tr> </thead> <tbody> <tr> <td>11.3</td><td>11.56</td><td>8.8</td><td>8.77</td></tr> </tbody> </table>	2018/2019	2019/2020	2020/2021	2021/2022 @ Q1	11.3	11.56	8.8	8.77
2018/2019	2019/2020	2020/2021	2021/2022 @ Q1								
11.3	11.56	8.8	8.77								

5 – New issue	The Council's statutory roles of Head of Paid Service and Section 151 Officer are both filled on an interim basis	Two of the Council's statutory roles, namely Head of Paid Service and the s151 Officer are both currently filled on an interim basis and bot need to be filled on a permanent basis to add stability to the council's governance framework. In June 2020, the Staffing Matters and urgency Committee approved a report to commence a restructure of the Corporate Management Team and one of the outcomes of this restructure is to ensure that both roles are recruited to on a permanent basis.	These two roles have now been recruited to on a permanent basis. Full Council approved the appointment of the Head of Paid Service in October 2020. The restructure of the Corporate Management Team has now been completed and recruited to.
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## **What Are Our Key Governance Development Priorities For 2021-2022?**

### **Report in the Public Interest dated 19<sup>th</sup> April 2021, issued by the Council's External Auditor**

#### September 2021:

After a significant period of dialogue, the External Auditor issued a Report in the Public Interest on 19<sup>th</sup> April 2021, relating to the Early Termination of the Chief Executive's Employment Contract. A (virtual) Extraordinary Meeting of Full Council was convened on 4<sup>th</sup> May 2021, whereupon the following recommendations were made:

1. The Council formally receives the Report;
2. The Council approved the Action Plan prepared in response to the Report; and
3. The Audit & Governance Committee would have the responsibility for overseeing the progress of the Action Plan.

The Report in the Public Interest made five recommendations which are as follows:

1. The Council should adopt and apply appropriate standards for business case preparation in relation to exit and pension discretions to improve information supporting decisions.
2. Decision notes should be maintained that document the factors that explain the case for the use of public funds under the scheme of delegation such as where payments exceed contractual entitlements
3. The Council should review the design of its governance policies and procedures to manage conflicts of interest (including self-interest threats). This should include updating the Council's constitution and scheme of delegation.
4. The Council should ensure all Members fully understand the requirements of the Code of Conduct in relation to declaration of interests.
5. The Council should review its policies and procedures to reflect Government guidance in the use of non-disclosure agreements.

The Audit & Governance Committee has taken steps to ensure that the Progress against the Action Plan is a standing item for each meeting as part of its work programme. An implementation plan has been developed by Officers and shared with the Committee which serves to break down the steps as to what is required in order to deliver the Action Plan.

The agendas for the Audit & Governance Committee are available in the Council's website <https://democracy.york.gov.uk/ieListMeetings.aspx?CId=437&Year=0>

However it is recognised that a key part of the delivery of the Action Plan is also to ensure that the learning is embedded across the Council to prevent future occurrences of this nature. To assist with this, the Council has sought the support of the LGA who will bring together peers to support and assist both Officers and Members. The LGA will present their scoping document to the Audit & Governance Committee on 29<sup>th</sup> September 2021, but it has been identified that three clear areas for focussed activity are:

1. Are the Council's Implementation and Action Plans appropriate and sufficient to cover the issues raised in the PIR and specifically the 5 recommendations within it?
2. Have the actions within the Implementation and Action Plans been implemented/carried out in the planned way?
3. Will the completed actions have, or be likely to have in due course, the desired impact in terms of the changes in the systems, processes, behaviours and culture that the PIR implied were needed.

As already referenced within this Annual Governance Statement, there are some key themes which it is essential are rectified and that a new culture and attitude is embedded. In particular there needs to be a greater understanding of the awareness and recognising of conflicts of interest and an improved

scheme of delegation which can offer greater clarity and transparency. To address these issues, the Council has committed to taking steps to adopt the LGA Model Code of Conduct and in doing so has commissioned external support to deliver the training to Officers and Members with a view to encouraging the Parish Councils to take similar steps to adopt the LGA Model Code.

The Council has also committed to reviewing its Constitution and a draft of the revised Constitution will be considered by the Audit & Governance Committee as detailed within its work programme for the period September to December 2021. Recommendations on the Constitution will be referred to Full Council for consideration, hopefully in December 2021.

Such changes, if adopted by Full Council, are significant and as such it is essential that the Council commits to ensuring that necessary and appropriate Member and Officer training is provided and that senior leaders (Members and Officers) are fully appraised of their individual decision-making responsibilities.

In addition to the provision of training as detailed above, specific training will be provided to the Council's senior managers and Chief Officers in respect of the management of employee exits from the Council where there may be consideration of settlement agreements including special severance payments. This will be undertaken once the draft guidance has been approved by the Staffing Matters and Urgency Committee. This activity is being undertaken to address other issues highlighted by the External Auditor due to their concerns about the management of officer exits from the employment of the Council and the procedures which underlined that process.

An overarching source of independent assurance, will, it is anticipated, stem from the work undertaken by Internal Audit. The Monitoring Officer and the s151 Officer have formally requested that the key theme of all audits listed in the Audit Plan will feature assessment of compliance with the constitution and with full awareness of the recommendations arising from the Report in the Public Interest. Internal Audit will report any findings to the statutory officers and to the Audit & Governance Committee.

#### Update November 2021:

Work to delivery against the Action Plan has continued as follows:

#### LGA Model Code of Conduct

On 21<sup>st</sup> October 2021, Full Council adopted and agreed the immediate implementation of the LGA Model Code of Conduct. Training on the Model Code has been provided to Elected Members and Senior Staff over a number of sessions. To support the implementation of the Model Code of Conduct, the Joint Standards Committee has commissioned Hoey Ainscough Ltd to review and refresh all of the supporting procedures and it is envisaged that that work will be recommended to Full Council for adoption and immediate implementation.

#### Review of the Constitution

The Audit & Governance Committee has continued to oversee the review of the Council's Constitution and has been supported by the formation of a cross party working group which met throughout October and early November. The Committee will continue this work at its November and December meetings and once in a position to do so, will refer the revisions to Full Council for approval and immediate implementation.

#### LGA Peer Support

The scoping document provided by the LGA was accepted and approved by the Audit & Governance Committee on 29<sup>th</sup> September 2021, and the LGA is due to report on its progress at the Audit & Governance Committee on 1<sup>st</sup> December 2021. The LGA is planned to provide a further report in December 2022.

#### Exit Strategies Guidance

The Audit & Governance Committee considered a revised Exit Strategy: Guidance on the use of settlement agreements including severance payments draft document on 29<sup>th</sup> September 2021, prior to its consideration and approval by the Staffing Matters and Urgency Committee on 18<sup>th</sup> October 2021. Training to senior staff as regards this guidance has been provided.

### **Response to and Recovery from the Coronavirus Pandemic**

This Annual Governance Statement has been prepared for the period which saw the Council respond to the full impact of the Coronavirus Pandemic throughout the entirety of 2020-2021. Central Government introduced the national “lockdown” on 23<sup>rd</sup> March 2020, and this promoted the council to respond at considerable pace in order to support the City in staying safe. The Head of Paid Service established a Gold and Silver command framework and urgent arrangements were put in place for decision-making in the absence of formal council and committee meetings. Council services continued to operate under the provisions of Business Continuity Plans and at all times support from Public Health was provided.

On 25<sup>th</sup> March 2020, the Coronavirus Act 2020 came into force and for the period 4<sup>th</sup> April 2020 to 7<sup>th</sup> May 2021, the government implemented The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and police and Crime Panel Meetings)(England and Wales) Regulations 2020 which allowed for council meetings to be held virtually. Legislation also meant that the Council did not have to hold an Annual Meeting unless it chose to do so. City of York Council commenced successfully hosting virtual meetings from May 2021, and decided not to have an Annual Council instead extending the appointment of Lord Mayor and Sheriff to May 2021.

City of York Council held its first virtual meeting of Full Council in October 2020.

A broad range of virtual council meetings continued to be hosted throughout 2020-2021 which lessened the need to rely on the urgent decision making procedure for the Head of Paid Service. Public participation was encouraged via remote means throughout this period therefore ensuring continued transparency in the decision making process.

The City’s response and recovery to the Pandemic has been reported monthly via written reports to the Executive. These reports are available in the council’s website.

Throughout the year, the statutory officers and members of the Corporate Management Team have responded at pace to the substantial volume of government regulations and guidance and have responded almost daily to deliver changes to service delivery, internal processes and risk assessments to ensure that staff and residents stayed safe, well informed and that negative impacts on key statutory services such as children’s and adults social care remained at an absolute minimum.

Veritau supported the Council during the Coronavirus pandemic which identified that there were fraudulent attempts to obtain Covid-19 related grants - 30 investigations were completed in 2020/21 which resulted in £173k of payments either being blocked or recovered.

In compiling this Annual Governance Statement, each Director was asked to confirm whether there had been any significant issues about the implementation of the legislation and guidance relating to the Coronavirus pandemic as well as the provision of grants to (vulnerable) residents and small business. Observations arising from those statements include:

We have received 10 Director Assurance Statements this year, none of which highlight significant assurance concerns as part of the management of services during the Coronavirus Pandemic. Directors do, where to do so was appropriate, confirm working with Internal Audit to mitigate against the risk of fraud where grant payment were made. Directors have also highlighted the risks of self-isolation and the impact reduced staffing has had and may have in the future. The Director of Public Health has also reported that her service had an LGA Peer Review on 1<sup>st</sup> March 2021, and no areas of concern or limited assurance were reported.

It is also noted that whilst there was an expected decrease in the timeliness of responses to complaints and information requests during 2020 – 2021, the Corporate Governance Team continually worked with service areas across the council, to mitigate the impact of any diversion of resources to respond to the pandemic, on the timeliness of responses. This included ensuring customers and Regulators were kept informed of the progress of a case or request.

The impact of the Coronavirus Pandemic has had a fundamental impact on the City of York Council and local government generally. City of York's key governance priorities for 2021-2022 are:

2021-2022 Priority	Planned/Proposed Action	Responsible Officer
Financial Risks/MTFS/Financial sustainability	<i>Existing priority</i>	Chief Finance Officer (Section 151 Officer)
Local Plan	<i>Existing priority</i>	Corporate Director of Place
Absence Management	<i>Existing Priority</i>  The contract for Medigold, our absence management external provider, has been extended for one year. Plans are therefore needing to be developed for effective procedures to be in place should the contract not be extended further.	Head of Paid Service  Head of HR
Delivery of the Action Plan in response to the Public Interest Report issued by External Audit on 19 <sup>th</sup> April 2021	<i>New priority</i>  Full council approved the Action Plan on 4 <sup>th</sup> May 2021, and delegated responsibility for delivery of the same to the Audit & Governance Committee. An implementation plan has been developed and action against that is listed as a standing item for the Committee for every meeting.	Head of Paid Service  Monitoring Officer  Section 151 Officer  Head of HR
Conflicts of Interest	<i>New priority</i>  A number of issues have arisen which have triggered the Council to review its	Head of Paid Service  Monitoring Officer

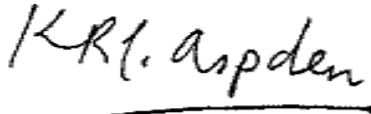
	<p>guidance in response to areas of potential conflicts of interest. These have included:</p> <p>Shareholder Committee and the strategic oversight of TECKAL companies by Members and Officers;</p> <p>Member Code of Conduct issues;</p> <p>Potential conflicts in decision making processes.</p> <p>Each of these issues is significant in its own right, and as such action is being taken to strengthen the Council's Constitution, introduce the LGA Model Code of Conduct and develop a programme of member and officer development/training</p>	Section 151 Officer
Review of the Council's Constitution	<p><i>New priority</i></p> <p>The council's constitution is being refreshed across all aspects of council functions. This will reflect not only the issues highlighted as a separate governance priority above but also the revised senior officer structure and introduction of Place as a Directorate to replace the previously individual directorates of Children's and Adults.</p> <p>The review of constitution will be overseen by the Audit &amp; Governance Committee</p>	Monitoring Officer
Development of a refreshed member and officer development programme	<p><i>New priority</i></p> <p>Member and Officer development is a key governance theme both as a stand-alone piece of work and as integral to other identified governance priorities.</p>	<p>Monitoring Officer</p> <p>Section 151 Officer</p> <p>Head of HR</p>

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

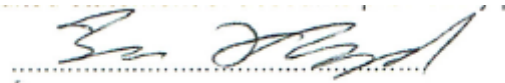
We have been advised on the implications of the result of the review of the effectiveness of the governance framework by senior management. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined above. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

It is our opinion that the Council's governance arrangements in 2020 - 2021 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2021/2022.

Whilst recognising this, it should be noted that the Coronavirus Pandemic posed and continues to pose significant challenges to the Council's governance arrangements, controls and processes, the outcomes of which are becoming more certain as our recovery develops. The Council has acted with unprecedented speed in its response to the rapidly unfolding Coronavirus pandemic. It has delivered large-scale projects, enacted Government policy and transformed service delivery and ways of doing business against the backdrop of urgent stakeholder need and incomplete and changing information, data and guidance. This has altered the risk and control environment in which the Council is operating at the date of this statement and this will be kept under constant review and additional assurances sought from the work plan of Internal Audit.



Councillor K Aspden  
Leader of the City of York Council



Ian Floyd  
Chief Operating Officer



## **DRAFT UPDATE TO THE ANNUAL GOVERNANCE STATEMENT**

This is an update to the Annual Governance Statement which was issued with the Statement of Accounts and dated 15<sup>th</sup> November 2021. This update covers the period 16<sup>th</sup> November 2021 to 18<sup>th</sup> January 2022.

### **Budget Preparation**

Work has continued towards budget preparation for the forthcoming year and Executive will meet on 7<sup>th</sup> February 2022, with a view to recommending a budget to Council for consideration on 17<sup>th</sup> February 2022.

### **SIRO and Data Protection update**

The Council received positive assurances in respect of its use of investigatory powers and covert surveillance e.g. RIPA in its most recent inspection by the Investigatory Powers Commissioner Office (IPCO) inspection on 27<sup>th</sup> August 2021. The Audit & Governance Committee will receive an update with regards to this at their meeting on 21<sup>st</sup> January 2022: <https://democracy.york.gov.uk/ieListDocuments.aspx?CId=437&MIId=13420&Ver=4>

### **Report in the Public Interest dated 19<sup>th</sup> April 2021, issued by the Council's External Auditor**

On 1<sup>st</sup> December 2021, the LGA presented their initial report to the Audit & Governance Committee and Members had the opportunity to ask questions. The Audit & Governance Committee has asked the LGA to provide a second report in approximately 6 months' time with a progress report of their work. The LGA has committed to this and indicated that they still do intend to provide a report in December 2022 as originally planned. The agenda and reports for this meeting can be found here: <https://democracy.york.gov.uk/ieListDocuments.aspx?CId=437&MIId=13017&Ver=4>

### **Review of the Constitution**

Views from the Chair of the Council's Customer and Corporate Services Scrutiny Management Committee were provided to Audit & Governance Committee on 1<sup>st</sup> December 2021, in so far as they relate to the Council's scrutiny function. The Chair of the Audit & Governance Committee then sought feedback and further views from Members throughout December 2021.

On 2<sup>nd</sup> February 2022, the Audit & Governance Committee will receive a copy of the revised constitution and give consideration to recommending the same to Full Council on 24<sup>th</sup> March 2022 for approval and immediate implementation. The draft revised constitution will be published early as an agenda item for the Audit & Governance Committee so as to provide additional time for consideration.

### **LGA Model Code of Conduct**

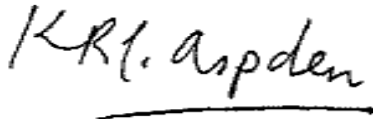
Following adoption of the LGA Model Code of Conduct, the Joint Standards Committee has commissioned Hoey Ainscough Ltd to review and refresh all of the supporting procedures and these will be considered by the Committee at their next meeting on 24<sup>th</sup> January 2022.

### **Response to and Recovery from the Coronavirus pandemic**

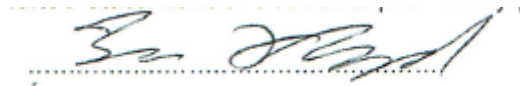
Following consideration of Public Health advice relating to the steep escalation in positive cases being reported due to the Omicron variant, and the central government guidance to “work from home where you can”, the decision was taken to suspend all in person council meetings and to re-instate the urgent decision making procedures for the Head of Paid Service for the period 14<sup>th</sup> December 2021, to end of January 2022. The commitment was given to keep this position under regular review.

On 17<sup>th</sup> January 2022, Group Leaders and the Head of Paid Service in consultation with Public Health were of the opinion that in-person meetings will resume from 1<sup>st</sup> February 2022, and all safety measures associated with in-person meetings will be reviewed accordingly. However, the council’s scrutiny function will retain virtual meetings throughout February 2022, save for call-in’s which will be held as in-person meetings.

This is an update to the Council’s Annual Governance Statement and should be read in conjunction with that primary document.



**Councillor K Aspden**  
**Leader of the City of York Council**



**Ian Floyd**  
**Chief Operating Officer**