ANNUAL GOVERNANCE STATEMENT – 2021/22

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.

The Council is now recovering from the impact of the COVID -19 Pandemic in 2020/2021, 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

This Annual Governance Statement, hereafter referred to as "AGS" for 2021-2022 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.

This AGS also takes into account the guidance issued by CIPFA Bulletin 10 which advises that authorities should continue to consider the impact of the COVID -19 pandemic on their governance arrangements.

What is the purpose of our Governance Framework?

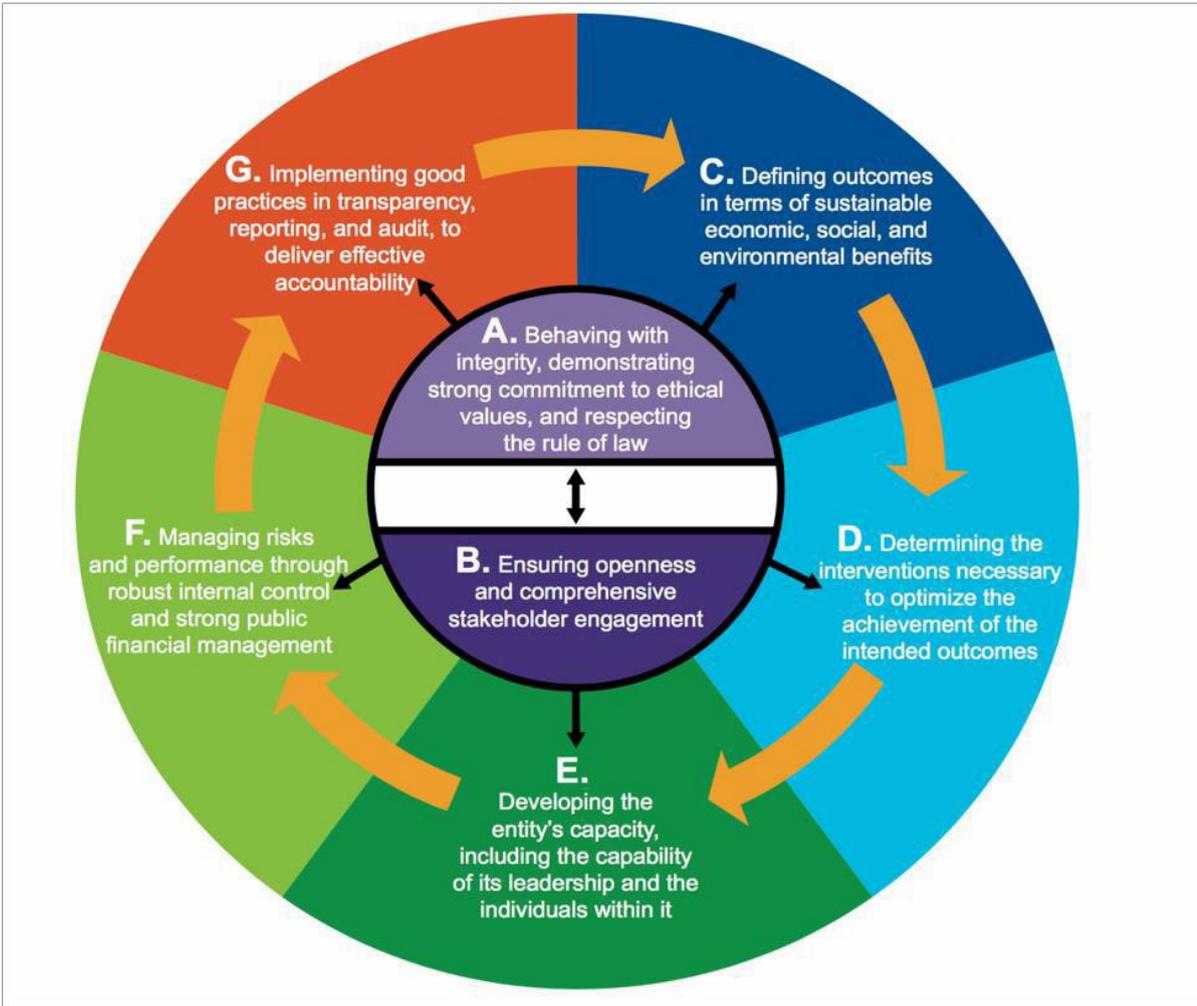Our governance framework aims to ensure that in conducting our business, we:

- 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;
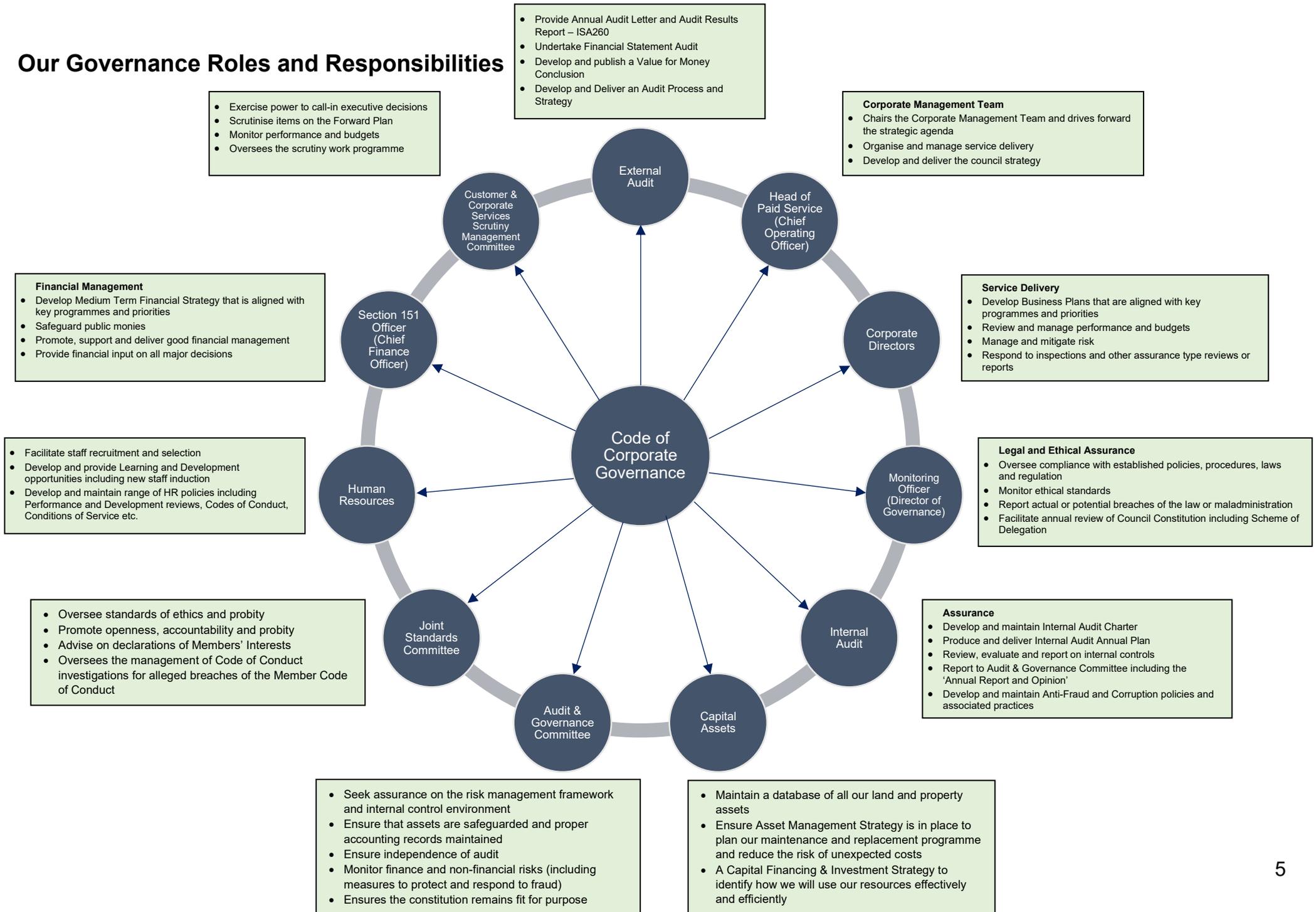- secure continuous improvements in the way we operate.

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.

G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

B. Ensuring openness and comprehensive stakeholder engagement

D. Determining the interventions necessary to optimize the achievement of the intended outcomes

F. Managing risks and performance through robust internal control and strong public financial management

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Our Governance Roles and Responsibilities

External Audit
- Provide Annual Audit Letter and Audit Results Report – ISA260
- Undertake Financial Statement Audit
- Develop and publish a Value for Money Conclusion
- Develop and Deliver an Audit Process and Strategy

Customer & Corporate Services Scrutiny Management Committee
- Exercise power to call-in executive decisions
- Scrutinise items on the Forward Plan
- Monitor performance and budgets
- Oversees the scrutiny work programme

Corporate Management Team
- Chairs the Corporate Management Team and drives forward the strategic agenda
- Organise and manage service delivery
- Develop and deliver the council strategy

Financial Management
- Develop Medium Term Financial Strategy that is aligned with key programmes and priorities
- Safeguard public monies
- Promote, support and deliver good financial management
- Provide financial input on all major decisions

Service Delivery
- Develop Business Plans that are aligned with key programmes and priorities
- Review and manage performance and budgets
- Manage and mitigate risk
- Respond to inspections and other assurance type reviews or reports

Human Resources
- Facilitate staff recruitment and selection
- Develop and provide Learning and Development opportunities including new staff induction
- Develop and maintain range of HR policies including Performance and Development reviews, Codes of Conduct, Conditions of Service etc.

Legal and Ethical Assurance
- Oversee compliance with established policies, procedures, laws and regulation
- Monitor ethical standards
- Report actual or potential breaches of the law or maladministration
- Facilitate annual review of Council Constitution including Scheme of Delegation

Joint Standards Committee
- Oversee standards of ethics and probity
- Promote openness, accountability and probity
- Advise on declarations of Members' Interests
- Oversees the management of Code of Conduct investigations for alleged breaches of the Member Code of Conduct

Assurance
- Develop and maintain Internal Audit Charter
- Produce and deliver Internal Audit Annual Plan
- Review, evaluate and report on internal controls
- Report to Audit & Governance Committee including the 'Annual Report and Opinion'
- Develop and maintain Anti-Fraud and Corruption policies and associated practices

Audit & Governance Committee
- Seek assurance on the risk management framework and internal control environment
- Ensure that assets are safeguarded and proper accounting records maintained
- Ensure independence of audit
- Monitor finance and non-financial risks (including measures to protect and respond to fraud)
- Ensures the constitution remains fit for purpose

Capital Assets
- Maintain a database of all our land and property assets
- Ensure Asset Management Strategy is in place to plan our maintenance and replacement programme and reduce the risk of unexpected costs
- A Capital Financing & Investment Strategy to identify how we will use our resources effectively and efficiently

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What is our Governance Framework?

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

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, Trade Unions, stakeholders and local forums

How has this Annual Governance Statement for 2021-2022 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 2021 - 2022, 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
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	➢ The political and managerial leadership sets the tone. ➢ Through this leadership we ensure that the required policies are put into place and monitored. The Employee Code of Conduct [reviewed and updated] forms part of the Council's Constitution and sets out the behaviours expected of employees. ➢ The Protocol on Officer Member Relations [reviewed and updated] which forms part of the Constitution sets out the way Councillors and Officers should interact. ➢ Training is provided to Councillors who are involved in a number of committees including Licensing, Audit & Governance Committee and Planning A. Member training and development plan is in the process of being developed including Induction programme for May 2023. This is being done in recognition of comments in previous years that more training could be offered. ➢ The Council has now adopted the LGA Model Code of Conduct for Members. Both the updated Code and the Procedures supporting the application of the Code form part

		of the constitution. Members and key Officers have been trained on the Model Code. ➢ 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).
	2. Demonstrating strong commitment to ethical values	➢ 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. ➢ 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 as aforementioned, training to Members is being reviewed so that a more comprehensive programme will be offered to support Member development. ➢ The Joint Standards Committee monitors and reviews the Councillors' Code of Conduct and prepares an annual statement to Full Council. ➢ The Employee Code of Conduct provides guidance to our employees on the ethical framework within which we seek to conduct activities; and on the processes that the Council uses to ensure compliance with the highest ethical standards. City of York Council has adopted an Ethics Statement that reflects similar principles to the Nolan Principles which form the basis of the Members' Code of Conduct and it is included in the constitution.

Governance Principle	Sub-Principle	Assurance on Compliance
	3. Respecting the rule of law	➢ 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 engagement	1. Openness	➢ 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. ➢ 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. ➢ 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.
	2. Engaging comprehensively with institutional stakeholders	➢ 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 regional 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. We have a comprehensive approach to working with key city leaders through the monthly partnership group. We also engage and consult with our Local Trade Unions in respect of employment related issues. ➢ To shape the Climate Change plan, a group of sector specific stakeholders shared their views in roundtable discussions and we continue to engage with institutional stakeholders through the independent York Climate Commission. ➢ 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 and respond to the challenges of climate change and the cost of living.

Governance Principle	Sub-Principle	Assurance on Compliance
	3. Engaging with individual citizens and service users effectively	➢ 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. ➢ 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 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. ➢ Annual Budget plan consultation invites residents to confirm their own priorities for council spend and growth. ➢ 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 part in advance of all major traffic/highways schemes, changes to services and to support the Local Plan examination.
		➢ 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.
		➢ We have improved our comments and complaints framework (the 4Cs) and maximised the opportunities from technology e.g. Microsoft Teams to increase the channels customers can use to engage with the Corporate Governance Team. These improvements enable residents and service users to have a more flexible manner by which they 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.
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:**		
Principle C **Defining outcomes in** **terms of sustainable**	1. Defining outcomes	➢ 10 Year Plan is being developed in partnership with city stakeholders and will respond to resident feedback ➢ Resident feedback and stakeholder engagement is

economic, social, and environmental benefits		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 – all currently in development and due for publication in the Autumn.
		➢ Delivery of partnership priorities through partnership boards and strategies (for example Health and Well-being strategy, Children and Young People's Plan).
		➢ 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.
		➢ 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.
		➢ 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.
		➢ 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.

Governance Principle	Sub-Principle	Assurance on Compliance
	2. Sustainable economic, social and environme ntal benefits	➤ 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. Determini ng interventio ns	➤ Corporate Management Team 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 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. Children's Services. ➤ 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. ➤ 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.
	2. Planning interventions	➢ Performance, audit, risk and finance information is used to identify areas of concern and plan required interventions. ➢ 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.

Governance Principle	Sub-Principle	Assurance on Compliance
	3. Optimising achievement of intended outcomes	➢ 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.
Principle E Developing its capacity, including the capability of its leadership and the individuals within it	1. Developing the entity's capacity	➢ 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

Governance Principle	Sub-Principle	Assurance on Compliance
		are formally recorded.

Governance Principle	Sub-Principle	Assurance on Compliance
	2. Developing the capability of the entity's leadership and other individuals	➢ We have a programme of training available for both Councillors and Officers (at all levels). This is currently in the latter stages of a review and will fully incorporate the Induction Programme for May 2023. ➢ All new starters are required to undertake an induction programme, of which the offer is available both virtually and face to face and an evaluation of the sessions are also been developed. 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-Learning system ➢ Professional members of staff are required to undertake additional training requirements (continuing professional development) as set by their professional bodies.
Principle F Managing risks and performance through robust internal control and strong public financial management	1. Managing risk	➢ 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;

		➢ 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 the Audit & Governance Committee; ➢ We continue to maximise the benefits from the council wide online tool 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.
	2. Managing performance	➢ 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). ➢ 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 ➢ Performance management is reported on a quarterly basis to the Executive, the Corporate Management Team and Customer and Overview and 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 and to Audit & Governance Committee.

Governance Principle	Sub-Principle	Assurance on Compliance
	3. Robust internal control	➢ 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). 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.
	4. Managing data	➢ 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 Information Risk Owner, Caldicott Guardians and Information Asset Administrators ➢ 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. ➢ Regular council wide communications and targeted awareness sessions with teams are provided to ensure the reporting of all potential breaches of Data Protection legislation is clearly understood and also that lessons are learned and implemented from them.

Governance Principle	Sub-Principle	Assurance on Compliance
	5. Strong public financial managem ent	➢ 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. ➢ 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 regularly updated.
Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability	1. Implementin g good practice in transparenc y	➢ Agendas for all Council meetings are publicly available on 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. We comply with the Freedom of Information Act publication scheme. ➢ We have a Whistleblowing Policy in place which is actively publicised

Governance Principle	Sub-Principle	Assurance on Compliance
	2. Implementing good practices in reporting	➢ 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. ➢ All reports are taken through Democratic Services and require clearance by legal and finance as a minimum. ➢ 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	➢ The Constitution has been fully reviewed and a refreshed version was implemented on 26th May 2022, following its approval by Full Council on 27th April 2022 ➢ 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. ➢ We have an effective Scrutiny function with a number of Scrutiny Committees whose responsibilities are also set out in the Constitution. ➢ 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 Audi 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 2021-2022 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 2022:

> *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**. 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.*
>
> *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. In giving the opinion, we would note that the Covid-19 pandemic has continued to affect the authority over the last year, with a consequential impact on business operations and controls. The work of internal audit has been directed to the areas considered most at risk, or that offer the most value for the authority overall. However, not all the areas affected by the Covid-19 pandemic will have been reviewed.*

Full details on the assurance provided by the Head of Internal Audit are detailed within the Internal Audit Annual Report for 2021-2022 presented to the Audit & Governance Committee on 29th June 2022.

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 31st March 2021, (presented to the Audit & Governance Committee on 6th April 2022) 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 19th April 2021.

Building on the council's response to the Public Interest Report, the Council has continued to embed good governance, details of which are contained within this Annual Governance Statement. During 2021-2022, the Audit & Governance Committee received regular updates by way of a standing agenda item of its work plan to consider the progress made against the Public Interest Report recommendations.

External Audit has indicated that it will continue to undertake further work as regards value for money arrangements during 2022.

The Council's response to the Report in the Public Interest is addressed within the Annual Governance Statement 2020-2021 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.

Whilst there was an increase in the number of potential personal data breaches reported to the Corporate Governance Team for the 2021-2022 financial year from the previous year,   the number of these that were found to be actual breaches has decreased in 2021 – 2022 financial year from the previous year.

This highlights the continued improvements in the awareness of timely reporting of potential personal data breaches.

However, there was a small decrease in the number of significant breaches we reported to Information Commissioners Office from 2 in 2020-2021 to 1 in 2021-2022.

During 2021-2022, the council's complaints procedures were reviewed and culminated in the implementation of the 4C's toolkit from April 2021. This toolkit is now embedded across the Council.

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 by the Investigatory Powers Commissioner Office (IPCO) inspection that took place on 27th August 2021. A report detailing the required work and actions from this inspection was reported to Audit and Governance Committee.

The Council continues to provide 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 agency staff. The requirement for this training to be completed annually is reinforced by regular all staff communications and targeted messages to senior managers, 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 2021-2022. 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 (2020-2021)

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2021-2022
1 – Existing Issue, updated	**Financial Risks** **(i) Pressures - Impact of funding reductions -** 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. There is currently uncertainty around any future	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 2021 covering detailed proposals for 21/22 and outlining the strategic direction towards achievement of savings proposals for each directorate over the medium term. Further development of the medium-term financial plan will be needed during the year to ensure continued financial resilience. The MTFS includes contingencies and a service risk reserve to assist in dealing with cost pressures generally.	The outturn position for 2021/22 was an overspend position and therefore this remains a significant risk. The Council again set a balanced budget for 2022/23 and made proper provision for growth along with a contingency to support continued recovery from the pandemic. The Medium Term Financial Strategy continues to be updated and refreshed. There remain significant challenges to deliver savings and outturn within the approved budget. The uncertainty around central government funding remains an issue.

| Existing Issue | government funding and the long-term impact on income streams, including business rates and council tax.

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

(ii) Major capital projects

The council has a number of major capital projects at different stages, including Guildhall, York Central, York | Ongoing discussions with Health Organisations in York, and reporting to Health & Wellbeing board | |

| | 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. | 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.

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. | |

| | | Major projects will need to be 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. | |
|---|---|---|---|
| 2 – Existing Issue, updated | **Local Plan**

The Council has submitted a draft Local Plan for inspection, however a final version is yet to be approved.

Planning policy sits within a national regulatory framework; non- | 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 Council will have proceeded through three phases of the public inquiry by the end of July 2022 with a fourth and final stage being held in September 2022. This is significant progress however the Local Plan making | 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 |

	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 to development proposals which the council will be unable to stop.

Also given Ministerial statements failure to progress a plan | process is highly procedural and still needs to progress through multiple statutory processes before adoption which will if successfully completed be in 2023. Updates to the Local Plan examination timetable and correspondence with the Inspectors can be found at www.york.gov.uk/localplanexamination | has also taken direct responsibility for the next phase of the public enquiry and whilst interim staffing arrangements have been made the skills remain in high demand and capacity is stretched within the team. In addition to the costs of interim staffing arrangements due to the significant and specialist expertise needed for examination and maintenance of the Local Plan evidence base to ensure the Council is appropriately represented and continues to positively prepare its local plan additional budgetary provision in 2022/23 has been made and there will be a need for further allocations in 2023. |

	could lead to interventions by Government into the City's planning services along with the removal of funding such as New Homes Bonus		
3 – Existing Issue, updated	**Information Governance and information security** 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	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. Data Protection Impact Assessments (DPIA's) are completed before any new or planned changes in data processing are made. 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	Ongoing monitoring and review of information governance arrangements with regular reports to the Governance, Risk and Assurance Group, Corporate Management Team and Audit & Governance Committee Ongoing work to meet the recommendations and actions required from several internal audits. Continue to embed the revised corporate procedure for dealing with comments, compliments, concerns and complaints ("the 4Cs") and ensure we address issues and reach a satisfactory outcome and continuously improve our services Ongoing monitoring to ensure DPIAs are conducted in a timely and robust way.

		management programme of work, working alongside ICT and York Explore/City Archives Investment has been made in reviewing all council websites to ensure they are secure and this review is ongoing.	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. Ongoing work to improve the current Information Asset Register online tool to provide record of processing activities solution Provision of regular up to date training for those in SIRO, IAO and RIPA roles Ongoing monitoring of Caldicott Guardian processes to ensure we are meeting our obligations and good practice standards
4 – New	**Absence Management** Following the introduction of the one-day reporting system for absence, manager have had a consistent and easy	Executive approval being sought in November 2022 to re procure one day reporting system alongside the Occupational Health contract. Work has been undertaken to assess the itrent absence module and this is not functional or accurate to allow managers to see live up to date absence information.	Latest data published for "Average Sickness Days per FTE - CYC (Excluding Schools) - (Rolling 12 Month)" is:

	tool to manage, update and report employee absences which is now an embedded process. Training for all new managers with staff responsibilities takes place. The system went live in Sept 2019 and was valuable during the COVID periods. This system is now due to be reconsidered and expires in late 2022. Options for an alternative inhouse system with similar or appropriate electronic recording and live real time alerts is not available in itrent and the risk of not having a system for the future could mean that		2018/19	2019/20	2020/21	2021/22	2022/23
			11.3	11.6	8.8	11.8	12.94 (July 2022)

	managers do not have effective and efficient tool to assist to manage absence and absence may not be recorded consistently across the Council		

Report in the Public Interest dated 19th April 2021, issued by the Council's External Auditor

Significant details are contained within last year's AGS, however by way of brief summary, after a significant period of dialogue, the External Auditor issued a Report in the Public Interest on 19th April 2021, relating to the Early Termination of the Chief Executive's Employment Contract.

During this year, the Council has completed all actions required to address the recommendations in the Public Interest Report and continues to be committed to the ongoing delivery of embedding good governance across the organisation.

What Are Our Key Governance Development Priorities For 2022-2023?

City of York's key governance priorities for 2022-2023 are:

2022-2023 Priority	Planned/Proposed Action	Responsible Officer
Financial Risks/MTFS/Financial sustainability	*Existing priority*	Chief Finance Officer (Section 151 Officer)
Local Plan	*Existing priority*	Corporate Director of Place
Absence Management	*Existing Priority* The contract for Medigold, our absence management external provider, was extended for one year, work has been undertaken to review alternative provision and options for future provision is to be presented to Corporate Management Team and Members in November. In the meantime, an extension has been applied for to align the one day absence contract and the Occupational Health	Head of Paid Service Head of HR

	contract which is also due for review.	
Robust Delivery of the City Election in May 2023	New priority The Council will re-elect all 47 city of York Councillors in May 2023. Effective project and integrity plans need to be in place. Compliance with the Elections Act 2022 and supporting Regulations (once published) will need to be considered as part of the planning and delivery. Newly elected members will need to benefit from a robust Induction Programme following their election,	Returning Officer
Embedding Good Governance across the Council	*Existing priority* 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	Head of Paid Service Monitoring Officer Section 151 Officer Head of HR
Embedding of a refreshed member and officer development programme	*Existing priority* 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.	Monitoring Officer Section 151 Officer Head of HR
Impact of North Yorkshire devolution	*New priority*	Monitoring Officer Section 151 Officer

and creation of combined authority	Work with colleagues in NYCC, LEP and OPFCC to define and implement effective and compliant governance arrangements for the new Combined Authority, subject to Executive approval. Establish a new Joint Committee for devolution with NYCC, subject to approval from Executive.	Head of Corporate Policy and City Partnerships

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 2021/22 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2022/2023.

C Douglas

Councillor C Douglas
Leader of the City of York Council

Ian Floyd
Chief Operating Officer