

## ANNUAL GOVERNANCE STATEMENT 2021/22

### Introduction - Covid19 Pandemic

Throughout 2021/22 the Covid19 Pandemic was still having a significant impact and this is reflected in the consideration of governance issues throughout the Annual Governance Statement (AGS).

### The introduction of the CIPFA Financial Management Code 2019 (FM Code) during 2021/22

CIPFA (Chartered Institute of Public Finance and Accountancy) introduced a Financial Management Code in October 2019. The intention is that the Code helps to create a culture of strong financial management to help address the financial pressures that Councils are facing and that a self-regulation approach will prevent any other Local Authorities 'failing'. This will then avoid any need for any external control or reductions in current powers. The first full year for compliance is 2021/22 with 2020/21 having been a 'shadow' year for the implementation of the FM Code.

The AGS annual review for 2021/22 includes an assessment that has been undertaken during the year of the extent to which the organisation's financial management arrangements comply with the FM Code. Compliance with the Code is proportionate to the circumstances of the Council and demonstrates a direction of travel. The council's approach is detailed in **Paragraph 94**.

## 1. Corporate Governance

Harrogate Borough 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. It 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.

Corporate governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. The governance arrangements in place at Harrogate Borough Council comprise of the following:

- a) The Code of Corporate Governance
- b) The Governance Framework

This statement explains how the authority has complied with the governance arrangements for 2021/22 and also meets the requirements of the Accounts and Audit (England) Regulations 2015, regulation 6(b), which requires all relevant bodies to prepare an Annual Governance Statement. The statement is presented to the Audit and Governance Committee in conjunction with the Statement of Accounts and is signed by the Leader and Chief Executive.

## a) Code of Corporate Governance

The Council is committed to the principles of effective corporate governance and has adopted a Code of Corporate Governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government (2016). It is made up of seven core principles:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rules of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits.
- D. Determining the interventions necessary to optimize the achievement of the intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

The Council's [Code of Corporate Governance](#) was considered and agreed by Management Board and the Audit and Governance Committee in April 2021.

## b) The Governance Framework

The governance framework explains how the Council complies with the Local Code of Corporate Governance (LCCG) that has been in place at Harrogate Borough Council for the year ended 31st March 2022 and up to the date of approval of the annual Statement of Accounts. It comprises the systems, processes, culture and values, by which the Council is directed and controlled. It includes the activities through which it accounts to, engages with and leads the community and enables the Council to monitor the achievement of its strategic objectives and to consider whether they have led to the delivery of appropriate, cost-effective services.

A significant part of the framework is the system of internal control. This is designed to manage risk to an acceptable level as it cannot eliminate all risk of failure to achieve policies, aims and objectives. The system of internal control is based on an agreed risk management framework designed to identify, assess, prioritise and manage risks to the achievement of the Council's policies, aims and objectives.

The Council's [Governance Framework](#) has been reviewed and agreed regularly. The Covid19 pandemic delayed the latest planned review and it is considered that due to the LGR transition to North Yorkshire Council the current Framework will not be updated before April 2023.

## 1. Review of Effectiveness

The Council must conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Chief Officers/Service Managers who have responsibility for the development and maintenance of the governance environment, reports from a number of individual officers with specific responsibilities, including the Section 151/Chief Financial Officer, the Monitoring Officer, the Head of Internal Audit, and by the Council's external auditors.

This statement assesses compliance with the arrangements detailed in the Governance Framework to meet the principles set out in our LCCG. Any improvement actions are summarised in the Governance Improvement Action Plan 2021/22 (at the end of this document) and will be available in the Final AGS 2021/22.

### Significant Governance Issues

The review of the governance framework reflected in the Annual Governance Statement will report any significant governance issues identified. There is no definition for these issues and they include those that would seriously prejudice or prevent achievement of a principal objective of the authority or something that has attracted public interest. The Council has taken the view that significant governance issues should also include those potential issues that could impact the following year for example where there is impending new legislation or something that is being established. The Annual Governance Statement will also set out how any significant issues from the previous years' statement have been resolved.

**Principle A:****Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law****Sub-Principles**

- (I). **Behaving with Integrity**  
 (II). **Demonstrating Strong Commitment to Ethical Value**

**REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**

1. **Member Code of Conduct** – A report from the Head of Legal and Governance summarising Standards Complaints and Investigations 2021/22 was considered by [General Purposes Committee on 16 June 2022](#) (Item 6), 13 complaints were received, 7 related to Harrogate Borough Councillors with the other 6 being complaints against Parish Councillors. In summary there were 11 cases where the Monitoring Officer and Independent Person considered they did not merit formal investigation and 1 case which was not within the remit of the code of conduct as it did not relate to alleged conduct as a councillor. There was 1 case which was referred for investigation and proceeded to a Panel Hearing. The Committee noted the complaints and the outcomes of the investigations.
2. **Customer Complaints** – There were 195 formal complaints in 2021/22 compared to 176 in 2020/21, an increase of 11%.
  - The target for responding to stage one complaints within 10 working days was 80%. There was an improvement action in 2021/22 to review performance in dealing with stage one complaints. In 2021/22 63% of stage one complaints received a response within 10 working days, an improvement from 52% in 2020/21. There is an improvement action to review performance in dealing with stage one complaints again in 2022/23.
  - There were a total of 36 stage 2 complaints received a reduction of 1 compared to 2020/21. The target for responding to stage two complaints within 25 working days was 80% - 91% of stage 2 complaints received a response within 25 working days, an improvement from 81% in 2020/21 and exceeding the target.
3. **Local Government and Social Care Ombudsman (LG&SCO) and Housing Ombudsman** – The annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2022 was received on 20 July 2022. The following is a summary of the complaint statistics:
  - There were two investigations between 1 April 2021 and 31 March 2022

- One decision was upheld (50% of complaints) based on the two investigations. This compares to an average of 51% in similar organisations
- There were no recommendations due for compliance in this period
- In 100% of upheld cases it was found that the council had provided a satisfactory remedy before the complaint reached the Ombudsman. This compares with an average of 20% in similar organisation.

**4. Member Training Awareness** – A report from the Head of Legal and Governance summarising Year 5 of the Member Learning and Development Strategy was considered by General Purposes Committee on 17 March 2022 (Item 7). The 2021-22 year was largely dominated by Covid-19 lockdown and the majority of training and briefing sessions were held remotely in accordance with the decision made by GP in March 2021. Committee specific training was provided for the Planning Committee, The Audit and Governance Committee and the Overview and Scrutiny Commission. Briefings were also held on a variety of topics and there were several specific briefings on the Local Government Reorganisation. Year 5 will continue to cover mandatory training for Members but will also cover a few new topics including issues arising from the closing down of HBC and reorganisation into the new authority.

**5. Officer Training Awareness** - For the provision of officer Induction/other training see **Principle E - Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals Within It**

**6. Members Declaration of Interests** – Member declarations of interest were reported and recorded at all Committee meetings in 2021/22 including Council where Members were reminded to update the register at every meeting. A Member Briefing was held on 14 June about the changes to the Code of Conduct as a result of the adoption of the Local Government Association's (LGA) Model Code of Conduct with local amendments, this particularly related to Member declarations of interest.

**7. Partnerships** – Stage 1 of the internal partnership audit was updated in March 2022 to feed into an LGR data request. Stage 2 (the partnership significance assessment) was due to be undertaken as an improvement action in 2021/22. This was not initiated due to officers dealing with Local Government Reorganisation.

**Sub-Principles**

(III). **Respecting the Rule of Law**

**REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**

8. ***The Constitution*** - The Constitution was reviewed and updated as appropriate in 2021/22. Changes/Updates to the Officer scheme of delegation responsibilities were confirmed by April 2022.
9. ***Cabinet Member/Committee membership and responsibilities*** - were reviewed and agreed at the [Council meeting on 28 April 2021](#).
10. ***Contract Procedure Rules (CPR)*** were reviewed and amended with agreement on [9 December 2020](#). A best value process was introduced which allowed service areas to carry out a procurement process up to the value of £25,000. The restricted procurement process was also increased from £10,000 - £50,000 to £25,000 - £75,000. This meant that the council can still continue to meet the transparency and SME agenda set out by the cabinet office, and successfully ensured that the procurement process is less convoluted for lower value contracts. This also gave direct responsibility to individual officers and service areas for lower value, less complex requirements, and made it simpler for them to procure whilst still achieving value for money. The feedback from service areas in relation to this remains positive. The CPR were updated in January 2022 to reflect the new UK thresholds since the country is no longer part of the EU and thresholds were put in place on 01 January 2022. The Green papers for the new UK legislation are still pending and are expected to come into force sometime in 2023. The CPR's will be amended to reflect any updates that need to happen as a result of these changes. Due to local Government reorganisation the CPR's are currently being drafted and expect to come into force as the new Council from 01 April 2023. Harrogate Borough Council procurement have an active role within the Procurement work stream and are feeding back relevant information to the wider service areas.
11. ***Public Sector Equality Duty Public Sector Equality Duty*** - [An annual report](#) was considered by Management Board in January 2022 to demonstrate compliance against the Public Sector Equality Duty. The report provided case studies against the protected characteristics and actions that have been carried out throughout the year corporately and at a service level and was accepted by Management Board. The refreshed [4 year strategy and objectives for 2020-2024](#) were agreed by Management Board, Cabinet and Council on the 4<sup>th</sup> March 2020. Work commenced in January 2022 as part of LGR to identify the new equality objectives that will be in place for the 1<sup>st</sup> April 2023 as part of the new authority.
12. ***Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)/Anti-Fraud and Corruption strategy*** – Work continued in 2021/22 to embed fraud awareness within services. There is an improvement action in 2022/23 to roll out fraud training provided by Veritau across the council.
13. ***Whistleblowing Policy*** – In 2021/22 there were no Whistleblowing incidents investigated by the Internal Audit and fraud team.

**14. Disciplinary Policy and Procedure** - In 2021/22 the following cases were dealt with through the Disciplinary Policy and Procedures:

***Grievances – 5 in total***

- 1 that was heard at stage 1 and concluded – partly upheld
- 1 currently being investigated at stage 1
- 1 that was heard at stage 1 – not upheld, Stage 2 – upheld
- 1 that has been heard at stage 1 – not upheld – currently being managed at stage 2
- 1 that has been heard at stages 1-3 – not upheld at any stage

***Disciplinary Cases – 11 in total***

- 5 management instructions issued
- 1 investigation resulting in no further action
- 1 investigation underway at the moment
- 2 resulting in written warning
- 1 resulting in final written warning
- 1 resulting in dismissal for gross misconduct

***Attendance Management***

- The team have been supporting managers with 54 absence cases (mainly long term absence)
- 9 stage 1 warnings have been issued
- 11 stage 2 warnings have been issued
- 1 Ill health retirement
- 5 members of staff have resigned/decided to retire whilst absent

**15. Reports for Decision** – In 2021/2022 all reports for decision (by Management Board and Cabinet) were checked for equalities compliance on a fortnightly basis. There were no decision reports held and revisited as part of this process as all reports, which had equality implications, were sent to the Engagement Officer to review before being submitted. Equality Impact Assessments were published alongside the related decision reports. 15 EIAs were completed and checked

**16. Provision of staff awareness training for relevant legislation** see **Principle E - Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals within It.**

**Wholly Owned Limited Companies:**

**1. Bracewell Homes**

**17. Bracewell Homes** has been operating throughout 2021/22. The nature of its business is the buying and selling of own real estate, the renting and operation of Housing Association real estate and other letting and operation of own or leased real estate. One Director left the Board in March 2021 and was

replaced by the Director of Economy, Environment & Housing. There are currently 3 Directors with Legal, Finance and Housing representation at each Board meeting.

18. The company accounts for the year ending March 2021 were filed on 15 October 2021.

19. **Meetings** - There were 3 Shareholder Committee meetings held in 2021/22 (12 May 2021, 13 September 2021 and 7 March 2022)

20. **Overview** – There was an improvement action to provide a summary overview of arrangements and performance for 2021/22 and this will be included in the final AGS 2021/22.

## 2. *Brimhams Active*

21. **The arrangements for the creation of a company to run the Council's sport and leisure facilities and services** – Cabinet agreed in principle to progress the creation of a company to run its sport and leisure facilities and services on 16 December 2019.

22. **Brimhams Active Limited** was incorporated on 28 October 2020 and the transfer of the agreed services and staff to the company took place on 1st August 2021. The nature of business is detailed as “Activities of other membership organisations not elsewhere classified”. There are 11 current Directors.

23. The accounting period was extended from 31 October 2021 to 31 March 2022 on 30 November 2021. The company accounts for the year ending March 2022 were filed on 25 July 2022.

24. **Meetings** – There were 4 Board meetings held in 2021/22 5 August 2021, 21 October 2021, 30 November 2021 and 20 January 2022. The following were reviewed:

- Finance/accounts
- Health and Safety
- Leisure Management System
- Membership Structures and pricing
- Business Plan
- Risk Management
- Local Government Reorganisation
- Company/Board policies

25. **Overview** – Brimhams Active performed well during 2021/ 22 with a progressive trend of income growth and managed costs in the year immediately following the Covid-19 pandemic shut down. This trend led to a year end break even position after reviewing the Council £688K originally committed by the Council to underwrite progressive business recovery following the pandemic which was not required. The most significant income gain was Turkish Baths admissions which achieved £250K over budget.



Across the board, there were significant savings in salary of £567K. This was mainly due to operation with a reduced establishment owing to employee recruitment and retention challenges. These challenges were reflected nationwide and strategies were developed to overcome them. The delayed opening date of the new Jack Laugher Leisure and Wellness Centre, coupled with the mid-year relaunch of the learn to swim programme served to help mitigate employee shortages. Measures were also adopted to reduce facility opening hours at off peak times to mitigate employee shortages, whilst also minimising income loss.

### Senior Managers Assurance

All managers (including statutory officers) confirmed that they were able to fulfil their responsibilities and that arrangements were in place to meet **Principle A** within their service areas. There were some continuous improvement actions identified regarding the performance for dealing with stage one customer complaints, end of year performance summaries for Bracewell Homes and Brimham Active, Stage 2 of the partnership audit and further embedding/reporting fraud risks.

Overall Assessment	<b><i>There are no significant governance issues and it is considered that the Council is undertaking the arrangements to meet this principle satisfactorily as set out in the Local Code of Corporate Governance.</i></b>
Improvement Actions	<b><i>To be confirmed in Final Annual Governance Statement 2021/22</i></b>

### Principle B:

#### Ensuring Openness and Comprehensive Stakeholder Engagement

#### Sub-Principles

- (I). Openness
- (II). Effectively Engaging with Institutional Stakeholders, Including Individual Citizens and Service Users

#### REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE

**26. The Corporate Plan 2018-2024** was published and [the Corporate Delivery Plan](#) was available on the website

**27. Full Council** met eight times in 2021/21, one scheduled meeting was cancelled due to the Coronavirus pandemic and all of them were remote meetings. It considered and approved the non-delegated minutes of Cabinet, the Audit and Governance Committee, General Purposes Committee, Human Resources Committee and the Licensing Committee. It considered/agreed the following:

- Harrogate Convention Centre
- The publication of the Local Pay Policy 2021/22
- The Budget 2022/23 and 2023/24 Indicative Budget

**28. There were 13 Cabinet meetings** held in 2021/22. All decision records were publicly available and the Forward Plan of Key Decisions was updated and published on the Council website.

**29. Remote Meetings** - Legislation facilitating remote meetings as a result of the Covid pandemic ended on 6 May 2021. This unique situation had required new technology solutions, procedure rules and protocols to be introduced in 2020/21. The developments included a live streaming capability to YouTube for all public meetings that is still being used after legislation ended. Face to Face meetings re-commenced on 10 May 2021.

**30. Freedom of Information (FOI) Requests** - There were 803 Freedom of Information Requests in 2021/22, of which 186 were requests under Environmental Information Regulations (EIR) 2004. This is a reduction from 2021/21 where there were 822 FOI requests of which 196 were EIR. There were 45 requests that were dealt with outside the 20 working day deadline or have no recorded response against them. The Council met the Information Commissioner's Office (ICO) target for compliance within the 20 working day deadline of 90% (actual – 94%)

**31. Internal Reviews** - There were 18 requests for internal reviews, 6 FOI reviews and 12 EIR reviews.

**32. Subject Access Requests** – There were 180 Subject Access Requests (SAR) received. The nature and complexity of these requests is continuing to change, we are increasingly receiving “All service area” requests which means that the volume of data returned by service areas can be considerable, all of which has to be checked and unless consent is given by any third parties for the data to be released, it must be redacted before it can be released. The process can be very time consuming and labour intensive. There is a response time of one month from receipt of the request, this can be extended by an additional 2 months if the request is complex.

**33. Data Governance** – In 2020/21 the team looked at the ICO's self-assessment toolkit to assess FOI performance and process improvements. Work continued in 2021/22 to identify patterns/reasons for responses to FOI's outside the 20 working days guidance.

**34. The Public Service Leadership Board (PSLB)** - Due to the pandemic the Board did not meet formally in 2021/22 although members continued to receive updates and information. The Covid-19 Community Recovery plan was the main delivery plan for the Board.

**35. The 'My Neighbourhood Project'** - There are 151 partners now involved in the My Neighbourhood project. During 2021 the project groups have not met as locality groups but there has been a focus on contributing to the delivery of the community Covid recovery action plan. The partners continued to receive

updates and shared news, information and guidance through the regular e-newsletters covering various thematic areas such as digital inclusion, health and wellbeing and financial inclusion. Ripon sights and sounds was held for the first time in 2 years in March 2022 bringing people together to share support information and to celebrate what Ripon has to offer.

- 36. THE LOCAL LOTTO** for the Harrogate District was launched in 2018/19 as a fundraising opportunity for local voluntary and community sector groups across the Harrogate District which also enables lottery players to support local good causes. Governance arrangements were established and Gatherwell Limited was appointed to manage the back office function of THE LOCAL LOTTO for the Harrogate District. An annual report was provided to Cabinet in December 2021. On a monthly basis Councillors are informed of current performance via an update bulletin. Supporters of THE LOCAL LOTTO also receive regular updates on performance and information about when THE LOCAL FUND small grants scheme goes live for applications. Case studies and performance information are provided on the news page of the LOTTO website so supporters can see how their money is being used
- 37. THE LOCAL FUND** for the Harrogate District. A £200k lump sum donation into the Fund was agreed at [cabinet](#) in 2020 and the funds were transferred in July 2021 and placed in an endowment to be used as match funding to generate additional donations. A formal funding agreement was agreed and put in place for the donation to the Fund that is managed by Two Ridings Community Foundation. An [annual dashboard](#) on THE LOCAL FUND was presented to [Cabinet](#) on December 2021.
- 38. *Three year VCS Strategic funding arrangements*** were introduced from 1 April 2019. An agreed process was undertaken in 2018/19 so that organisations could plan financially in advance of any changes. In light of LGR it was agreed by the [cabinet member](#) to roll forward the existing arrangements for a further 2 years. The SLA's will then be reviewed in the first year of the new authority. A six month review is conducted as well as an annual review prior to the funding being released for the new financial year.
- 39. *Consultation/Engagement*** – In 2021/2022 there were 22 external consultation projects and 17 internal consultations supported by the Partnerships and Engagement Team, the District Panel was surveyed formally twice. All reports and associated decisions were reported on the [Have Your Say](#) area of the website with links to associated Equality Impact Assessments.
- 40. *The District Panel*** – The District Panel currently has 797 members from across the Harrogate District. Work has been done to review existing panel members' demographic detail, to review their willingness to participate and to see who could receive surveys online instead of paper copies. Representation across the district has also been reviewed in terms of profile and geography in order to kick start a recruitment campaign in the future.
- 41. *Public participation*** – Across all committees (excluding Planning) three questions were put forward by members of the public, none were rejected. This was lower than 2020/21 when there were seven public questions. All of

the questions were at meetings of the Council. There were also two petitions submitted to Council, these were:

- 6 October 2021 – the petition concerned protecting the green space of Fysche Hall field, park and trees in Knaresborough.
- 6 October 2021 – the petition concerned an Asset of community value Nomination for part of the Henry Jenkins public house site in Kirkby Malzeard

**42. Exempt Meetings** - In 2021/22 there were a number of committee meetings held in exempt/part exempt session to deal with items where members of the public were excluded. It is acknowledged across all Committees that there will be consideration of items that contain exempt information however, although the report/information may be exempt the consideration and debate is held in open session as much as possible. There were 51 exempt items that could have been dealt with in exempt session however 40 (78%) were considered in public. There were therefore 11 items that were considered in exempt session with the significant majority (10) being at HR Committee.

Committee	Number of Meetings	Total Number of Items with Exempt Information	Total Number of Exempt Sessions
Cabinet	13	25	0
Council	7	0	0
A&G	6	8	0
GP	7	1	1
HR	12	11	10
Licensing	4	0	0
O&S	13	6	0
Urgency	1	0	0

**43. Call-In of Key Decisions** – In 2021/22 there were no key decisions called in.

**44. General Exception to Requirement to give Notice in the Forward Plan** - In accordance with Paragraph 14 of the Access to Information Procedure Rules (General Exception to Requirement to give Notice in the Forward Plan) the following Key Decisions were excluded from the Forward Plan in 2021/22:

- [Knaresborough BID – 15/09/2021](#)
- [COVID-19 additional relief funding – 01/03/2022](#)
- Kirkby Malzeard Church Wall Repair

**45. Urgent Decisions** – In 2021/22 there was no urgent decisions taken where the Call-In procedures did not apply.

### Senior Managers Assurance

All managers confirmed that they were able to fulfil their responsibilities and that arrangements were in place to meet **Principle B** within their service areas. There were no continuous improvement actions identified.

Overall Assessment	<b><i>There are no significant governance issues and it is considered that the Council is undertaking the arrangements to meet this principle satisfactorily as set out in the Local Code of Corporate Governance.</i></b>
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Improvement Actions	<b><i>To be confirmed in Final Annual Governance Statement 2021/22</i></b>
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**Principle C:**

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

**Principle D:**

**Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes**

**Sub-Principles**

- (I). **Defining outcomes**
- (II). **Sustainable economic, social and environmental benefits**
- (III). **Determining Interventions**
- (IV). **Planning Interventions**
- (V). **Optimising Achievement of Intended Outcomes**

**REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**

**46. *The 2021/2022 Corporate Delivery Plan*** – Year-end performance report was considered by Cabinet on 22nd June 2022. Progress against the plan was also reported quarterly to Management Board, Overview and Scrutiny Commission and Cabinet.

**47. *The 2020/21 Year end Finance and Performance Report*** was considered by Cabinet on 21st July 2021. The outturn position on General Fund revenue spending was also reported together with relevant 2020/21 Service Plan performance and the use of savings.

**48. *The Overview and Scrutiny Commission*** - considered General Fund Revenue Monitoring and quarterly Delivery Plan Performance throughout the year. The Medium Term Financial Strategy (MTFS) 2022/23 to 2026/27 was considered by the Overview and Scrutiny Commission on 6 September and 27 September 2021. It was approved by Council in [October 2021](#).

**49. Service Budgets and the 2022/23 Draft Budget and 2023/24 Indicative**

**Budget** – These were considered by the Overview and Scrutiny Commission on 10 January 2022 (Informal Meeting) and 17 January 2022, Cabinet on 5 January 2022 and 2 February 2022 with agreement by Council on [9 February 2022](#)

**50. The 2024 Programme** covers four key streams of work that continue to be monitored by the Place Board and the Transformation Board. Both boards include senior council officer and councillors and are chaired by the Chief Executive. Progress of projects is monitored against pre-agreed plans for each project and the benefits monitored. Deviations from the agreed project plan needs to be explained to the Board and any revisions to the project plans agreed.

**51. The Performance Management Improvement Framework** continues as approved by Management Board on 17 December 2018, incorporating both Business Process Improvement and Value for Money. The Framework defined the consideration of Value for Money as:

- **Economy** – spending less
- **Efficiency** – spending well
- **Effectiveness** – spending wisely
- **Engagement** – spending to reflect priorities

**52. Value for Money** - Benchmarking data has been further embedded into performance clinics. LG Inform reports are used to provide comparisons to CIPFA and district Council neighbours.

**53. Service plans/service improvement plans** were developed by Heads of Service with support from representatives from Business Intelligence and Performance, Organisational and People Development, and Finance. The support from these services helped to identify any risks linked to performance, people or finance. Identified risks were considered by Management Board at performance clinics and discussed with the Scrutiny, Governance and Risk Manager.

**54. Emergency Planning (EP) Team** - In 2021/22 the EP team continued to support the Council's response to the Covid crisis maintaining a business-as-usual approach as far as possible. This included information sharing with multi-agency partners, assisting staff LFD workplace testing and supporting the Council through Step 2, Step 3, Step 4, Plan B, and the eventual end, of Covid-19 restrictions. They attended Safety Advisory Groups and sit on the internal Safer Communities Events Group, providing oversight and giving advice to organisers on the safe-running of events within the district. In accordance with the council's responsibilities under the Civil Contingencies Act 2004 the team updated internal business continuity plans and exercises, assisted local communities to develop and maintain local response plans, and coordinated the HBC response to incidents within the district. They have maintained an active role within the North Yorkshire Local Resilience Forum (NYLRF) working with partners to update and develop incident response plans, supported the continued response to the COVID-19

pandemic, assisted in the response to large-scale incidents, and facilitated multi-agency training exercises and seminars. Following the relaxation of Covid restrictions the team started a programme of BC plan reviews to include lessons learned from the pandemic together with day-to-day operations, other work has included:

- Response and support to communities during surface water and river flood events, protecting residential properties from flooding
- Supported HBC response to the death of HRH Prince Philip
- Support to local residents during utilities outages, both during periods of very cold weather
- Attendance at multi-agency meetings designed to provide a unified and consistent approach to fuel shortages, weather warnings, and the ever-present and ever-changing nature of covid-19.
- Delivery of table-top HBC exercises associated post-exercise debrief reports
- Supported delivery of a top-management seminar
- Continued to warn and inform using social media to share risk information with the public
- Assisted with development of LRF plans, including Power-Outage Plan, Evacuation and Shelter Plan, and Strategic Flood Plan
- Attendance, advice and on-site direction at the Harrogate Remembrance Sunday service
- Community engagement with Tockwith, Green Hammerton, Masham and Boroughbridge including community plans, sandbag supplies and presentations

**55. Social Value** is integrated into working practices and not recorded separately however it is now included within the corporate annual report. The Council Project Initiation Document includes a social value element with links to the Social Value Charter and there is ongoing work with Project Leads to identify and quantify social value within projects. Social value has also been drafted into the LACC business specification and possible measures identified. Social value actions and measures are currently being developed as part of three major capital refurbishment and redevelopment projects, namely Knaresborough Pool, the Hydro and the HCC project. Plans have been drafted by the contractors in March 2022 and are due to be finalised in due course as part of the contracts awarded

### Senior Managers Assurance

All managers confirmed that they were able to fulfil their responsibilities and that arrangements were in place to meet **Principles C and D** within their service areas.

Overall Assessment

***There are no significant governance issues and it is considered that the Council is undertaking the arrangements to meet this principle satisfactorily as set out in the Local Code of Corporate Governance.***

Improvement Actions	<i>To be confirmed in Final Annual Governance Statement 2021/22</i>
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**Principle E:**

**Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals Within It**

**Sub-Principles**

- (I). **Developing the Entity's Capacity**
- (II). **Developing the Capability of the Entity's Leadership and Other Individuals**

**REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**

**56. Member Training** -The 2021-22 year was largely dominated by the Covid-19 lockdown, the majority of training and briefing sessions were held remotely in accordance with the decision made by GP. Briefings were held on a variety of topics and there were several specific briefings on the Local Government Reorganisation.

**57. Training Events** - In total there were 18 separate types of training event offered and all were delivered internally. The fourth year feedback from the Member Learning and Development Strategy was reported to General Purposes Committee on 17 March 2022. The programme for year five of the Strategy was also approved.

**58. Employee Appraisals** – The appraisal cycle runs from December to the end March each year with a target of 90% of employees receiving an annual appraisal within this timescale. The figure for 2021/22 was 72% that was lower than 2020/21 (when the figure was 79%) however additional time was allocated due to Covid19. There was an improvement action to review the completion of appraisals in 2021/22 and this will be undertaken again in 2022/23.

**59. Appraisal Reviews.** As part of the performance reviews employees continue to receive regular 1-2-1 with their managers.

**60. Employee training (Corporate)** – The delivery model for this training was changed from face to face training to online due to COVID-19 restrictions. The following training/training programmes have been provided in 2021/2022:

- a. **Corporate induction for new starters** – The attendance target is currently set at 60%. 35 starters out of 84 new starters attended induction within the first 6 months from their employment start date (42% completion rate). However, in total 58 employees attended corporate induction during the reporting period. This includes HBC and Brimhams Active employees. The COVID restrictions are no longer in



place, therefore there are face to face sessions scheduled alongside online sessions in 2022/23.

- b. Coaching & Mentoring** –HBC continues to support the use of coaching for staff. The council has a pool of 31 trained coaches, fourteen of these also coach in other organisations via the Yorkshire Accord scheme. This offers coaches a chance to develop and widen their base of knowledge and experience. In 2021/22 the coaches provided coaching for participants in the Accelerate Leadership programme, SOLACE Emerging Leaders apprenticeship programme, Yorkshire Accord Coaching and Mentoring programme alongside our internal coaching scheme. To ensure the pool of coaches remained supported and continued to develop their coaching skills they were provided with on-line CPD sessions, How Supervision Can Help You as a Coach, Career Coaching, Helping Coachees to Deal with Change and Supervision. In total there were 56 coaching relationships established (see below):

<b>Scheme</b>	<b>Number of coaching relationships</b>
Through Yorkshire Accord	19
Through Accelerate Leadership Programme	28
Through Solace Emerging Leaders apprenticeship programme	5
Coaching applications through internal coaching scheme	4

- c. Apprenticeships** – In 2021/22 a total of 44 apprentices started or continued their apprenticeship, including those in Brimhams Active. We continued to work with services to promote the benefits of apprenticeship training to the service and to individuals. The council continued to promote apprenticeship success stories, took part in the national apprenticeship week and set up an “Apprenticeship café”, with informal peer-to-peer support groups.

- There were 21 members of staff in 2021/22 that started their apprenticeship training, this was a 100% increase compared to last year’s figures. The figure includes existing employees, who took an apprenticeship as a development route and new starters to the organisation
- 6 apprentices completed their programme at various times during 2021/22
- 6 apprentices withdrew from the programme
- 5 apprentices transferred to Brimhams Active and continued their apprenticeship.

- a. Accelerate Management Excellence Programme** – In 2021/22 there were two cohorts of the Accelerate leadership programme with 28 staff

completing it. A further 18 places will be offered for the next cohort which is due to commence in 2022.

- b. Corporate training programme** – During 2021/22 there were 12 courses delivered with a total of 45 members of staff attending.

**61. Mandatory E-Learning** – There has been a significant amount of work undertaken to address the completion of mandatory courses. This work has included the identification and agreement of mandatory courses and actions to manage and report completion. There was an improvement action in 2021/22 to review the completion of mandatory courses and the following actions were undertaken:

- All managers were notified of the revised matrix of mandatory courses
- The training page on the intranet was updated
- The corporate induction checklist was updated
- 1-2-1 form and appraisals forms were updated to include reference to mandatory training
- Completion of courses by new starters continued to be monitored quarterly and reminders sent to employees and their managers with a date for completion
- Tailored Data Protection training materials developed for employees who do not have access to HBC network or e-learning is not a suitable training method

**62. Mandatory E-Learning Completion** – In 2021/22 there was an improvement in all mandatory e-learning completion rates (where applicable) and the following course completion rates were achieved:

- **MYLO Data Protection essentials** – 65% this was higher than the previous year (58%)
- **MYLO ICT User Policy** – 91% for new starters compared to 81% the previous year
- **MYLO Introduction to Freedom of Information Act** - 74% for new starters compared to 70% the previous year
- **MYLO Cyber Security in the Workplace** – 28%. This module was only released in January 2022. The completion rate is low as it also includes all new starters from 1 April 2021, when the module was not available.
- **MYLO Safe Use of DSE** – 17%. This module was re-designed and released in September 2021. Only those new starters, who spend more than 50% of their time using DSE are expected to complete it.

**63. Health and Well Being** – In 2021/22 health and wellbeing continued to be prominent with the aim to provide managers and all staff with as much support as possible to respond to the unique challenges of the Covid-19 pandemic. The People Strategy was approved and work started on developing a wellbeing strategy. The strategy demonstrates the council's commitment to employee wellbeing leading up to local government reorganisation (LGR). The

wellbeing action plan was also created and will be implemented in 2022/23. Other key activities included:

- Amendments to 1-2-1 and appraisal forms, highlighting the importance of “How are you conversations”/wellbeing check ins
- Promotion and development of the HBC Wellbeing Champions network with new champions signed up and trained
- Delivering an annual plan of wellbeing campaigns to all staff
- Regular reminders to all staff of the resources available including how to access the councils Employee Assistance Programme service
- Sourcing new provider to deliver wellbeing training to champions, employees and managers

**64. Monthly Policy Briefings to Management** resumed following a hiatus due to extra work responding to the pandemic and capacity in the Business Intelligence & Performance team. Written briefings to members are now delivered verbally over Teams and focussed on the upcoming local government reorganisation

### Senior Managers Assurance

All managers confirmed that they were able to fulfil their responsibilities and that arrangements were in place to meet **Principle E** within their service areas.

Overall Assessment	<b>There are no significant governance issues and it is considered that the Council is undertaking the arrangements to meet this principle satisfactorily as set out in the Local Code of Corporate Governance.</b>
Improvement Actions	<b><i>To be confirmed in Final Annual Governance Statement 2021/22</i></b>

### Principle F:

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

#### Sub-Principle

**(I). Managing Risk**

### REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE

**65. Consideration of Risk/Registers** - All decision reports to Management Board and Cabinet/Cabinet Members included the consideration of risks. The Strategic Risk Register was considered by Management Board throughout 2021/22, by the Audit and Governance Committee on 22 November and 20 June 2022 and by Risk Owners In March 2022. The Strategic Risk Register

2022/23 was reviewed and refreshed by Management Board on 20 June 2022 and by the [Audit and Governance Committee on 20 June 2022](#).

- 66. Operational Risk Management** - Heads of Service are responsible for operational risk management within their services and to confirm that adequate arrangements are in place annually in the Governance Assurance Statements. The arrangements for operational risk management was an improvement action in 2021/22. In advance of the council's transition to LGR risk management arrangements are being reviewed across the county including the coordination of existing operational risk registers. The risk management approach for HBC to facilitate this transition was reviewed at Management Board on 20 June 2022 and work will continue to progress in 2022/23 and be reported to Management Board.
- 67. Response to Covid19 and Risk Management** – The Council activated its Incident Management Plan when the Covid19 pandemic commenced. The pandemic was a strategic risk and all risks were identified assessed and managed throughout 2019/20 and 2020/21 as part of the incident and risk management process. In 2021/22 Covid 19 was still a strategic risk with decreased impact and increased service based risk management.
- 68. Risk Management Framework/Policy** – There was an improvement action in 2021/22 to review progress on the Risk Management Framework/Policy as it had been delayed previously. A Risk Management Framework/Strategy/Policy Update 2022-2024 was agreed by Management Board and the [Audit and Governance Committee on 20 June 2022](#).
- 69. Covid19 Significant Governance Issue** – The Council's response to and recovery from Covid 19 were considered to be significant governance issues that required inclusion in the Annual Governance Statement 2020/21 as the impacts were significant and would affect all parts of the Council, residents and businesses for a number of years. Where relevant the impacts of Covid19 have been detailed in the AGS 2021/22 and it is considered that the Council's response to and recovery from Covid 19 are still significant governance issues that require inclusion in the Annual Governance Statement 2021/22.
- 70. Devolution and Re-Organisation** – In the Annual Governance Statement 2019/20 and 2020/21 the potential for a Devolution deal involving the transfer of power and funding from national to local government and potentially the creation of a directly elected Mayor was identified as a significant governance issue. The Government had also indicated that they wished to see local government reorganisation in North Yorkshire and York and to align devolution to the implementation of new unitary council structures, re-organisation was therefore also identified as a significant governance issue.
1. **Devolution** – In February 2022 the government published the 'Levelling Up White Paper' with a commitment to negotiate a Mayoral Combined Authority Deal for York & North Yorkshire. The constituent authorities agreed to proceed to a public consultation that runs from 21 October 2022 closing on 16 December 2022. The consultation provides the opportunity for residents to inform the priorities for the proposed

devolution deal for York and North Yorkshire, and how it will be implemented.

**2. Re-Organisation** – On 21 July 2021 the Secretary of State announced his decision to implement the proposal for a single unitary council for the whole of the current administrative county of North Yorkshire, and not to implement the proposal for two unitary councils for the area. The following has taken place:

- The North Yorkshire (Structural Changes) Order 2022 was laid before Parliament early in 2022
  - Elections took place in May 2022 for the future unitary council
  - The new council (North Yorkshire Council) assumes the full range of local authority responsibilities on 1 April 2023
  - Predecessor councils (including Harrogate) will be abolished
- In 2021/22 in advance of the final SCO the Leaders or designated representatives of all eight councils in North Yorkshire met as an interim Executive Board. The Board managed the significant change programme until the SCO formalised governance arrangements.
  - A set of joint working principles were agreed together with a list of “must dos” for the new organisation. These “must dos” were delivered through a number of work streams in the change programme managed by the Board.
  - HBC agreed representatives on each work stream and work has progressed since July 2021. There have been monthly live updates to all staff (with question and answer sessions) and briefings for Members
  - There is a strategic risk associated with Local Government Reorganisation that has been managed in 2021/22. The impacts include:
    - Staff capacity
    - Workforce stability and loss of key staff
    - Loss of local knowledge
    - Potential service disruption

**71. Significant Governance Issue 2020/21** – Due to the work required, potential changes to governance arrangements and other significant implications to the Council (as detailed above) it is considered that devolution and local government re-organisation are significant governance issues that require inclusion in the Annual Governance Statement 2021/22.

### Sub-Principle

### (II). Managing Performance

**(III). Robust Internal Control****REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**

**72. *Service delivery*** and progress are detailed in **Principle D - *Determining the interventions necessary to optimise the achievement of the intended outcomes***

**73. The Overview and Scrutiny Commission** met 13 times in 2021/22 and considered issues/items that met its full Terms of Reference including, Statutory Crime and Disorder Responsibilities, Holding the Executive to Account, Budget and Policy Framework, Pre-Decision, Scrutiny of Council Performance and Public Requests. There was one informal meeting and two special meetings held where the Commission hosted attendance by the Police Fire and Crime Commissioner and the Director of Public Health on behalf of the Council, all Councillors were invited to attend. An annual report detailing work undertaken for the two years 2019/20 and 2020/21 was agreed by the Commission on 7 June 2021.

**74. *The Forward Plan*** was considered at all Overview and Scrutiny Commission meetings and items agreed for Pre-Decision Scrutiny with Cabinet. Requests from members of the public were also considered at each meeting.

**75. *Internal Audit*** - Undertook the full range of roles/responsibilities for Internal Audit in Local Government. In summary for 2021/22:

- I. Regular meetings were held with the Chief Executive, the Head of Finance (the Council's S151 officer), Management Board and the Audit and Governance Committee and the Council's external auditors, Mazars LLP
- II. Joint work/training with the Scrutiny, Governance and Risk Manager was undertaken to support the development of Risk-Based Auditing, MK Insight and the identification of key risks including COVID19
- III. Risk-based audit plans were developed and agreed in consultation with senior management
- IV. The Audit Plan 2021/22 was delivered and progress reported to Management Board and at each Audit and Governance Committee Meeting. The Audit Plan 2021/22 was presented to the Audit and Governance Committee on 29 April 2021.
- V. Dedicated time in the IA work plan was provided to support the Covid Business Grant schemes. It was considered that this did not adversely affect the overall Audit annual opinion.

**76. *Health and Safety*** – There were no amendments to the Corporate Health and Safety policy in 2021/22 and work in 2021/22 was dominated by the Coronavirus pandemic. The team has been helping sites comply with government "Covid secure" guidelines to allow re-opening. We have

successfully passed 3 HSE inspections (1 at Claro Road – 2 telephone checks at the Civic centre) without any enforcement action

**77. Lone working** – There were 200 lone worker safety devices purchased in September 2021. The role out of the devices continued during the Covid pandemic and 165 units are now live. It is noted that due to the rapid change over of staff, in house maintenance has proved challenging to implement and this will be monitored in 2022/23.

**78. The number of Health and Safety incidents reported on Trent** was 192 with public/sporting incidents accounting for the majority of these.

- **The reported time lost for accidents/incidents** was 2647 hours at a cost of £28,819 with 47 separate incidents reported (employees only). The council is currently developing a new package using 'Planon' software to improve reporting/analysis.
- **There were 10 reports of Verbal Abuse and Violent behaviour** from customers (no injuries)
- **Occupational health and counselling support** – The council moved the contract for Occupational Health support from Harrogate Hospital/Insight to NYCC/Health Assured. Health surveillance resumed in early 2022 all parks staff and some of the waste and recycling team have been completed. The programme is currently being developed to complete outstanding checks and to encompass future years.
- **Health Assured support** service use was in line with expectations

**79. The Audit and Governance Committee** met 5 times in 2021/22 and considered reports/issues that covered its full Terms of Reference. A two year Annual Report was considered by the Committee on 22 November 2021 and reported to Full Council in February 2022 with a review of effectiveness in progress. Mazars LLP are the external auditor for the Council and attended/reported at every Audit and Governance Committee meeting in 2021/22. Appropriate training and support was provided to the Committee in 2021/22.

**80. CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government 2010** - In 2021/22 the Council met the requirements set out in the CIPFA Statement on the Role of the CFO in Local Government (2010) and no officer or member raised any case where financial matters had been compromised as a result of the CFO's other management responsibilities (Principal 1 of 5). Arrangements are in place for the Head of Finance to report directly to the Chief Executive as required

### Review of the Effectiveness of Internal Audit and Compliance with the Public Sector Internal Audit Standards

**81. Review of Internal Audit** - Under the Accounts and Audit (England) Regulations 2015, a local authority is required at least once every five years to carry out a review of the effectiveness of its internal audit. The 'Public Sector Internal Audit Standards' (PSIAS) require the Council to comply with the 2015

regulations. CIPFA have provided guidance on the PSIAS in the form of an Application Note: when combined the two documents constitute ‘proper practice’ as set out in the 2015 regulations

**82. Significant Governance Issue 2019/20 and 2020/21 (The Internal Audit compliance with the PSIAS QAIP standard)** – The external review of the Council’s Internal Audit service by the Council’s external auditor was received in December 2020. The review found one significant weakness in that there was a lack of a formal quality assurance and improvement programme (QAIP) and therefore the Internal Audit service did not fully comply with the PSIAS QAIP standard. It was therefore identified as a significant governance issue in the AGS 2020/21. The following progress has been reported in 2021/22:

- A report outlining progress made on the Action Plan relating to the external review of compliance with the PSIAS was considered by Management Board in December 2021 and by the Audit and Governance Committee in January 2022. The update included the approval of the formal quality assurance and improvement programme (QAIP). There was due to be a self-review of conformance with the Public Sector Internal Audit Standards (PSIAS) using CIPFA’s checklist for assessing compliance with PSIAS undertaken in 2022/23. This is a significant piece of work that given the transition to North Yorkshire Council and the transfer of Internal Audit to Veritau and would not be beneficial to progress in 2022/23.
- The Internal Audit service now complies fully with the PSIAS QAIP standard and it is therefore not considered a significant governance issue for inclusion in the AGS 2021/22.

**83. Annual Internal Audit Opinion** - The PSIAS requires the “chief audit executive” or equivalent to submit an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion/report must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control and incorporate the opinion, a summary of the work that supports the opinion; and a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme. The Internal Audit Annual report 2021/22 was reported to the Audit and Governance Committee on 12 September 2022 where the Internal Audit Opinion was considered. This is reported in **Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability (Paragraph 92)**

**Sub-Principle**

**(IV). Managing Data**

**REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**



**84. Data Breaches** - There were 61 data breaches recorded in 2021/22 one of which was reported to the ICO. The Council encourages the reporting of all potential data breaches and they are all investigated to meet ICO reporting timescales. Any Officer can report a breach and advice is immediately available if there is any uncertainty. The majority of data breaches can be attributed to human error and any learning points from breach investigations are cascaded back to the services. Data breaches included e-mails sent to the incorrect recipient, letters sent to the incorrect address, personal information not redacted before planning applications published on Public Access and Council tax bills sent to old or obsolete addresses. An Information Governance forum took place every 6 weeks whereby Data Protection and Governance issues were highlighted and discussed with representatives from all services.

**85. Subject Access Requests** - There were 180 Subject Access Requests recorded in 2021/22. Following the same pattern as 2020/21, the complexity and volume of the information within the requests has continued to increase. The information held and provided by services can be significant, all of which must be reviewed and redacted before release.

**86. Data Protection** - Information audits across the Council have been reviewed and will be reviewed again in 2021/22. The Council has a Data Protection Policy and Data Breach Policy and Procedure and these will both be reviewed in 2021. All Officers that have not completed relevant Data protection training in the last 12 months will required to take the training again. – *This wording will be agreed in the final AGS 2021/22.*

**87. The Covid19 Pandemic** – Due to the increased home working arrangements as a result of the pandemic it was recognised that there was an increased risk from data breaches. Appropriate guidance was developed and additional advice and support provided for all staff. A number of privacy statements across the Council were also reviewed to take in to account the sharing of data with various organisations.

**Senior Managers Assurance**

All managers confirmed that they were able to fulfil their responsibilities and that arrangements were in place to meet **Principle F** within their service areas. There were some continuous improvement actions identified regarding risk management.

Overall Assessment	<p><b>There are two significant governance issues identified that require inclusion in the Annual Governance Statement 2020/21:</b></p> <ul style="list-style-type: none"> <li>• <b>The Council's response to and recovery from COVID19</b></li> <li>• <b>Devolution and re-organisation</b></li> </ul>
Improvement Actions	<p><b>To be confirmed in Final Annual Governance Statement 2021/22</b></p>

**Principle G:**  
**Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

**Sub-Principle**

- (I). **Implementing good practice in transparency**
- (II). **Implementing good practice in reporting**

**REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**

**88. *The Senior Managers Pay Scales*** and the Annual Pay Policy statement were published. See also **Principle B – *Ensuring openness and comprehensive stakeholder engagement***

**89. See also Principle D – *Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes***

**90. *Compliance with Principles*** - The assessment of the extent to which the Council has complied with the principles contained in the Framework in 2021/22 is contained in this statement and reported to Management Board, and the Audit and Governance Committee.

**Sub-Principle**

- (III) **Assurance and effective accountability**

**REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**

**91. See also Principle F - *Managing risks and performance through robust internal control and strong public financial management***

**92. *Internal Audit Overall Opinion*** - The Internal Audit opinion is that, based on audit work undertaken in 2021/22, the Council's framework of governance, risk management and internal control is satisfactory and operating effectively in practice

**93. *Code of Practice on Managing the Risk of Fraud and Corruption*** - Where an organisation is making a statement in an Annual Governance Statement about adherence to the Code of Practice on Managing the Risk of Fraud and Corruption they should assess their level of conformance with it. A statement has therefore been agreed for approval in Section 3 of this Statement.

**94. *Compliance with the Financial Management Code*** – A further high-level assessment has been undertaken in 2021/22 and no areas of concern have been highlighted. CIPFA have advised that a proportionate approach to adherence with the code is encouraged. As such, there has not been a drive to further strengthen any areas of compliance, in light of the impending move to the new North Yorkshire Council from 1 April 2023.

**95. Governance Assurance by Management Board/Heads of Service:**

- (I). All Directors (Management Board) and Heads of Service signed Assurance Statements to confirm arrangements to comply with the Code of Corporate Governance, this included all Statutory Officers. Reference has been made to these assurance arrangements in the Annual Governance Statement for each Principle. It was confirmed that in 2021/22 regular management meetings were held to review key elements of the governance arrangements within their services including integrated service improvement planning, financial management, performance management, risk management and health and safety
- (II). Assurance was confirmed by all Directors/Heads of Service about arrangements in the following areas:
- **Controls to ensure compliance-** legal/the Council's constitution/corporate objectives/policies
  - **Reporting Arrangements** - Members/senior management
  - **Decisions made with due regard to** - Finance/legal/insurance/health and safety/other risk implications
  - **Effective Service Management/Business Planning-** Stakeholder involvement/customer feedback with resources devoted to Council/service-related objectives and priorities
  - **Customer Service Standards**
  - **Performance management processes/ Financial Planning/ Budgetary Control**
  - **Fraud awareness**
  - **Management/staffing structures** – Defined/adequate competence and number to deliver the service
  - **Standards of Conduct** – Standards in place to deter, prevent, detect, and therefore reduce the risk, of fraud, financial impropriety and corruption and sanctions applied
  - **Financial and Contract Procedure Rules** – Staff familiarity
  - **Value for Money** - Demonstration in the use of resources
  - **Partnership Arrangements-** Clearly defined and adequately monitored
  - **ICT Systems Used** - Security/Fitness for purpose/Business continuity
  - **Inspection/other/audit reports** - Timely consideration/ Recommendations implemented
  - **Risk management/Business continuity planning** – Processes, Maintenance of risk registers and business continuity plans
  - **Data protection/Information Governance/Freedom of Information management**
  - **Due consideration of risks/Financial controls** when proposing savings e.g. restructuring, efficiency reviews, etc.

- 96. Assurance Framework** – Work on the development of an assurance framework did not take place in 2021/22 and due to ongoing support

required for LGR. It has been agreed that this work will not now be progressed before April 2023.

- 97. Governance Improvement Action Plan** – As part of the annual review of the Council’s governance arrangements a Governance Improvement Action Plan is developed and reviewed. Progress on the 2020/21 plan was reported to Management Board as well as the Improvement Plan for 2021/22.

Overall Assessment	<b>There are no significant governance issues and it is considered that the Council is undertaking the arrangements to meet this principle satisfactorily as set out in the Local Code of Corporate Governance.</b>
Improvement Actions	<b>To be confirmed in Final Annual Governance Statement 2021/22</b>

## 2. Significant Issues Brought Forward from the Annual Governance Statement 2020/2021

- 98.** There were three significant governance issues identified from the AGS 2020/21 for action and monitoring in 2021/2022 these were:

- (I). **Covid19 Significant Governance Issue 2020/21 (Paragraph 69)** - Throughout the AGS 2020/21 the impacts of the Covid19 pandemic were identified where applicable. These impacts are significant and will affect all parts of the Council, residents and businesses for a number of years. It was therefore considered that the Council’s response to and recovery from Covid 19 were still significant governance issues that required inclusion in the Annual Governance Statement 2020/21.
- (II). **Devolution and Re-Organisation (Paragraphs 70)** - Due to the work required, potential changes to governance arrangements and other significant implications to the Council it was considered that devolution and re-organisation were significant governance issues that required inclusion in the Annual Governance Statement 2019/20. It was considered that these were still on-going major issues that required inclusion in the Annual Governance Statement 2020/21. **Progress on these issues in 2021/22 was reported in paragraph 70.**
- (III). There was also one Significant Governance issue highlighted that was the **Internal Audit compliance with the PSIAS QAIP standard (paragraph 82).**– The external review of the Council’s Internal Audit service by the Council’s external auditor was received in December 2020. The review found one significant weakness in that there was a lack of a formal quality assurance and improvement programme (QAIP) and therefore the Internal Audit service did not fully comply with the PSIAS QAIP standard. The outcomes of the review had not been considered by Management Board or the Audit and Governance Committee (at the time) however it was a significant Governance issue that required to be included in the Annual Governance Statement

2019/20. It was therefore identified in the AGS 2019/20 with the caveat that it would be included as a significant governance issue in the AGS 2020/21, ***progress in 2021/22 was reported in paragraph 82.***

### 3. Significant Governance Issues 2021/22

99. As a result of the review of the effectiveness of the governance framework there are two significant governance issues that have been identified in the AGS 2020/21 for action and monitoring in 2021/2022:
- (I). ***Covid19 (Paragraph 69)*** The Council's response to and recovery from Covid19 are significant governance issues that require inclusion in the Annual Governance Statement 2021/22
  - (II). ***Devolution and Re-Organisation (Paragraph 71)***- Due to the work required, potential changes to governance arrangements and other significant implications to the Council (as detailed) it is considered that devolution and local government re-organisation are significant governance issues that require inclusion in the Annual Governance Statement 2021/22.

## 4. APPROVAL

### 1. Statement for the adherence to the Code of Practice on Managing the Risk of Fraud and Corruption

Having considered all the principles the Audit and Governance Committee is satisfied that, subject to the actions identified in **paragraph 12** the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

### 2. Governance Statement

The Audit and Governance Committee has overseen production of the Annual Governance Statement 2021/22 and agreed that it is consistent with their view of the Council's governance arrangements based on reports made to it and the Committee therefore recommends it for approval by the Leader of the Council and the Chief Executive.

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**Chair of the Audit and Governance Committee**

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**Date**

**Councillor**

I have been advised on the implications of the result of the review of the effectiveness of the governance framework as overseen by the Audit and Governance Committee. A plan to ensure continuous improvement of the systems is in place and we propose over the forthcoming year to take steps to further enhance our governance arrangements.

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**Leader of the Council**

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**Date**

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**Chief Executive**

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**Date**

**Councillor Richard Cooper**

**Mr W Sampson**

