

ANNUAL GOVERNANCE STATEMENT

Financial Year 2023-2024



2023-2024 ANNUAL GOVERNANCE STATEMENT

Introduction

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

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

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

The 2023-24 financial year is set against a backdrop of challenging economic conditions where the UK slipped into a short recession, high levels of inflation and interest rates continued, and the cost-of-living crisis deepened.

What is Governance in City of York Council?

City of York Council (“the Council”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and 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 (“AGS”) for 2023-2024 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?

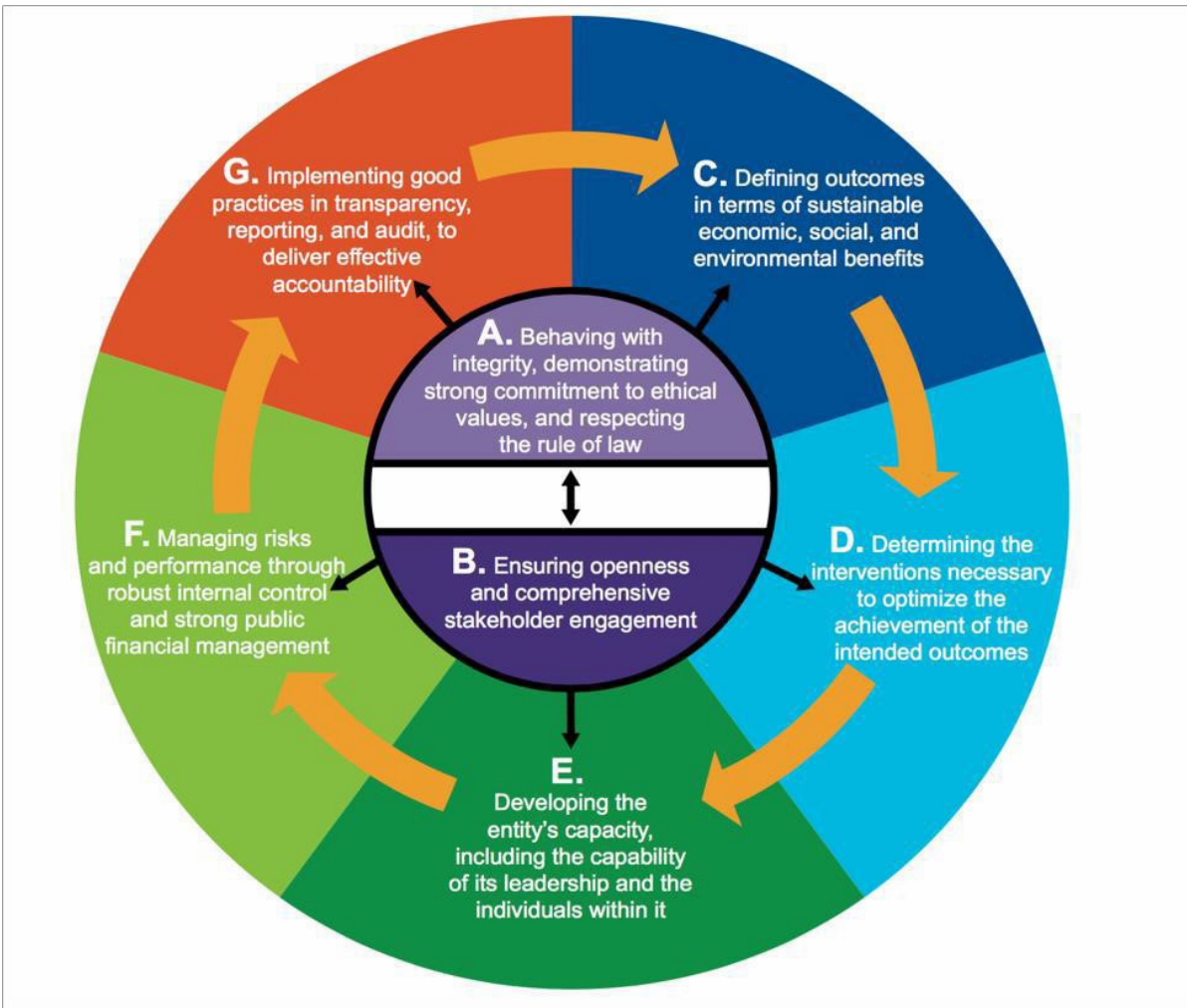
Our governance framework aims to ensure that in conducting our business, we:

- 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.

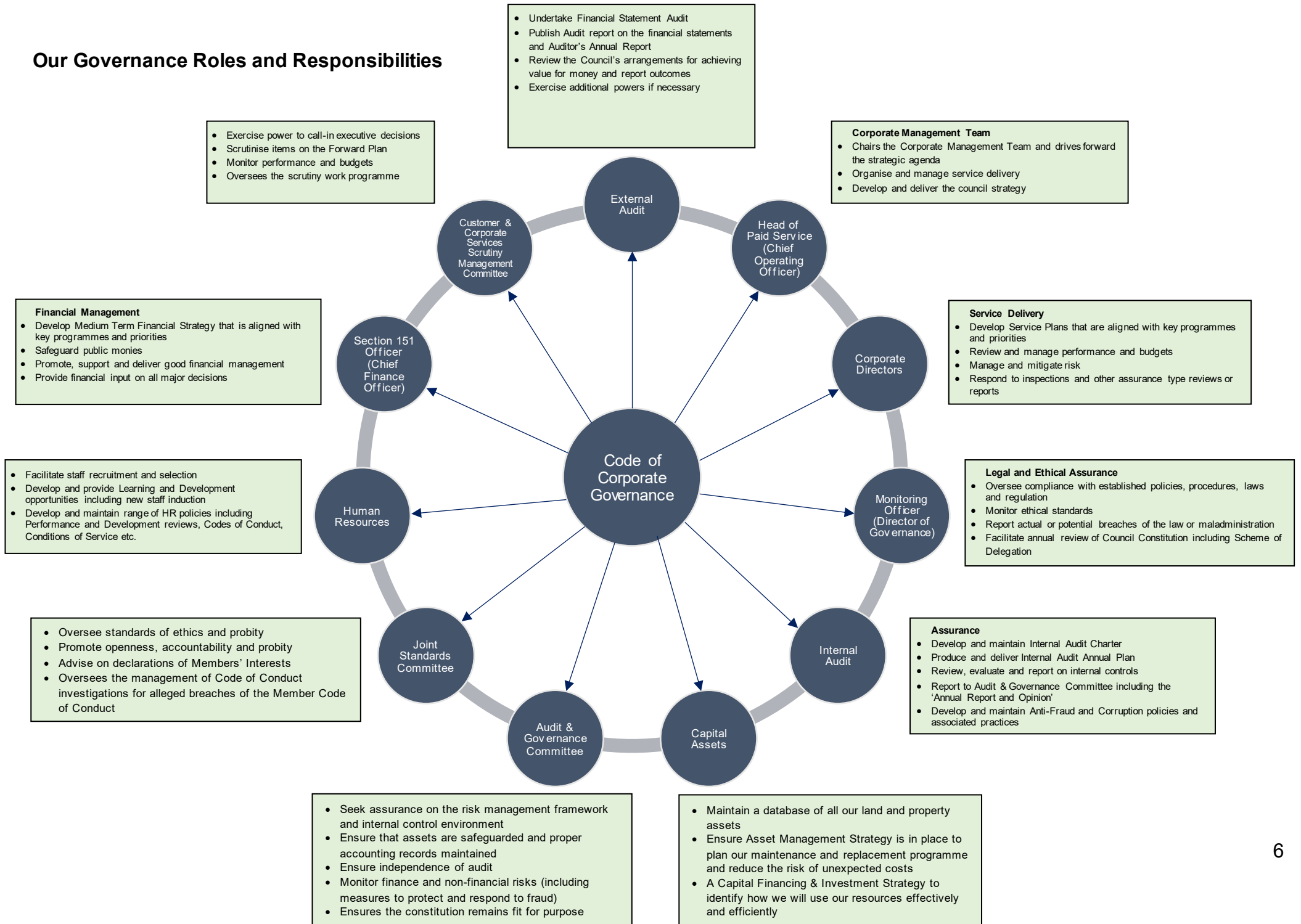
Our governance framework is comprised of the culture, values, systems, and processes by which we are directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes.

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?

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

What Does Our Governance Assurance Framework look like?

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

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

Assurance can come from many sources, including:

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

How has this Annual Governance Statement for 2023-2024 been prepared?

In preparing this Annual Governance Statement we have:

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

- Sought Self-Assurance Statements from all Directors.

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

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

- The work of Councillors (the Executive, and the Audit and Governance Committee) and Senior Officers (Corporate Management Team) who, individually and collectively, have responsibility for good governance;
- Consideration of the council's constitution and decision-making framework;
- The three statutory officers, being the Head of Paid Service, the Section 151 Officer, and the Monitoring Officer;
- The Head of Internal Audit's annual report on Internal Audit Activity 2023-2024, which provides independent assurance that key risks (financial and non-financial) are being adequately controlled and provides an opinion on the effectiveness of these arrangements;
- Consideration of any control weaknesses or issues identified by the Head of Internal Audit as part of the Audit Plan and as reported to the Audit & Governance Committee;
- Consideration of the council's counter fraud strategy and the level of conformance to the CIPFA code of practice on managing the risk of fraud and corruption;
- Regular updates to Audit and Governance Committee on the council's risk register and any other issues highlighted through the council's risk management arrangements;
- Performance monitoring of key deliverables in the Council Plan as well as key performance indicators which are reported quarterly to Executive;
- Challenge through Overview and Scrutiny (for example review of the work programmes, recommendations to the Executive, call-in's, etc. as can be seen in the reports to Corporate Services, Climate Change and Scrutiny Management Committee);
- Inspections and assessments (such as Ofsted Inspection of Local Authorities Children's Services Framework and Sector Led Improvement activity in Children's and Adults Services, NHS data security and protection toolkit);
- Any comments made by our External Auditors in their Annual Report or as a result of their review of the Council's arrangements for securing economy, efficiency, and effectiveness (value for money);
- Recommendations and comments made by any other review agencies and inspectorates; and

- Regular updates to Audit and Governance Committee on complaints, concerns, comments and compliments and FOI/EIR, data protection and information governance

How do we know that our arrangements are working?

The table below details the seven principles of the CIPFA/SOLACE Delivering Good Governance framework. It provides an analysis of the effectiveness of how we conform with each element of the framework, and identifies areas where improvements are required. 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	<ul style="list-style-type: none"> ➤ The political and managerial leadership sets the tone. ➤ Through this leadership we ensure that the required policies are put into place and monitored. ➤ The Employee Code of Conduct forms part of the Council's Constitution and sets out the behaviours expected of employees. ➤ The Protocol on Officer Member Relations which forms part of the Constitution sets out the way Councillors and Officers should interact. ➤ Training has been made available to all Councillors following the whole-Council elections, including specialist training for those Councillors who are involved in a number of committees including Licensing, Audit & Governance Committee and Planning A. ➤ 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	<ul style="list-style-type: none"> ➤ In accordance with the Localism Act 2011, and in common with the majority of Councils, we have adopted the LGA Model Code of Conduct for our Councillors, which is in keeping with the general principles of public life. All Councillors and co-opted Members undertake that they will observe the Code of Conduct. Members and key Officers have been trained on the Model Code, including training as part of the Members Induction Programme.

		<ul style="list-style-type: none"> ➤ 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.
	3. Respecting the rule of law	<ul style="list-style-type: none"> ➤ 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	<ul style="list-style-type: none"> ➤ We are committed to openness and publish information online in accordance with the provisions of the Local Government Transparency Code and 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, and for public participation in the majority of meetings.

		<ul style="list-style-type: none"> ➤ Only those reports which are considered exempt are dealt with in closed session (known as Part II), and for the majority of these reports there is a public facing report (known as Part I) which sets out the matter to be decided upon, but without the information that is exempt from publication.
	<p>2. Engaging comprehensively with institutional stakeholders</p>	<ul style="list-style-type: none"> ➤ We engage with large numbers of stakeholders. We have a comprehensive engagement system with statutory stakeholders such as the NHS, Humber and North Yorkshire Health and Care Partnership (which was established in July 2022), North Yorkshire Police, Fire and Rescue Service. We have further subject based stakeholders particularly regional economic development such as the newly established York and North Yorkshire Mayoral Combined Authority (which came into being on 1st February 2024), West Yorkshire Combined Authority and have strategic links with North Yorkshire Council. Locally, we regularly engage with key institutions such as the universities, colleges, business representative and environmental groups, education system partners such as the academies, together with health and care partners in the NHS, private sector, and community sector. We have a comprehensive approach to working with key city leaders through the monthly partnership group. We also engage and consult extensively with our Local Trade Unions in respect of employment related issues. ➤ 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.

	<p>3. Engaging with individual citizens and service users effectively</p>	<ul style="list-style-type: none"> ➤ Local focus and community engagement are successfully promoted through a number of different activities: ➤ The Talk About Panel: a group of self-selected residents who comment on surveys throughout the year, the council actively promotes engagement in the panel through too hard to reach groups and those who are underrepresented. ➤ 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. ➤ 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 place 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
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		<p>matters.</p> <ul style="list-style-type: none"> ➤ The complaints, comments, concerns, and compliments (the 4Cs) supports customer customers, residents and service users to have a more flexible manner to share their comments, complaints, concerns, and compliments with us. This enables us to identify themes and lessons learned for service providers across the council. Individual members of the public are able to participate in the majority of meetings, through the Council’s Public Participation Protocol.
<p>In addition to the overarching requirements for acting in the public interest found in principles A and B, achieving good governance also requires a commitment to, and effective arrangements for:</p>		
<p>Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<p>1. Defining outcomes</p>	<ul style="list-style-type: none"> ➤ Following the 2023 local elections, the Council adopted a new 10-Year Plan, which was developed in partnership with city stakeholders and will respond to resident feedback. This was approved by Council on 21st September 2023. ➤ Resident feedback and stakeholder engagement is informing the outcomes which will be detailed in the economic development strategy, climate change strategy (and carbon reduction action plan) together with the Local Transport Strategy. ➤ Delivery of partnership priorities through partnership boards and strategies (for example Health and Well-being strategy, Children and Young People’s Plan). ➤ The Council Plan 2023-2027 “One City, for all” sets out our vision and priorities. Over the next 4 years, the council will establish the conditions that would make the city of York a healthier, fairer, more affordable, more sustainable and more accessible place, where everyone feels valued, creating more regional opportunities to help today’s residents and benefit future generations. The Council Plan identifies 4 core commitments: Equalities and Human Rights; Affordability; Climate and Health ➤ The fourth Monitor report presented to Executive provides an annual report with evidence about the council plan achievements and progress made in delivering the priorities and demonstrating value for money. ➤ A more robust Medium Term Financial Plan (MTFP) which aligns

		available resources to the activities of the Council Plan and setting out the financial plans for the next 3-4 years is currently being developed.
	2. Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> ➤ Service plans have been agreed which include clear objectives, measures and risks that are actively managed during the year and inform the setting of individual objectives. ➤ Service plans feed into and align with both Directorate plans and in response to the Council Plan's priorities.
Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	1. Determining interventions	<ul style="list-style-type: none"> ➤ Corporate Management Team (CMT) and Executive review the council's performance on a quarterly basis. ➤ Review and challenge through directorate management team (DMTs) led Improvement Boards in key areas and regularly reporting to Corporate Management Team in respect of the provision of children's and adults' services. Peer reviews are undertaken where necessary and appropriate to inform senior leaders. ➤ Creation of cross council performance groups (e.g., enhanced corporate support for Adult Social Care provision). ➤ Quality assurance - examples of good practice exist at service level e.g., 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	<ul style="list-style-type: none"> ➤ Performance, audit, risk, and finance information is used to identify areas of concern and plan required interventions. ➤ There is an annual cycle of meetings 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.
	3. Optimising achievement of intended outcomes	<ul style="list-style-type: none"> ➤ Outcomes are monitored on a regular basis and open to scrutiny. Matters which are formally project managed are required to be reported upon via published highlight reports at regular intervals. The performance framework ensures capacity is considered in balancing priorities against affordability and social value. ➤ Service planning and objectives set for the year for services and individual members of staff and the outcomes of these are reviewed regularly as part of the performance review process. ➤ Major Projects Board to oversee major capital projects and seek assurances from project teams and advisors. ➤ Our Corporate Management Team has strategic oversight of major issues affecting the Council with a tightly managed forward plan. ➤ The project management toolkit “all about projects” provides a framework for delivering projects which includes identifying clear and achievable outcomes.
Principle E Developing its capacity, including the capability of its leadership and the individuals within it	1. Developing the entity’s capacity	<ul style="list-style-type: none"> ➤ The Head of Paid Service is responsible for the organisation of the staff. ➤ Leadership and Management is delivered through Corporate Management Team (meeting once a week) and Leading Together and The Corporate Leadership Group Network. ➤ The Council has a performance management framework for all of its staff. The process also involves appraisal by way of regular reviews of performance of those objectives including formal mid-year and end of year performance reviews which are formally recorded.

	<p>2. Developing the capability of the entity's leadership and other individuals</p>	<ul style="list-style-type: none"> ➤ We have a programme of training available for both Councillors, by way of the Induction Programme delivered after the May 2023 elections, and Officers (at all levels). ➤ All new starters are required to undertake an induction programme, which is available both virtually and face to face, together with an evaluation of the sessions after they have been delivered. Induction is also supported by starter checklists for managers and employees to ensure all mandatory training and key Corporate and local information is cascaded. ➤ There is mandatory training for all staff on key policies via the e-Learning system. ➤ Professional members of staff are required to undertake additional training requirements (continuing professional development) as set by their professional bodies.
<p>Principle F Managing risks and performance through robust internal control and strong public financial management</p>	<p>1. Managing risk</p>	<ul style="list-style-type: none"> ➤ We have adopted a formal system of risk management overseen by the Corporate Finance Team. ➤ This ensures that the council's assets are adequately protected, losses resulting from hazards and claims against the council are mitigated through the effective use of control measures, and that our managers are adequately supported in their responsibilities in respect of risk management. ➤ Departments maintain risk registers which include corporate, operational, reputational, project and partnership risks in accordance with best practice. ➤ Key staff receive training on risk management principles. ➤ We maintain a Corporate Risk Register containing the council's key strategic risks and these are monitored by the Corporate Management Team, and by the Audit & Governance Committee. ➤ We conduct robust and quality risk assessments for data protection and privacy issues to ensure we comply with the fundamental principles and requirements of legislation.

	<p>2. Managing performance</p>	<ul style="list-style-type: none"> ➤ Principal performance targets are captured within our Performance management system and are subject to review (including Council Delivery Plan, Council Scorecard, and Departmental business and service plans). ➤ 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 the Corporate Services, Climate Change, and Scrutiny Management and Economy, Place, Access, and Transport Scrutiny Committees. Complaints, FOI/EIR, data protection and associated regulator feedback are included in these reports and are also reported to the Governance, Risk and Assurance Group, Corporate Management Team, and to Audit and Governance Committee.
	<p>3. Robust internal control</p>	<ul style="list-style-type: none"> ➤ Preventative procedures are in place which include the segregation of duties, approval/authorisation process, security of assets and regular reconciliations. ➤ Assurance is gained through regular internal audits and reporting. ➤ Our Internal Audit Service has received an independent external review which demonstrates that the service conforms with the Public Sector Internal Audit Standards (PSIAS). 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.

	<p>4. Managing data</p>	<ul style="list-style-type: none"> ➤ We have in place a suite of Policies and Procedures covering information governance and information security that are managed and monitored by the Corporate Governance Team and ICT. ➤ We have senior officers who fulfil the roles of the Senior Information Risk Owner, Caldicott Guardians, and Information Asset Owners and Administrators. ➤ All officers and Councillors are required to undertake mandatory e-Learning training on data protection and information security. ➤ Regular council wide communications and targeted awareness sessions with teams are provided to ensure the need, and process, for reporting of all potential breaches of Data Protection legislation is clearly understood and also that lessons are learned and implemented from them.
	<p>5. Strong public financial management</p>	<ul style="list-style-type: none"> ➤ We have a budget setting process with the Budget and Medium Term Financial Plan decided annually by Council. ➤ Budget setting includes resident and business engagement. ➤ The Finance Strategy sets the overall direction for how we will fund our activities and invest in the future. ➤ We have in place a statutory Section 151 Officer with finance teams that support the budget holders. ➤ Financial Procedure Rules and Contract Procedure Rules are in place and are regularly updated.
<p>Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	<p>1. Implementing good practice in transparency</p>	<ul style="list-style-type: none"> ➤ Agendas for all Council meetings are publicly available on the website. ➤ We comply with the local Government Transparency Code 2015, publishing required information at https://www.yorkopendata.org/ ➤ We comply with The Openness of Local Government Bodies Regulations 2014 and the Freedom of Information Act publication scheme. ➤ We have a Whistleblowing Policy in place which is actively publicised.

	<p>2. Implementing good practices in reporting</p>	<ul style="list-style-type: none"> ➤ We have in place comprehensive procedures for the making of decisions, either by Full Council, Committees, the Executive, or individual decisions made by Chief Officers or Executive Members. ➤ All reports are taken through Democratic Services and require 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.
	<p>3. Assurance and effective accountability</p>	<ul style="list-style-type: none"> ➤ The Constitution has been fully reviewed and a refreshed version was implemented in May 2022, following its approval by Full Council in April 2022. A rolling review of the Constitution is underway. ➤ 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 Audit provides an annual opinion on the overall adequacy and effectiveness of our risk management, internal control, and governance processes.

The Head of internal Audit is satisfied that sufficient work has been undertaken to allow him to draw a reasonable conclusion on the adequacy and effectiveness of our arrangements. Based on the work performed during 2023-2024, the Head of Internal Audit has provided the following opinion on our risk management, internal control and governance processes, in operation during the year to 31 March 2024:

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

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

Full details on the assurance provided by the Head of Internal Audit are detailed within the Internal Audit Annual Report for 2023-24 will be presented to the Audit & Governance Committee on 31 July 2024.

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 to the Audit and Governance Committee. An independent assessment against the Public Sector Internal Audit Standards must be carried out every five years. The most recent independent assessment was completed in September 2023 by the Chartered Institute of Internal Auditors. The assessment concluded that the Internal Audit function generally conforms to the Standards. This is the highest rating that can be awarded. The Standards also require us to perform a self-assessment each year. The outcome of the recently completed self-assessment, included in the Internal Audit Annual Report for 2023-24, demonstrates that the service continues to generally conform to the Standards, including the Code of Ethics. The Council can therefore continue to place reliance on the work of internal audit and the opinions given.

4. External Audit

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

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

5. SIRO and Data Protection

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

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

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

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

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

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

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

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

6. Senior Management Assurance Statements

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

7. LGA Peer Challenge

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

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

Significant Governance Issues

The governance and internal control arrangements can provide a reasonable assurance but not an absolute assurance against material misstatement, safeguarding of assets or loss. This Statement is intended to provide reasonable assurance. In concluding this review of the Council's Governance Framework and Internal Control arrangements, new issues identified have been included in the tables below. There are also three issues that have previously been identified that have been progressed sufficiently and no longer require disclosure in this statement, although have been included for completeness this year.

A detailed plan to address existing weaknesses and ensure continuous improvement in the system of internal control has been produced in response and this will be subject to regular monitoring by the Council's Corporate Management Team and the Audit & Governance Committee, where appropriate.

In addition to the above, and for the sake of completeness, it is important to note that the publication of the 2022-23 draft Annual Governance Statement was unfortunately delayed, resulting in a necessary short extension to the objection period for the Council's accounts for 2022-23, although no objections were submitted within the extended period. That Annual Governance Statement was approved in principle by the 12 September 2023 meeting of the Audit and Governance Committee, and following final amendments was signed by the Leader and the Chief Operating Officer for submission with the annual accounts at this meeting.

Neither the Enforcement Notice nor the delay in publishing the 2022-23 AGS constitute ongoing governance issues, however; rather, they represent individual instances of service failure, which have been dealt with appropriately and resulted in no long-term impact on the Council.

COMPLETED Governance issues arising from the previous Annual Governance Statement (2022-23)

YEAR IDENTIFIED	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2023-24												
2021-22	<p>Absence Management Following the introduction of the one-day reporting system for absence, manager have had a consistent and easy 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</p>	<p>Executive approval granted 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.</p>	<p>The access and use of the absence system is now business as usual.</p> <p>The new contract with Medigold for absence management was implemented in July 2023 and is now integrated within the council’s Occupational Health service. Efficiencies are being met with the two services under one contract and employee and managers are able to access new dashboards and tool to assist with absence management. This is in addition to training and support from HR to manage absence. Service reviews with the contractor take place monthly to raise any system issues. Latest data published for “Average Sickness Days per FTE - CYC (Excluding Schools) - (Rolling 12 Month)” is:</p> <table border="1" data-bbox="1442 1031 2074 1082"> <thead> <tr> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> <th>2022/23</th> <th>2023/24</th> </tr> </thead> <tbody> <tr> <td>11.3</td> <td>11.6</td> <td>8.8</td> <td>11.8</td> <td>11.9</td> <td>11.3</td> </tr> </tbody> </table>	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	11.3	11.6	8.8	11.8	11.9	11.3
2018/19	2019/20	2020/21	2021/22	2022/23	2023/24										
11.3	11.6	8.8	11.8	11.9	11.3										

YEAR IDENTIFIED	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2023-24
	<p>system for the future could mean that managers do not have effective and efficient tool to assist to manage absence and absence may not be recorded consistently across the Council</p>		
2022/23	<p>Robust Delivery of the City Election in May 2023</p>	<p>Extensive preparatory work and regular involvement from the Returning Officer, together with the Monitoring Officer, electoral staff, communications team, and representatives from the Electoral Commission ensured a safe and well-run election in May 2023, with no challenges to results and with an increased postal vote base and turnout.</p> <p>A Members Induction Programme was prepared by the Assistant Director, Policy, and Strategy, and was delivered by a variety of officers and outside agencies, ensuring returning and new members had access to essential and desirable training in a timely manner. This was particularly aided by each session being filmed and made available after the event for those members who were unable to attend the face-to-face training sessions</p>	<p>Following the success of the 2023 election, continued preparation is underway in the electoral team to deliver the 2024 Combined Authority Mayoral Election and the 2024 General Election. This has been boosted by the arrival of the Head of Democratic Governance.</p>

YEAR IDENTIFIED	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2023-24
2022/23	Impact of North Yorkshire devolution and creation of combined authority	<p>Work with colleagues in North Yorkshire Council (NYC) and Office for the Police, Fire and Crime Commissioner (OPFCC) to define and implement effective and compliant governance arrangements for the new Combined Authority, subject to Executive approval. A new Joint Committee for devolution with NYC was established.</p> <p>Significant work has been undertaken by the Chief Operating Officer, Chief Finance Officer, and Head of Human Resources, together with other Corporate Directors and Directors, to prepare the Council for the forthcoming York & North Yorkshire Combined Authority (YNYCA).</p>	<p>The Combined Authority was officially launched on 1st February 2024. A significant amount of work has been undertaken to reach the creation date, with key officers adding to the success.</p> <p>Work continued up to May 2024 when the Mayor was elected. Preparation for the Mayor included ensuring an appropriate induction was available to welcome them, a suitable staffing structure is in place for the Mayor to serve York and North Yorkshire, funding sources are in place, a safe and legal constitution with appropriate governance structures and the efficient transition of the Office of the Police Fire and Crime and Fire Service to the Combined Authority.</p> <p>As its own legal entity the Combined Authority now has its own Audit and Governance structure. Work will continue to take place to develop new relationships with officers across City of York Council as new funding opportunities become available as a result of the Devolution deal.</p>

CURRENT Governance issues arising from the 2023-24 Annual Governance Statement

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2023-24
1 – Existing Issue, updated	<p>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 and financial resilience.</p> <p>There is currently uncertainty around any future government funding and the long-term impact on income streams, including business rates and council tax.</p> <p>The financial position of the health economy in York, and the impact that may bring for the Better Care Fund, and implications on the Adult Services budget</p>	<p>The outturn position for 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.</p> <p>The Medium-Term Financial Strategy (MTFS) reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. This continues to be updated and refreshed. This informs the budget process for future years. There remain significant challenges to deliver savings and outturn within the approved budget.</p> <p>The uncertainty around central government funding remains an issue.</p> <p>Ongoing discussions with Health Organisations in York, and reporting to Health & Wellbeing board</p>	<p>The outturn position for 2022/23 was also an overspend position and there is again an overspend in 2023/24, therefore this remains a significant risk. A balanced budget was set for 2023/24 and 2024/25. Significant provision for growth were made as well as allocations to support the increased cost from high inflation throughout 2023.</p> <p>The Medium-Term Financial Strategy continues to be updated and presented to CMT and Executive. The uncertainty around central government funding remains an issue. The 2024/25 settlement was again a one-year deal, with no longer term indication of local government finance reform. Further development of the medium-term financial plan will be needed during the year to ensure continued financial resilience.</p>
Existing Issue			

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2023-24
	<p>(ii) Major capital projects The council has a number of major capital projects at different stages, including York Central, York Outer Ring Road, and the Housing Delivery Programme. As outlined above, the economic conditions following the pandemic will have a significant, ongoing financial impact on the capital programme.</p>	<p>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> <p>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.</p>	

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2023-24
2 – Existing Issue, updated	<p>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-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 could lead to interventions by Government into the City's planning services</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 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 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</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 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 the skills remain in high demand and capacity is stretched within the team.</p> <p>Following on from a hearing on the 6th March 2024 regarding the Gypsy and Traveller policies / site provision the Council is expecting the Examination process to conclude in 2024. New Legislation is anticipated with regard to the Local Planning framework and all political parties at a national level have identified this as an issue for the next Government.</p>

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2023-24
3 – Existing issue, updated	Embedding Good Governance across the Council – To continue to promote a culture of good governance across the council by continuing to embed the revised constitution and ensure it remains fit for purpose; to continue to embed member development following the city Election in 2023.	<p>The work of embedding good governance continued throughout 2022-2023, with no significant governance issues identified (although occasional human errors required remedial action to be taken). As a consequence, the Audit and Governance Committee noted the completion of the Governance Action Plan in November 2022.</p> <p>Subsequently, the Local Government Association undertook a review of the culture of the organisation, which has resulted in a requirement to develop a further cultural change programme, to be reported to the Audit and Governance Committee in the new municipal term, and to be implemented over the following years.</p>	<p>Good progress has been made over the year 2023-24 in embedding good governance, supplemented by increased stability within the Democratic Services team brought on by the arrival of the new Head of Democratic Governance.</p> <p>The Audit and Governance Committee received an update on the cultural change programme at its meeting on 19 July 2023, and endorsed the proposed approach of incorporating the necessary change training into the overall Members' Induction and ongoing training programme.</p> <p>Further reports will be brought to the Committee across the 2024-25 year, in order to ensure that progress is maintained, and that all actions identified by the Local Government Association are included in the ongoing Member training programme.</p>
4- New Issue for 2023/24	Contract Management arrangements – To reestablish the correct contract management procedures for both officers and members ensuring there is clarity around any issues arising.	<i>New issue</i>	
5- New Issue for 2023/24	Resourcing and capacity – the Council has an ambitious set of major	<i>New issue</i>	

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2023-24
	<p>projects, as well as key developments in regional devolution alongside the provision of key services to residents. All are competing demands on the limited resources available which creates risk in achieving objectives. This is a cross cutting issue that impacts on the progress of all the governance issues identified.</p>		

What Are Our Key Governance Development Priorities for 2024-25 ?

City of York's key governance priorities for 2024-25 are:

2024-25 Priority	Planned/Proposed Action	Responsible Officer(s)
Financial Risks/MTFS/Financial sustainability	<i>Existing priority</i>	Director of Finance (Section 151 Officer)
Local Plan	<i>Existing priority</i> To secure the adoption and implementation of the Local Plan.	Director of City Development
Embedding Good Governance across the Council	<i>Existing priority</i> To continue to promote a culture of good governance across the council by continuing to embed the revised constitution and ensure it remains fit for purpose. Implementation of new Corporate Improvement Framework will be key.	Head of Paid Service Monitoring Officer Section 151 Officer Chief Officer HR & Support Services
Embedding good contract management across the authority	<i>New priority</i>	Head of Paid Service Monitoring Officer Section 151 Officer
Resourcing & Capacity	<i>New priority</i>	Head of Paid Service Chief Officer HR & Support Services

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

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

It is our opinion that the Council's governance arrangements in 2023-24 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2024-25.

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

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

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Ian Floyd
Chief Operating Officer