NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

25 JUNE 2015

CORPORATE GOVERNANCE

Report of the Corporate Director, Strategic Resources

1.0 PURPOSE OF REPORT

1.1 To review the Annual Governance Statement for 2014/15 in advance of approving a later version at the meeting on 24 September 2015.

1.2 To recommend to the Executive that the updated Local Code of Governance be approved by the County Council.

2.0 BACKGROUND

2.1 The Framework Delivering Good Governance in Local Government, published by CIPFA in association with SOLACE in 2007, sets the standard for local authority governance in the UK. CIPFA and SOLACE reviewed the Framework in 2012 to ensure that it remains 'fit for purpose' and issued an addendum to it in the Autumn of 2012 which provides an updated example annual governance statement.

2.2 According to the Terms of Reference of the Audit Committee, its role in respect of Corporate Governance is:

(i) to assess the effectiveness of the authority's Corporate Governance arrangements

(ii) to review progress on the implementation of Corporate Governance arrangements throughout the authority

(iii) to approve the Annual Governance Statement

(iv) to review the annual Statements of Assurance provided by the Chief Executive and Corporate Directors

2.3 In relation to (i) and (ii) above, reports are submitted at regular intervals during the year as set out in the Programme of Work. Item (iii) is considered as part

of this report, and item (iv) is addressed by including progress updates in the Directorate specific reports submitted to each meeting by the respective Corporate Director alongside a report on internal audit work relating to that Directorate which is produced by the Head of Internal Audit.

3.0 STATUTORY REQUIREMENTS

3.1 The key legislation covering the statutory requirements for both the Annual Governance Statement and the Statement of Final Accounts is contained in the Accounts and Audit Regulations of 2015.   This includes a requirement for the AGS to accompany the accounts.

3.2 CIPFA also recommends reporting the SOFA to Members after they have been signed by the responsible officer. This is to allow time to review the SOFA, together with the AGS before or during the audit of the accounts and for points to be raised as appropriate.

3.3 The approach being taken by the County Council in order to ensure compliance with statutory obligations and to provide Audit Committee with sufficient time and information to seek assurances is as follows –

Initial review of draft AGS as attached to this report   - 25 June 2015

Audit Committee consideration of draft Statement
of Final Accounts including refinements to AGS as
appropriate post 25 June   - 16 July 2015

Formal approval of SOFA including AGS with
explanation of any changes since 16 July   - 24 September 2015

3.4 It is hoped that the meetings on 25 June and 16 July will provide such opportunities for all Members of the Audit Committee to become comfortable with reaching a positive view at the Audit Committee meeting on 24 September 2015. Recognising the number of possible changes (reflecting the views of the Audit Committee; external audit; and simply changes of circumstances / updates) it was previously agreed that a sub-group would be created by the Audit Committee in order to provide a dedicated resource to review the AGS. The Committee is invited to finalise arrangements for this sub-group so that it may provide periodic updates culminating in a feedback report to the Audit Committee on 24 September 2015.

4.0 DEVELOPMENTS IN 2014/15

4.1 Although the responsibility for managing the day to day aspects of the Corporate Governance agenda belong to the Executive and the Management

Board, wider Members also have to be actively engaged – the role of this Committee is therefore critical in this regard.

4.2   This Committee received progress reports on a range of specific governance issues such as risk management and information governance through the year.

4.3   A range of key governance documents are produced in order to ensure that progress is made and that practice is consistent with statute, guidance and good practice. Copies of these key documents are attached to this report as follows:-

Local Code of Corporate Governance – **Appendix A**
Annual Governance Statement 2014/15 – **Appendix B**
Statements of Assurance – **Appendix C**
Corporate Governance Checklist Summary – **Appendix D**

All of the above have been updated to reflect issues identified in 2014/15 and / or changes in requirements.

4.4   Notable areas of recent work undertaken as part of the corporate governance agenda include the following:-

➜   annual review of the Local Code and Annual Governance Statement

➜   progressing the Statements of Assurance

➜   update of the Corporate Governance Self-Assessment Checklist

➜   progressing issues relating to best practice documentation such as the latest CIPFA publication, Audit Committee Update

➜   implementing changes to the Information Governance Framework

➜   sharper focus and disciplines on procurement across the Council.

➜   establishing, refining and implementing governance arrangements for the 2020 North Yorkshire Change Programme.

➜   delivering MTFS and the longer term financial planning horizon to 2019.

➜   revised training packages for health and safety, information governance etc.

➜   increased awareness on information security through communications

5.0   LOCAL CODE OF CORPORATE GOVERNANCE

5.1   The Local Code of Corporate Governance (**Appendix A**) is a statement of the principles that the County Council will apply in its corporate governance framework. It also describes key components of that framework and how they will be monitored and reviewed.

5.2   The Local Code is reviewed annually alongside the Annual Governance Statement (AGS). Whilst the AGS needs to be updated on an annual basis (see **Paragraph 6** below), the simultaneous review of the Local Code ensures that key changes to the corporate governance framework (whether driven by external forces such as legislative changes or by internal factors) are reflected in the Local Code so that it is compatible with the AGS (which describes in detail the actual processes in place and the activity undertaken in the year relating to corporate governance). Minor amendments have been made to this document and those changes are tracked for ease of reference.

5.3   Once approved by Committee at this meeting, the Local Code will be referred collectively to the Chief Executive, the Leader of the Council, the Executive Member for Central Services, the Corporate Director Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services) for formal approval, as stated in the Constitution.

6.0   ANNUAL GOVERNANCE STATEMENT 2014/15

6.1   The AGS (**Appendix B**) is effectively an annual report which assesses the effectiveness of the governance processes which have been put in place within the Council. It will accompany the Statement of Final Accounts (SOFA) when they are submitted to this Committee at its July meeting and then at the September meeting when the Committee is invited to formally approve the Statement of Final Accounts for 2014/15.

6.2   In order to fulfil its responsibilities, the Audit Committee needs to be able to satisfy itself that the governance and internal control processes described in the AGS are in fact both operational and effective. One aspect of this assurance process is to review progress by management on dealing with the issues identified in the AGS.

6.3   The Annual Governance Statement has been drafted to comply with the Delivering Good Governance Framework in Local Government 2007 and the Application Note to Delivering Good Governance in Local Government: a Framework (March 2010).

6.4 There is one section of the AGS that relates to Significant Governance Issues (**Section 7**). This assessment has been drawn together from across the Council and has been approved by Management Board.

6.5 Members are asked to review the AGS 2014/15 with the intention of formally approving a later version at the meeting on 24 September when the SOFA will also be approved.

7.0 STATEMENTS OF ASSURANCE

7.1 As part of the annual process and methodology to prepare the AGS, each Corporate Director is required to prepare and sign a Statement of Assurance relating to governance issues in their Directorate.

7.2 These Statements are one of the sources from which the Management Board draws up the issues list will that appear in **Section 7** of the AGS. At this stage **Section 7** is left blank but it is proposed that this will be populated in the coming weeks from the SoAs and Significant Governance Issues will be shared with the proposed sub-group (see **Paragraph 3.4**)

7.3 A list of the issues identified to date by Corporate Directors is attached as **Appendix C**. Work remains on-going on these Statements and updated content (in line with the target date of 24 September for signing off the SoFA) will be shared with the Audit Committee sub-group.

8.0 CORPORATE GOVERNANCE CHECKLIST SUMMARY

8.1 The Corporate Governance Checklist is a self-assessment checklist and is in line with the 6 principles defined in the Local Code of Corporate Governance. The requirements of the document CIPFA Statement of the Role of the Chief Financial Officer in Local Government are also incorporated within the Checklist.

8.2 The Checklist is effectively a "live" document to monitor and review the overall Corporate Governance process within the County Council. Although a copy of the latest "version" is available to Members, a Summary is attached as **Appendix D** for ease of reference. This Summary shows:

➔ some of the improvements made in corporate governance between May 2014 and May 2015 in the right hand column.

➔ reference to the requirements of the 6 principles defined in the Local Code of Corporate Governance on the right hand side.

→ some examples of improvements in Corporate Governance to be made between June 2015 and April 2016

8.3 Areas of development and / or improvement continue to be identified as a result of the need to comply with new guidance and requirements as they are published.

8.4 The Checklist is used by officers in order to provide some assurance that all relevant areas of governance are being adequately addressed and, where relevant, gaps are identified with consequential actions to fill such gaps.
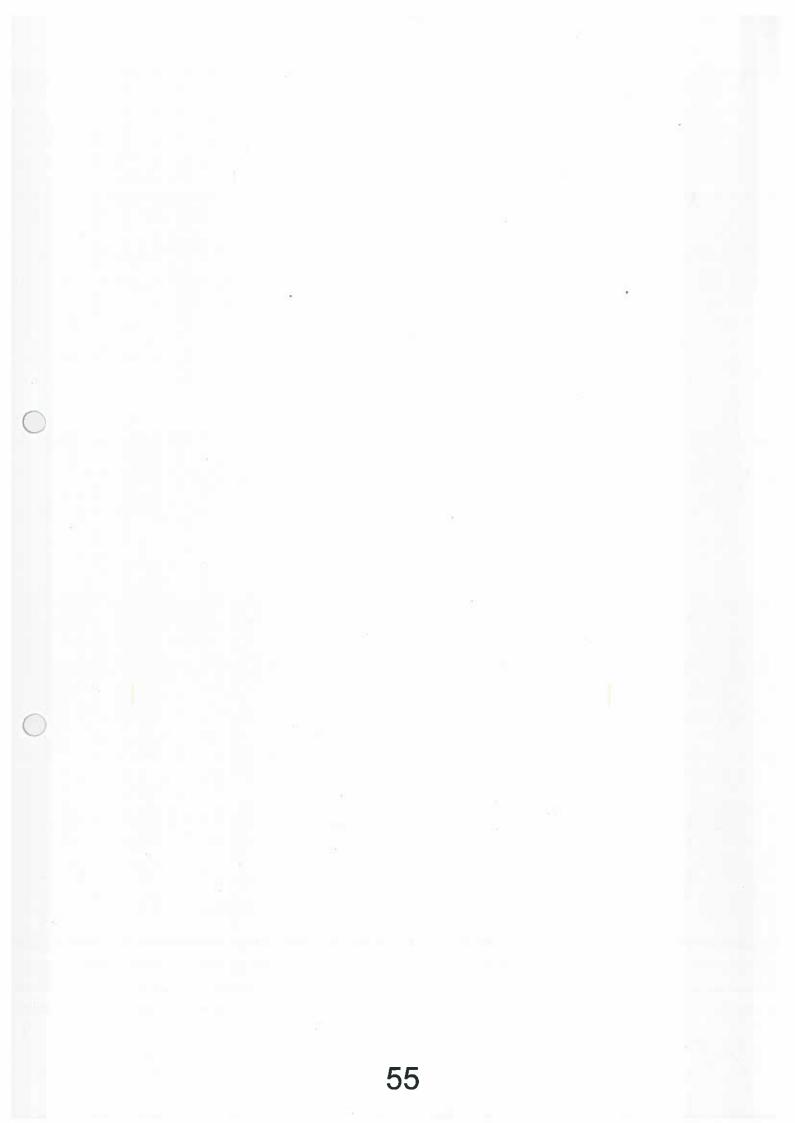

9.0 RECOMMENDATIONS

9.1 That the updated Local Code of Corporate Governance (**Appendix A**) be recommended for collective approval by the Chief Executive, the Leader of the Council, the Executive Member for Central Services, the Corporate Director Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services).

9.2 That Members review the Annual Governance Statement 2014/15 (**Appendix B**) with the intention of formally approving a later version at the meeting on 24 September 2015.

9.3 That the Committee appoints Members of the Governance sub-group so that a feedback report can be made to the full Committee on 24 September 2015.

9.4 That Members note the Statements of Assurance (**Appendix C**)

GARY FIELDING
Corporate Director, Strategic Resources
County Hall
Northallerton

25 June 2015

Report prepared by Fiona Sowerby, Corporate Risk and Insurance Manager, ext 2400

Background papers: None

North Yorkshire
County Council

Local Code of Corporate Governance

Draft May 2015

Contents

1.0 INTRODUCTION

1.1 Corporate governance is the system by which a local authority directs and controls its functions and relates to the community it serves. It is therefore a framework of policies, management systems, procedures and structures that together, determine and control the way in which a local authority manages its business, determines its strategies and objectives, and sets about delivering its services to meet those objectives for the greater good of its community. This naturally extends to how the organisation accounts to, engages with and, where appropriate, leads its community.

1.2 On this basis, the principles of good corporate governance require a local authority to undertake its functions in a way that is completely open and inclusive of all sectors of the community, demonstrates the utmost integrity in all its dealings, and is fully accountable to the public it serves.

1.3 North Yorkshire County Council is committed to demonstrating good corporate governance. This Code sets out what the governance arrangements are, and who is responsible for them within the County Council. It also explains how the arrangements will be kept under review and monitored for compliance.

1.4 The Code also expresses how the County Council will seek to conduct its business in a way that demonstrates –

- **Openness and Inclusivity** – which is necessary to ensure that stakeholders can have confidence in the decision-making and management processes of the County Council, and the role of the Members and Officers therein. Being open through genuine consultation with stakeholders and providing access to full, accurate and clear information leads to effective and timely action and lends itself to necessary scrutiny. Openness also requires an inclusive approach, which seeks to ensure that all stakeholders, and potential stakeholders, have the opportunity to engage effectively with the decision-making processes and actions of the County Council. It requires an outward looking perspective and a commitment to partnership working, that encourages innovative approaches to consultation and to service provision

- **Integrity** – is necessary for trust in decision making and actions. It is based upon honesty, selflessness and objectivity, and high standards of propriety and probity in the stewardship of public funds and the management of the County Council's affairs. It is dependent on the effectiveness of the internal control framework and on the personal standards and professionalism of both Members and Officers. It is reflected in the County Council's decision-making procedures, in its service delivery and in the quality of its financial and performance reporting

- **Accountability** - is the process whereby Members and Officers within the County Council are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny. It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles expressed through a robust and resilient structure

2.0 POLICY STATEMENT ON CORPORATE GOVERNANCE

2.1 The Policy of the County Council is to incorporate the principles of Corporate Governance into all aspects of its business activities to ensure that stakeholders can have confidence in the decision-making and management processes of the authority, and in the conduct and professionalism of its Members, Officers and agents in delivering services. To this end, the County Council will report annually on its intentions, performance and financial position, as well as on the arrangements in place to ensure good governance is always exercised and maintained.

2.2 These principles reflected in this Policy will also be applied to the North Yorkshire Pension Fund and any company in which the County Council has a substantive equity holding.

3.0 THE SIX PRINCIPLES OF CORPORATE GOVERNANCE

3.1 There are six core principles that should underpin governance arrangements within a local authority. These are defined as follows –

- focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

- Members and officers working together to achieve a common purpose with clearly defined functions and roles

- promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- taking informed and transparent decisions which are subject to effective scrutiny and managing risk

- developing the capacity and capability of Members and Officers to be effective

- engaging with local people and other stakeholders to ensure robust public accountability

3.2 This Code addresses these six core principles and describes the systems and processes that support these in the County Council. In addition the Code reflects how the County Council addresses the requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government* (2010)

3.3 The Code also explains how the County Council intends to monitor and review the corporate governance arrangements defined in this Code including compliance with the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government* (2010).

3.4 A diagrammatic representation of how this Code fits into the management process of the County Council is attached as **Appendix A**.

4.0 CORPORATE GOVERNANCE ARRANGEMENTS

Core Principle 1 : Focussing on the purpose of the County Council and on outcomes for the community, and creating and implementing a vision for the local area

4.1 The County Council will develop a clear vision and purpose, identify intended outcomes and ensure that these are clearly communicated to all stakeholders of the organisation, both internal and external. In doing so, the County Council will report regularly on its activities and achievements, and its financial position and performance.

The County Council will publish annually –

- a Council Plan

- a Statement of Final Accounts together with the Annual Governance Statement and

And a Community Plan in conjunction with local partners every three years.

4.2 The County Council will keep its corporate strategies, objectives and priorities under constant review, so as to ensure that they remain relevant to the needs and aspirations of the community.

4.3 In undertaking all its activities, the County Council will aim to deliver high quality services which meet the needs of service users. Delivery may be made directly, via a subsidiary company, in partnership with other organisations, or by a commissioning arrangement. Measurement of service quality will also be a key feature of service delivery.

4.4 In addition, the County Council will continue to monitor the cost effectiveness and efficiency of its service delivery, as well as

- ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the authority meets its policy and service objectives and provides effective stewardship of public money in its use

- ensure that the authority maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary

- ensure compliance with CIPFA's Code on Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code

4.5 The County Council will also seek to address any concerns or failings in service delivery by adhering to and promoting its Complaints Procedure.

Core Principle 2 : Members and Officers working together to achieve a common purpose with clearly defined functions and roles

4.6 To ensure accountability the Constitution of the County Council defines the roles and responsibilities of both the Council's executive and non-executive functions. In particular, the Constitution –

- clearly defines the role of the Executive and Executive Members

- also defines the respective roles of other Members, Members generally and of Senior Officers

- defines the statutory roles of the Head of Paid Service, Section 151 Officer and the Monitoring Officer

- sets out a Protocol to address the working relationship between the Leader and the Chief Executive which enables each to fulfil their respective roles

- sets out a Protocol on Member / Officer relations which is the framework for effective working together

- includes Schemes of Delegation for both Members and Officers

- includes Procedure Rules in relation to staff employment, contracts / procurement, finance and property that are reviewed annually

- empowers an Independent Remuneration Panel that considers Members' allowances

- requires appropriate governance arrangements for partnerships

- is kept under regular review

4.7 To demonstrate compliance with the CIPFA Statement on the *Role of the Chief Financial Officer* the County Council will –

- ensure that the Chief Financial Officer (CFO) * reports directly to the Chief Executive and is a member of the Management Board with a status at least equivalent to other members

- ensure that the authority's governance arrangements allow the CFO direct access to the Chief Executive and to other Management Board members

- appoint a professionally qualified CFO whose core responsibilities include those set out in the Statement on the *Role of the Chief Financial Officer* and ensure that they are properly understood throughout the authority

* the Corporate Director – Strategic Resources fulfils the role of CFO as defined in the CIPFA Statement.

- ensure that the CFO :

  - leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively

  - has a line of professional accountability for finance staff throughout the organisation

- ensure that budget calculations are robust and reserves adequate, in line with CIPFA's guidance

- ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnership arrangements, outsourcing or where the authority is acting in an enabling role

- establish a medium term business and financial planning process to deliver strategic objectives including:

  - a medium term financial strategy to ensure sustainable finances

  - a robust annual budget process that ensures financial balance

  - a monitoring process that enables this to be delivered

- ensure that these are subject to regular review to confirm the continuing relevance of assumptions used

Core Principle 3 : Promoting values for the County Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

4.8 The County Council will conduct its activities in a manner which promotes high ethical standards and good behaviour which will foster openness, support and mutual respect. The following policies and protocols have been established and will be kept under review to assist the County Council in maintaining this culture –

- Member Code of Conduct and Complaints procedure
- Guidance Protocol re Members' Code of Conduct
- -Standards of Conduct
- Local / National Teachers' Code of Conduct

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- Protocol on Officer/Member Relations

- Code of Conduct for Planning

- Ethical Behaviour Statements

  - Leader
  - Chief Executive

- Staff and Member Registers of Interest

- ICT Code of Practice and Protocols on ICT use for Members and Officers

- Whistleblowing policy

- Counter Fraud Strategy

- Anti-Money Laundering Policy

- Officers' Register of Gifts & Hospitality

- Equality and Diversity Policy Statement

- Communication Strategy to support 2020 North Yorkshire

- Partnership Working Guidance

- Procurement Strategy

- Information Governance Framework

4.9 In addition, the County Council will ensure that systems and processes for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.

4.10 The aim is to develop a set of shared values which will underpin an ethos of good governance. This will be further supported by compliance with legislation, Procedure Rules and all relevant professional standards.

4.11 The County Council has established a Standards Committee to discharge its responsibilities for promoting and maintaining high standards of Member conduct. The Standards Committee meets twice yearly and as required. It develops initiatives to promote high ethical standards, is involved in ensuring the training of all Members on standards, and monitors compliance against the national Code of Conduct for Councillors. The Committee is also responsible for the handling of complaints that Members may have breached the Code.

4.12 Where the County Council works in partnership it will continue to uphold its own ethical standards, as well as acting in accordance with the partnership's shared values and aspirations.

Core Principle 4 : Taking informed transparent decisions which are subject to effective scrutiny and managing risk

4.13 The County Council observes this Principle through a combination of the following:

- all meetings of the Council and its Committees are open to the public (except where, for example, personal or confidential matters are being discussed)
- having a formal Constitution which details the decision making process and the procedures required to support the transparency and accountability of decisions made
- an engagement promise setting out in simple terms how everyone who lives or works in the county, or uses the County Council's services can influence decisions

- an effective scrutiny function
- comprehensive recording of all decisions taken and the reasons for those decisions
- maintenance of registers to record potential conflicts of interest, attendance etc
- an independent Audit Committee
- a properly constituted Standards Committee.
- a transparent complaints procedure
- Area Committees that have the flexibility to co-opt local representatives
- Member development programme
- provision of timely and relevant information to all interested parties
- involvement of legal, financial and specific service expertise to inform decision-making
- an embedded risk management culture
- effective whistleblowing and counter fraud procedures
- implementation of all specific legislative requirements placed upon the County Council
- a comprehensive Information Governance Framework in compliance with accredited standards; this Framework includes the protection of sensitive and commercial data

4.14 In relation to its financial management arrangements, the County Council will –

- ensure an effective internal audit function is resourced and maintained
- ensure that its governance arrangements allow the CFO direct access to the Audit Committee and External Auditor
- ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority
- ensure the authority's governance arrangements allow the CFO to bring influence to bear on all material decisions

- ensure that advice is provided on the levels of reserves and balances in line with good practice guidance

- ensure the authority's arrangements for financial and internal control and for managing risk are addressed in annual governance reports

- ensure the authority puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes

4.15 Based on the above, in terms of policy and decision making, the Executive is supported at all times by professional advice that addresses all relevant legal, financial and resourcing issues. At the same time, risk management processes operate so as to ensure that the risk and impact of decisions are fully assessed.

4.16 The County Council operates a scrutiny framework, supported by named officers, that enables decisions by the Executive to be challenged or influenced by the rest of the County Council's Members.

Core Principle 5 : Developing the capacity and capability of Members and Officers to be effective

4.17 The County Council is continually seeking to develop the capacity and capability of both its Members and officers in recognition that the people who direct and control the organisation must have the right skills. This is achieved through a commitment to training and development, as well as recruiting senior officers with the appropriate balance of knowledge and experience.

4.18 The County Council aims to achieve this by –

- organising Member and employee induction programmes

- a Workforce Plan that addresses issues such as recruitment, succession planning, flexible working and other people management issues

- providing career structures to encourage staff development

- regularly reviewing job descriptions and person specifications and using these as the basis for recruitment

- implementing a Development Programme including individual training and development plans

- maintaining an effective performance management system

- encouraging a wide variety of individuals and organisations to participate in the work of the County Council

4.19 To ensure compliance with the CIPFA Statement in the *Role of the Chief Financial Officer* the County Council will

- ensure the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of his role

- review the scope of the CFO's other management responsibilities to ensure financial matters are not compromised

- provide the finance function with the resources, expertise and systems necessary to perform its role effectively

- embed financial competencies in person specifications and appraisals

- ensure that councillors' roles and responsibilities for monitoring financial performance / budget management are clear, that they have adequate access to financial skills and are provided with appropriate financial training on an ongoing basis to help them discharge their responsibilities

Core Principle 6 : Engaging with local people and other stakeholders to ensure robust public accountability

4.20 The County Council will seek the views of its stakeholders and respond appropriately by –

- clearly identifying its stakeholders, in order to ensure that relationships with these groups continue to be effective

- maintaining effective channels of communication which reach all groups within the community and other stakeholders as well as offering a range of consultation methods; to this end the County Council has a Communications Strategy to support the 2020 North Yorkshire Programme and an Engagementa-Consultation Promise that are regularly reviewed and updated

- publishing a Council Plan and an annual Statement of Final Accounts to inform stakeholders and services users of the previous year's achievements and outcomes

- publishing a Medium Term Financial Strategy and consulting each year on the Annual Revenue Budget and its impact on Council Tax

- providing a variety of opportunities for the public to engage effectively with the County Council including attending meetings

- presenting itself in an open and accessible manner to ensure that County Council matters are dealt with transparently, in so far as the need for confidentiality allows

- supporting these shared principles and the undertakings in the North Yorkshire Compact which provides a framework for local authorities and other public bodies to work together with the voluntary and community sector

- developing a Community Plan in conjunction with local partners

- maintaining a Citizens' Panel of around 2000 residents who are consulted twice a year on a wide range of service issues

- maintaining a Freedom of Information Act Publication Scheme and arrangements to respond to requests for information from the public

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- operating Access to Information Procedure Rules to ensure local people and stakeholders can exercise their rights to express an opinion on decisions, and can understand what decisions have been made and why

- ensuring the lawful and correct treatment of personal information through a Data Protection policy that follows the principles set out in the Data Protection Act 1998

- maintaining a County Council website that provides access to information and services and opportunities for public engagement

5.0 MONITORING, REPORTING AND REVIEW

5.1 Ensuring good corporate governance is the responsibility of the whole Council. However to formalise the process, the County Council has two Committees that are primarily responsible for monitoring and reviewing the adequacy of the corporate governance arrangements referred to in this Local Code –

- the Audit Committee
- the Standards Committee

The two committees liaise on any issue of Corporate Governance that may be of legitimate common concern to both.

5.2 The Audit Committee is independent of both the Executive and Scrutiny, and has wide ranging responsibilities in relation to audit, information governance, counter fraud, risk management, treasury management, financial and performance reporting, as well as overall corporate governance. The Committee's terms of reference are set out in the Constitution and its principal objectives are to ensure that the County Council manages its risks appropriately and maintains an adequate and effective system of internal control. The Committee meets a minimum of five times a year and includes up to three co-opted external Members.

5.3 The Standards Committee currently meets twice yearly and as required to promote and maintain high standards of conduct by Councillors and co-opted Members of the Council. The Committee provides advice and support to the Council and its members on the County Council's Members' Code of Conduct and related ethical issues such as membership of outside bodies and Member/officer relations. Additionally, Standards Committee Members participate in training sessions and in sub-committees dealing with complaints of alleged breaches of the Code and has in place arrangements for the receipt, assessment and determination of complaints about potential breaches of the Members' Code of Conduct The Committee is attended by independent persons, as well as County Council Members.

5.4 Further to the two Committees referred to above, the County Council has also established:

- a Corporate Governance Officer Group of senior officers, chaired by the Corporate Director – Strategic Resources, which is responsible for overseeing the delivery of an integrated programme of work to support the development of robust corporate governance arrangements, and to keep implementation of such arrangements under on-going review. In particular, this Group monitors the Self-

Assessment Checklist that maps, and monitors, all governance activity within the County Council against all published Best Practice Guidelines

- a Corporate Information Governance Group, also chaired by the Corporate Director – Strategic Resources. This Group addresses the various challenges of Information Governance including the development and maintenance of a Framework for Information Governance which comprises a suite of relevant policies, protocols and guidance notes

5.5 The County Council is required to undertake an annual review of the effectiveness of its system of internal control *. This review seeks to –

- identify principal risks to the achievement of County Council objectives

- identify and evaluate key controls to manage principal risks

- obtain assurances of the effectiveness of key controls

- evaluate assurances and identify gaps in control/assurances

This review is overseen by the Audit Committee and is part of the preparatory process for the Annual Governance Statement (see **paragraph 5.8** below). The Audit Committee receives assurance from various sources regarding the adequacy of the internal control environment and overall corporate governance arrangements, including from the Head of Internal Audit. In addition, the effectiveness of internal audit and the Audit Committee itself are reviewed annually.

5.6 Additionally, compliance with the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government* is reviewed annually by the Audit Committee.

5.7 Finally, annual reports are produced and published by:

- the Scrutiny Chairs and
- the Audit Committee Chairman

The Annual Governance Statement

5.8 Following the annual review of effectiveness of the system of internal control an Annual Governance Statement (AGS) * will be published to accompany the Statement of Final Accounts for the County Council. The AGS will provide an overall assessment of the corporate governance arrangements in the County Council.

5.9 To reflect the County Council's commitment to the continuous improvement of its system of internal control, progress to address weaknesses is drawn up in response to any significant control weaknesses identified in the AGS. A follow up process is then overseen by the Corporate Governance Officer Group to ensure continuous improvement of the system of corporate governance. The Audit Committee monitors progress to address weaknesses every six months.

* As required by Regulation 64 of the Accounts and Audit Regulations (2015 12011)

Review of this Code

5.10 A review of this Code will be undertaken annually alongside the preparation of the AGS.

6.0 CONTACT DETAILS AND FURTHER INFORMATION

6.1 Further details of the County Council's Corporate Governance arrangements can be obtained on the County Council's website www.northyorks.gov.uk or by contacting the Corporate Director – Strategic Resources (**see below**).
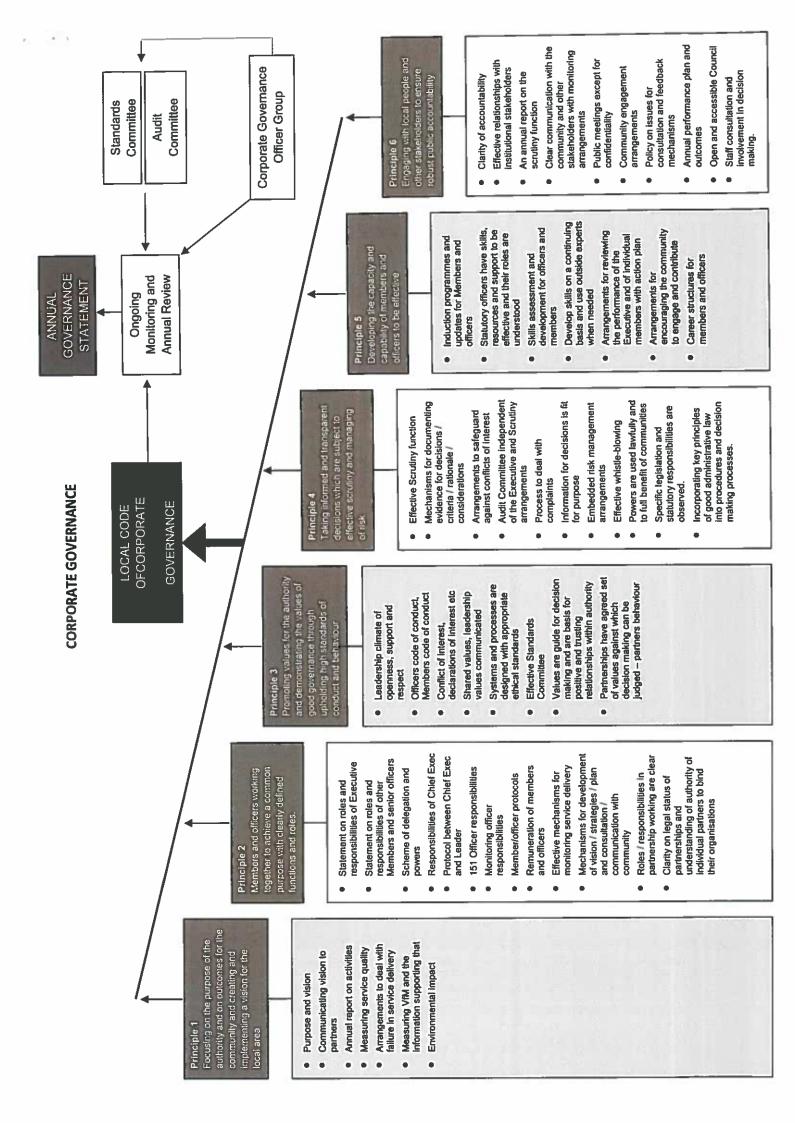
6.2 Finally, if you have any concerns about the way in which the County Council, its Members, Officers or agents conduct its business, or believe that elements of this Code are not being complied with, please contact one of the following Officers as appropriate. Your enquiry will be treated confidentially, and a response made following investigation of the facts in each case.

(i) Chief Executive (Head of Paid Service)
Richard Flinton
North Yorkshire County Council
County Hall
Northallerton
North Yorkshire DL7 8AL
Tel: 01609 532444 E-mail: richard.flinton@northyorks.gov.uk

(ii) Corporate Director – Strategic Resources (Section 151 Officer)
Gary Fielding
Corporate Director – Strategic Resources
North Yorkshire County Council
Racecourse Lane
Northallerton
North Yorkshire DL7 8AL
Tel 01609 533304 E-mail gary.fielding@northyorks.gov.uk

(iii) Assistant Chief Executive (Legal and Democratic Services)
(Monitoring Officer)
Barry Khan
Legal and Democratic Services
North Yorkshire County Council
Racecourse Lane
Northallerton DL7 8AL
Tel 01609 532173 E-mail barry.khan@northyorks.gov.uk

CORPORATE GOVERNANCE

Standards Committee

Audit Committee

Corporate Governance Officer Group

ANNUAL GOVERNANCE STATEMENT

Ongoing Monitoring and Annual Review

LOCAL CODE OF CORPORATE GOVERNANCE

Principle 1
Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

- Purpose and vision
- Communicating vision to partners
- Annual report on activities
- Measuring service quality
- Arrangements to deal with failure in service delivery
- Measuring VfM and the information supporting that
- Environmental impact

Principle 2
Members and officers working together to achieve a common purpose with clearly defined functions and roles.

- Statement on roles and responsibilities of Executive
- Statement on roles and responsibilities of other Members and senior officers
- Scheme of delegation and powers
- Responsibilities of Chief Exec
- Protocol between Chief Exec and Leader
- 151 Officer responsibilities
- Monitoring officer responsibilities
- Member/officer protocols
- Remuneration of members and officers
- Effective mechanisms for monitoring service delivery
- Mechanisms for development of vision / strategies / plan and consultation / communication with community
- Roles / responsibilities in partnership working are clear
- Clarity on legal status of partnerships and understanding of authority of individual partners to bind their organisations

Principle 3
Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- Leadership climate of openness, support and respect
- Officers code of conduct, Members code of conduct
- Conflict of interest, declarations of interest etc
- Shared values, leadership values communicated
- Systems and processes are designed with appropriate ethical standards
- Effective Standards Committee
- Values are guide for decision making and are basis for positive and trusting relationships within authority
- Partnerships have agreed set of values against which decision making can be judged – partners behaviour

Principle 4
Taking informed and transparent decisions which are subject to effective scrutiny and managing of risk

- Effective Scrutiny function
- Mechanisms for documenting evidence for decisions / criteria / rationale / considerations
- Arrangements to safeguard against conflicts of interest
- Audit Committee independent of the Executive and Scrutiny arrangements
- Process to deal with complaints
- Information for decisions is fit for purpose
- Embedded risk management arrangements
- Effective whistle-blowing
- Powers are used lawfully and to full benefit of communities
- Specific legislation and statutory responsibilities are observed.
- Incorporating key principles of good administrative law into procedures and decision making processes.

Principle 5
Developing the capacity and capability of members and officers to be effective

- Induction programmes and updates for Members and officers
- Statutory officers have skills, resources and support to be effective and their roles are understood
- Skills assessment and development for officers and members
- Develop skills on a continuing basis and use outside experts when needed
- Arrangements for reviewing the performance of the Executive and of individual members with action plan
- Arrangements for encouraging the community to engage and contribute
- Career structures for members and officers

Principle 6
Engaging with local people and other stakeholders to ensure robust public accountability

- Clarity of accountability
- Effective relationships with institutional stakeholders
- An annual report on the scrutiny function
- Clear communication with the community and other stakeholders with monitoring arrangements
- Public meetings except for confidentiality
- Community engagement arrangements
- Policy on issues for consultation and feedback mechanisms
- Annual performance plan and outcomes
- Open and accessible Council
- Staff consultation and involvement in decision making.

North Yorkshire
County Council

Draft

Annual Governance Statement

2014/15

Updated September 2015

Contents

1.0 SCOPE OF RESPONSIBILITY

1.1 North Yorkshire County 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. The County 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.

1.2 In discharging this overall duty the County Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and establishing a sound system of internal control and arrangements for the management of risk.

1.3 The **Local Code of Corporate Governance**, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* is reviewed annually. The current version was approved by the Audit Committee in June 2014 and adopted by the County Council in November 2014. A copy of the Code is available on the County Council's website (www.northyorks.gov.uk) or can be obtained from the office of the Corporate Director – Strategic Resources (telephone 01609 533304 or email gary.fielding@northyorks.gov.uk . The Audit Committee also reviewed the County Council's corporate governance arrangements on 26 June 2014 and recommended the Local Code of Corporate Governance to the County Council for approval.

1.4 This Statement explains how the County Council has complied with its Local Code and also meets the requirements of Regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the publication of an **Annual Governance Statement**.

1.5 This Statement also confirms that the financial management arrangements within the County Council comply with the governance requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government(2010)*. (See **Section 4** for full details).

North Yorkshire Pension Fund

1.6 The governance arrangements and Final Accounts of the North Yorkshire Pension Fund (NYPF) are now audited separately from the County Council. However, because the NYPF is administered by the County Council, the governance arrangements of the County Council also apply to the NYPF. This Statement therefore also forms part of the governance framework for the NYPF. However, there are also a number of additional documents that relate solely to the governance arrangements of the NYPF – these are **NOT** referred to further in this Statement as they relate only to the governance of the NYPF. For further details of the specific governance arrangements of the NYPF please refer to the NYPF website (www.nypf.org.uk).

2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1 The Governance Framework as detailed in the Local Code comprises the systems and processes, the culture and values, by which the County Council is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the County Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

2.2 The **system of internal control** is a significant part of that Framework and is designed to manage risk to a reasonable level rather than try to eliminate all risk of failure to achieve policies, aims and objectives. Because it is not possible to eliminate all risks, the system of internal control can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuous process designed to identify and prioritise the risks that threaten the achievement of the County Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and then to manage them efficiently, effectively and economically.

2.3 The overall Governance Framework, and in particular the system of internal control, described in this Statement, has been in place within the County Council for the year ended 31 March 2015 and up to the date of approval by the Audit Committee of this Statement alongside the Statement of Final Accounts on 24 September 2015.

3.0 THE GOVERNANCE FRAMEWORK

3.1 The requirement to have a robust and resilient governance framework and sound system of internal control covers all aspects of the County Council's activities. For the purposes of this Statement, the policies, procedures and operations that taken together create the overall governance framework are grouped under the following headings –

    (a) identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users

    (b) reviewing the authority's vision and its implications for the authority's governance arrangements

    (c) translating the vision into objectives for the authority and its partnerships

    (d) measuring the quality of services for users, to ensure they are delivered in accordance with the authority's objectives and they represent the best use of resources and value for money

    (e) defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication for the authority and partnership arrangements

(f)   developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

(g)   reviewing the effectiveness of the authority's decision making framework including delegation arrangements, decision making in partnerships and robustness of data quality

(h)   reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

(i)   ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained

(j)   ensuring effective management of change and transformation

(k)   ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government (2010)*

(l)   ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the *Role of the Head of Internal Audit (2010)*

(m)   ensuring effective arrangements are in place for the discharge of the monitoring officer function

(n)   ensuring effective arrangements are in place for the discharge of the head of paid service function

(o)   undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committee – Practical Guidance for Local Authorities*

(p)   ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

(q)   maintaining appropriate arrangements for whistle blowing and for receiving and investigating complaints from the public

(r)   identifying the development needs of members and senior staff in relation to their strategic roles, supported by appropriate training

(s)   establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

(t)   enhancing the accountability for service delivery and effectiveness of other public service providers

(u)   incorporating good governance arrangements in respect of partnerships and other joint working and reflecting these in the authority's overall governance arrangements

3.2 The main features of each of these contributory components are as follows -

(a) **identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users**

- the **Council Plan** is a key component of the County Council's policy framework, setting out the Council's objectives and how its resources are to be used to deliver those objectives. The process of developing it is closely allied to the budget setting process and this demonstrates the strong relationship running through the Council's objectives, priorities and allocation of resources. The Council Plan agreed in February 2015 sets out the Council's vision, values and objectives to 2020 together with priorities for action for 2015/16. The refreshed **2014-17 North Yorkshire Community Plan** has been launched. This has gone through a period of partner consultation to ensure it focusses on important issues for our communities which need partnership effort to be tackled effectively.

- the **Medium Term Financial Strategy** (MTFS) sets out how the County Council will finance the Council Plan over the medium term. The Strategy covers the period up to and including 2019/20 and was approved by the County Council on 18 February 2015. It should be noted that it is based upon estimates on funding as no firm information is available at this stage. In addition the budget for 2015/16 was approved which included the savings requirement for that year as part of the 2020 North Yorkshire Programme.

- **paragraph 3.2(s)** provides details of how the County Council communicates with the community, other stakeholders and its staff

(b) **reviewing the authority's vision and its implications for the authority's governance arrangements**

- as indicated in **paragraph 3.2 (a) above**, the key corporate strategy documents (ie the **Council Plan, Medium Term Financial Strategy** and **Revenue Budget**), are reviewed and updated annually

- the Terms of Reference of the Audit Committee require it to maintain an on-going assessment of the adequacy and effectiveness of the internal control environment within the County Council. The published Work Programme for the **Audit Committee** includes provision to review the impact of changes to service delivery and / or management processes on the governance arrangements of the County Council

- the **Members' Constitution Working Group** supported and advised by the **Monitoring Officer** review all aspects of the Constitution on an annual basis. The 2015 review was reported to full County Council on 20 May 2015

(c) **translating the vision into objectives for the authority and its partnerships**

- based on the Council Plan and annual Budget / MTFS process, each Service Unit sets out its detailed objectives, performance targets, available resources and risk assessment which are included in a Directorate / Service Plan.

- an annual review is carried out on partnership arrangements which considers a range of factors.   This is reported to the Audit Committee and the Executive as part of the Council's approach to governance.

(d) **measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money**

- there is an **integrated Service Planning and Budget Process** under which each Service Unit in each Directorate sets out its detailed objectives, performance targets, available resources and risk assessment. These feed into both the Council Plan and the annual Budget/MTFS process

- the **Performance Management framework**, continues to be refined. There is quarterly reporting of key performance information to Management Board and a joint meeting of Executive and the Scrutiny Committee Chairs. In 2013/14 a revised approach was taken to the quarterly reports so that a more rounded view was provided of key service areas throughout the Council. This revised information brings together activity levels; financial information (e.g. cost drivers); quality issues; customer feedback; and improvement areas. Supplementary information continues to be provided on HR, compliments and complaints as well as financial monitoring information. Part of this approach is to ensure that the key components of value for money are considered together and that both senior management and Members can better understand and challenge key services and areas of Council spending. This is supplemented by more frequent reporting and monitoring processes within Directorates

- **comprehensive budgeting systems** are applied across all Directorates. Further work is under way as part of the 2020 Finance Programme in order to further improve budgeting across the Council. This includes greater use of systems supplemented by a proposed restructure of the finance function into a more consolidated service. Budget managers and other stakeholders are being engaged as part of the change.

- priority has been given to frontline services in determining the savings programme as part of the **2020 North Yorkshire Programe**. The One Council Programme was instrumental in maintaining a focus on simplifying, standardising and sharing across the Council so that back office costs are kept to a minimum. This builds upon a protracted period of delivering savings through Gershon targets and provides some of the principles that continue to underpin 2020 North Yorkshire.

- in the past benchmarking statistics have shown an overall level of high performance and value for money for the County Council. The abolition of much of the national indicator set has made this increasingly difficult. Ofsted benchmarking data continues to show the County Council in a positive light but in other areas greater reliance is made on "softer" networking in order to identify areas of best practice across the country. An increased focus on team performance is also

providing key management information to assess the productivity of staff and teams and ultimately services with a view to driving improvements in performance. This approach is incorporated into the quarterly monitoring reports provided to the Executive and will help to shape budget thinking on an on-going basis.

- the 2020 North Yorkshire Change Programme builds upon aspects of the One Council Change Programme and provides a framework within which the Council is planning to meet the challenging savings requirement over the remainder of the decade. The Programme still seeks to 'simplify; standardise; and share' across the Council but also builds in a number of cross cutting themes which set out some of the values, including:-

  - Stronger Communities – empowering local communities to encourage greater resilience
  - Customer – changing the way the Council interacts with its customers
  - Alternative Delivery Models and Commercial Focus – examining different ways of delivering services and reviewing opportunities to become more commercial, generating additional income
  - Property Rationalisation – looking to use less buildings where staff and customers use buildings in more modern ways
  - Organisational Development - developing the workforce and culture to ensure the Council is fit for purpose for the remainder of the decade

  Management Board acts as the Programme Board and a full set of governance arrangements are in place to ensure plans are well developed and implementation is monitored.

- an **Asset Management Strategy** has been in place since 2006. In addition to the redefinition of key corporate processes (eg purchasing and disposal of property) the adoption of a corporate approach to repairs/maintenance combined with up to date condition data, etc, has provided a foundation for a systematic approach to property improvement based upon the needs of the services (both users and providers). A Capital Project Management system (Gateway) has been implemented to improve the delivery of larger projects. The system is integrated with the job management system (PMCS) used by the County Council's property adviser, Jacobs UK; this integration means there is now a single source of data relating to projects, shared by the County Council and its principal adviser on property matters. The Corporate Asset Register system has been upgraded and has shared access for County Council and Jacobs' UK staff. The Executive also receives an **Annual Property Performance report** that details the progress made on key indicators relating to property and asset management

- the County Council's improvement priorities, as set out in the Council Plan and in its service performance plans and strategies, are **reviewed regularly** throughout the year. This is achieved through -

  ➔ quarterly reports on key service performance plus corporate issues such as personnel, finance and commendations / complaints are considered by Management Board, the Executive and Chairs of the Overview and Scrutiny Committees

  ➔ regular reports to Corporate Directors and Executive Portfolio Holders

➔ publication of an **Annual Report on Overview and Scrutiny** by the Scrutiny Board

(e) defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respective of the authority and partnership arrangements

- **Corporate Governance** (C-Gov) framework encompasses, defines and quality assures the various systems by which the County Council directs and controls its functions and relates to the North Yorkshire community. It is therefore the totality of the policies, management systems, procedures and structures that together determine and control the way in which the County Council manages its business, formulates its strategies and objectives and sets about delivering its services to meet those objectives, for the greater good of the community of North Yorkshire. The County Council aims to incorporate the principles of C-Gov into every dimension of its business to ensure that all stakeholders can have confidence in the decision-making and management processes of the authority, and in the conduct and professionalism of its Elected Members, officers and agents in delivering services. The **Local Code of Corporate Governance** defines these values and expresses the approach adopted by the County Council. Adherence to this Code is overseen and monitored by the Audit Committee. In addition, the C-Gov Officer Group meets three times a year to update its C-Gov self-assessment checklist and monitor progress, especially in addressing areas identified to be in need of improvement. The Local Code is reviewed annually alongside the preparation of this Statement

- additionally, the **Standards Committee** works on those areas of governance which fall within its remit. It is primarily concerned with standards of conduct for elected Members, the promotion of the principles in the Member Code of Conduct and the promotion of high ethical standards throughout the authority

- to ensure full compliance with the *Good Governance Standard for Public Services* and the CIPFA SOLACE *Delivering Good Governance in Local Government Framework*, the C-Gov Officer Group continues to maintain and regularly update, a **Self Assessment Check List** covering the whole internal control agenda. As part of this process, a record of key internal control weaknesses identified within the internal control environment is prepared which inputs to this Annual Governance Statement.

- the **Constitution** sets out how the County Council operates, how decisions are made and by whom, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution also embraces the detailed Contract, Financial and Property Procedure Rules, Scheme of Delegation, Codes of Conduct, etc. These are reviewed and updated on a regular basis to ensure they are consistent with the contemporary operating requirements of the County Council (see **paragraph 3.2(b)** for further details)

- all 72 Councillors meet together as the **Council**. Meetings are open to the general public. At its annual meeting in May each year the Council appoints its Chairman. The Leader is elected by the Council at its annual

meeting every four years in the election year, and s/he appoints the Executive Members, and determines their portfolios. The Executive set the Executive delegation scheme. The full Council is responsible for setting the budget and policy framework of the County Council

- the **Executive** is legally responsible for developing and making proposals to the Council for the budget and the policy framework and taking the decisions to implement them once they are agreed. If the Executive wishes to make a decision this must be referred to the Council as a whole to decide. They are also responsible for all other functions not falling within the responsibility of the Council or any other committee. Each Member of the Executive has a portfolio responsibility that relates to a specific area(s) of the County Council's services and responsibilities. The Executive meets formally at least once a month but will hold informal meetings on a more regular basis as required to progress the business of the authority

- the **Management Board** (which comprises the Chief Executive and all Corporate Directors plus Assistant Chief Executives) is responsible for implementing all County Council policies and decisions at officer level, providing advice to Members, for co-ordinating the use of resources and the work of the Directorates. The 'Role of Management Board' is set out formally within the Constitution. Circumstances permitting, the Management Board meets weekly

- there are four **Overview and Scrutiny Committees** that support the work of the Council and the Executive, together with a Scrutiny of Health Committee. Their roles and responsibilities are detailed in Article 6 of the Constitution

- **Statutory Officers / Codes and Protocol** – the County Council employs officers to give advice, implement decisions and manage the day-to-day delivery of its services. Certain officers have a designated duty to ensure that the County Council acts within the law and uses its resources wisely **(see paragraphs 3.2 (f) and (g) below)**. A Protocol on Member / Officer relations, is part of the Constitution and, amongst other documents, governs the relationships between Officers and Members of the Council.

- pursuant to its powers under Section 101 of the Local Government Act 1972 the Council arranges for certain of its functions to be discharged by officers of the Council as set out in the **Officers Delegation Scheme**

- **Partnership Arrangements** - the County Council's Constitution and Finance Procedure Rules contain a number of important steps to be considered before the County Council enters into a partnership, including the need for approval by the Executive or under the terms of the Delegation Schemes, of appropriate written governance arrangements and interaction with the County Council's decision making arrangements commensurate with the role of the partnership, the part played in it by the County Council, and the risks attached to that

involvement. An annual report is made to the Executive and Audit Committee on the governance arrangements and work of partnerships.

(f) developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

- elected members have to agree to follow a **Code of Conduct** to ensure high standards in the way they undertake their duties. Members must complete a **Register of Interests** which is publicly available. The County Council has established a **Standards Committee**, which monitors the operation of the Code of Conduct. The Committee has in place procedures for the assessment, investigation and determination of complaints against Members (involving Independent Persons) and a procedure for granting dispensations.

- staff operate to a corporate behaviour and skills framework which is used to develop staff skills and monitor performance. A Manager's Pocket Book has been introduced in April 2013 outlining key behaviours for all managers in NYCC.

- there is a **Local Code of Corporate Governance** in place that is fully consistent with the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. The Local Code defines –

  → the fundamental values and principles of corporate governance

  → the corporate governance framework and arrangements to deliver it within the County Council

  → arrangements for annual review and reporting of the framework

- **Registers of interests, gifts and hospitality** are also maintained for Members and officers. Details of **Related Party Transactions** are sought from all Members and senior officers

(g) reviewing the effectiveness of the authority's decision making framework including delegation arrangements, decision making in partnerships and robustness of data quality

- as explained in **paragraph 3.2(e) above**, the **Constitution** sets out how the County Council operates, how decisions are made and by whom, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution also embraces the detailed Contract, Financial and Property Procedure Rules, Scheme of Delegation, Codes of Conduct, etc. These are reviewed and updated on a regular basis to ensure they are consistent with the contemporary operating requirements of the County Council (see **paragraph 3.2(a)** for further details)

- as indicated above, the Council has approved **Budget and Policy Framework Procedure Rules, Contract Procedure Rules, Financial Procedure Rules, and Property Procedure Rules**

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The purpose of these rules is to set out a framework within which the County Council conducts its business affairs. These rules are applied and monitored by the Corporate Director – Strategic Resources and are designed to ensure that proper financial arrangements are in place and operational at all times across the County Council. They are reviewed by the Audit Committee on an annual basis

- **independent monitoring** of all the above by the Monitoring Officer, Section 151 Officer and Head of Internal Audit on a regular basis

- **Partnership Arrangements** – the County Council's Constitution and Finance Procedure Rules contain a number of important steps to be considered before the County Council becomes involved in a partnership. (see **paragraph 3.2(e)** above for further details)

(h) reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

- the County Council's comprehensive, well established and award winning approach to **risk management** is laid out in the Corporate Risk Management Policy and its associated Strategy. These documents were reviewed in 2014/15 and are due to be reviewed again during 2017/18. Risk Registers are developed and maintained at Corporate, Directorate and Service Unit levels. The generic risk assessment methodology is also applied to specific key projects or areas of policy development (eg Bedale and Leeming Bypass). The **risk prioritisation process** is designed to identify key risks that are a threat to the achievement of objectives, evaluate risk controls and ensure risk reductions are embedded within Service Performance Plans

- Internal Audit (Veritau) review the effectiveness of the framework for identifying and managing risks on a regular basis. Any weaknesses identified are addressedand progress to rectify those weaknesses is monitored by the Corporate Risk Management Group as well as Internal Audit.

- a progress report on risk management is made to the Audit Committee on a 6 monthly basis. The Audit Committee's role is to assess the effectiveness of the authority's risk management arrangements and to review progress on the implementation of risk management throughout the authority.

- Corporate Directors provide an update on the progress of mitigating risks identified in their risk registers to Audit Committee once a year.

- clear accountability is shown in both the Corporate Risk Management Policy and Strategy and as part of the risk register process.

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(i)   **ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained**

- the County Council has approved and implemented a formal **Counter Fraud Strategy** which is reviewed annually by the Audit Committee. The Strategy is designed to minimise the risk of fraud and corruption by adopting and maintaining measures which prevent fraud occurring, that ensure instances of fraud which do occur are detected promptly and enable the robust action to be taken against any perpetrators.

- the **Counter Fraud Strategy** reflects the best practice guidance contained in the CIPFA Code of Practice on managing the risks of fraud and corruption. The Strategy is also aligned with a number of other policies and processes which the County Council has established to raise awareness of fraud risks and enable Members, employees, contractors and others to report concerns. These include fraud awareness training and publicity, the **Whistleblowing Policy** and associated systems, and the **Anti-Money Laundering Policy.**

- the risks of fraud and corruption are kept under constant review. A formal **Fraud and Loss Risk Assessment** is also completed each year by Internal Audit and the results are report to the Audit Committee. Preventative measures are taken to address any new or emerging risks.

- where instances of fraud are detected, Internal Audit (Veritau) will work closely with management and other agencies to ensure that the allegations are fully investigated, the extent of any losses is quantified, evidence is properly collected for further action (including possible criminal or disciplinary action), losses are recovered where possible and appropriate measures are taken to prevent any further occurrences.

(j)   **ensuring effective management of change and transformation**

- a significant degree of change is as a result of the need to make budget savings. Progress is monitored on an on-going basis as part of the Revenue Budget monitoring exercise as reported in the Quarterly Report to the Executive.

- significant areas of change will require Executive approval and will often involve updates being brought back to a future Executive meeting. One such example is the 2020 North Yorkshire Programme where the Executive authorise release of funding to implement elements of the Programme as well as monitoring progress.

- significant change projects are managed by a Programme Board with appropriate governance arrangements. For example, the 2020 North Yorkshire Programme Board function is carried out by Management Board in recognition of the importance of the Programme. The task of this Board, and others, is to ensure that benefits are realised and that progress is on track and, where not, that corrective actions are taken. Similar governance arrangements can be found throughout all Service Directorates where there are significant change or capital programmes.

- there are also development interventions which are available for teams to utilise to support the embedding of new team structures, new ways of working and processes. These development interventions will also improve and support staff

resilience in times of change, thus reducing health and wellbeing problems associated with significant change.

- a range of project and change managers specialist resource can be drawn upon where required. Guidance and training is available and provided across the council on project and change management where required.

- managing change is a key component in all of the staff development programme and particularly for management. The revised middle manager development programme has taken the opportunity to review material and bring together key support resources to assist.

- A suite of online resources, on a range of subjects regarding good performance management, engagement and change management is available for managers and staff.

- managers across the council are expected to embrace innovation and display the correct behaviours delivering change. This is set out in the behaviour and skills framework which is a fundamental part of the appraisal process.

(k)   ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)

- the **statutory duties of the Corporate Director – Strategic Resources** in relation to financial management derive from five principal sources:

  → Section 151 of the Local Government Act 1972
  → Section 114 of the Local Government Financial Act 1988
  → Local Government Act 2000 (particular decisions contrary to policy or budget)
  → Local Government Act 2003 (prudential limits for borrowing and investment)
  → Accounts and Audit Regulations 2015

  The Corporate Director – Strategic Resources(CD-SR) drafts a **Medium Term Financial Strategy** and presents it (as least) annually to the Executive and the Council; linked to this Strategy are the detailed **Revenue Budget, Savings Plan, Capital Plan, Treasury Management** arrangements and **Prudential Indicators**

  The CD-SR is responsible for determining the accounting procedures, the form of financial records and statements and for maintaining the financial accounts of the County Council. The CD-SR also ensures that proper accounting arrangements are established in all Directorates. Individual Corporate Directors are responsible for the satisfactory operation of financial and accounting systems, and associated controls, within their Directorates – this responsibility is defined in the Financial Procedure Rules.

To support this process, there is an Assistant Director (qualified as an Accountant) allocated to each Directorate with specific responsibility for financial matters. The postholder sits on the Management Team of the Service Directorate and Strategic Resources.

It is the duty of all Service Managers within Directorates to plan and manage their budgets to meet the agreed bottom line budget figure for their Service Unit. This includes ensuring that adequate arrangements exist for monitoring revenue and capital budgets throughout the year, and taking action to adjust the budget to ensure that overall control of expenditure is maintained. The CD-SR is responsible for submitting a quarterly report to Executive on the overall Revenue Budget / Capital Plan position; this report is part of the Quarterly Performance and Improvement reporting arrangements referred to in **paragraph 3.2(d) above**

The CD-SR prepares and publishes an annual **Statement of Final Accounts** that conforms to all statutory and professional requirements, codes of practice and timetables

- the CD-SR is the Chief Financial Officer (CFO) for the purposes of compliance with the CIPFA Statement referred to in **paragraph 1.5** above

- the **external auditor** for 2014/15 appointed by the Audit Commission is Deloitte: They will publish an Annual Audit Letter on the completion of their audit that follows the end of each financial year

- under the Accounts and Audit Regulations 2015, the County Council has a legal responsibility to provide an adequate and effective **internal audit** of its records and control systems. The Council has delegated this responsibility to the CD-SR who provides the service through Veritau*

Using a risk assessment methodology, the Head of Internal Audit produces an **Annual Audit Plan** for approval by the CD-SR. It is also endorsed by the Audit Committee; progress against this Plan is reported quarterly to the CD-SR and to the Audit Committee.

In addition to carrying out the work specified in the Annual Audit Plan, Veritau* also provides –

➜ advice and assistance to service managers in the design and implementation of internal controls

➜ support to managers in the prevention and detection of fraud, corruption and other irregularities

➜ development of the Information Governance Framework and the provision of advice and guidance on information governance related matters.

The Head of Internal Audit provides an **audit opinion,** based on the level of assurance gained by the work carried out, for each audit undertaken.

At the end of the financial year, a summary of the audit work carried out is reported to each Corporate Director and an audit opinion, based on the

overall level of assurance, is given for each Directorate. In each case these reports are cross referenced to the Directorate Risk Register and an **annual Statement of Assurance provided by the Corporate Director. The Head of Internal Audit also submits an Annual Report** to the Audit Committee that includes his overall opinion on the adequacy and effectiveness of the internal control environment for the County Council as a whole.

*see note in paragraph 3.2(p) below. The Head of Internal Audit is the CEO of Veritau

(l)   **ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the *Role of the Head of Internal Audit (2010)***

The Head of Internal Audit is responsible for reviewing and reporting on the adequacy and effectiveness of the County Council's control environment. The objective is to provide independent and objective assurance to management and those charged with governance, including the Corporate Director – Strategic Resources and the Audit Committee. Where weaknesses in control are identified then Internal Audit will support management to make the necessary improvements. The Financial Procedure Rules provide the overall framework for internal audit activities within the County Council, and define the respective roles and responsibilities of management and the Head of Internal Audit as well as confirming internal audit's rights of access to premises, information, records and other documentation. The specific objectives, scope and approach to internal audit are set out in the Audit Charter which is reviewed annually and subject to approval by the Audit Committee.

The CIPFA Statement on the Role of the Head of Internal Audit contains five principles which set out the governance arrangements necessary to ensure that the Head of Internal Audit is able to operate effectively and perform his/her core duties. The County Council's arrangements for internal audit have been assessed against the five principles and are considered to be compliant.

(m)   **ensuring effective arrangements are in place for the discharge of the monitoring officer function**

The Council has appointed the Assistant Chief Executive Legal and Democratic Services as Monitoring Officer. The role and duties of the Monitoring Officer are contained in the Council's Constitution and appropriate resources are made available for him/her to undertake the role. The Monitoring Officer is a member of the Council's Management board, and has sight of all Committee and Executive reports before they are presented to Members.

(n) **ensuring effective arrangements are in place for the discharge of the head of paid service function**

> The Council has appointed the Chief Executive as Head of Paid Service. The role and duties of the Head of Paid Service are contained in the Council's Constitution, and the Chief Executive leads the Council's Management Team and appropriate resources are made available for him/her to undertake the role.

(o) **undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities**

- a separate Audit Committee has been in operation since April 2006. **(See Section 6 below)**. A key role of the Audit Committee is to act as the responsible body charged with ensuring that a sound system of internal control operates throughout the County Council. In doing so, it provides independent assurance to the Council on the adequacy of the risk management framework and the associated control environment and independent scrutiny of the County Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment. It also oversees the Procedure Rules that relate to Contracts, Finance and Property matters as well as the Information Governance and Counter Fraud arrangements. It is also responsible for scrutinising the Treasury Management policies and activities of the County Council are for ensuring that arrangements exist to secure value for money.

(p) **ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

- the Assistant Chief Executive (Legal and Democratic Services) is currently the officer designated by the County Council as the **Monitoring Officer** and is responsible for performing the duties imposed by **Section 5** of the **Local Government and Housing Act 1989** which relate to ensuring the legality of the Council's operations and the duties in the Localism Act 2011 relating to the promotion of high ethical standards. The Monitoring Officer is a member of the Management Board and attends and monitors decision making at the County Council, Executive and all Committees

- the Corporate Director – Strategic Resources is the Chief Financial Officer for the purposes of S.151 of the Local Government Act 1972 (see **paragraph 3.7(g)** for further details)

- the requirements of the **Data Protection** and **Freedom of Information** legislation are co-ordinated by an Information Governance Team (part of Veritau) which, working in conjunction with the Corporate Information Governance Group (CIGG), assist the Corporate Director – Strategic Resources in developing and implementing a comprehensive Information Governance Framework

- the County Council operates an **Information Security Management System** which is certified to the requirements of ISO/IEC 27001 (Information Security). Official Certification was received on 31 January

2011. Work to maintain this standard is coordinated by the Senior Information Security Compliance Officer working in conjunction with the Information Governance Team. Compliance has been maintained since this date with re-certification completed in 2013, and further review audits by BSI (British Standards Institute) carried out every six months.

- in addition, the County Council now operates an **Information Technology Service Management System** which was awarded certification to ISO/IEC 20000 in February 2013. ISO 20000 provides quality assurance to the processes, policies and procedures operated in the delivery of ICT Services to the council and is the only standard specifically aligned to Information Technology service delivery and service management. By achieving and maintaining certification of both standards this serves to deliver services which are compliant, quality assured, and provide continual improvement.

- ICT Services in North Yorkshire County Council are amongst only five other local authorities who have achieved certification to both these internal standards. Achieving certification to these standards demonstrates the County Councils continued commitment to protect the data we hold and provide secure IT systems to our staff, partners and citizens.

- the council is also amongst the first local authorities to be certified to the **Public Sector Network (PSN)** Code of Connect version 2.7. The certifications have enabled the Council, for example, to be certified for connection to secure video conferencing with the Criminal Justice System. The certification also enabled our connection to the NHS.net. The standards allow us to use both the British Standards Institute kite mark and the United Kingdom Accreditation Service assurance mark.

- the Corporate **Health and Safety** Policy has been completely rewritten and adopted in May 2015. The Policy takes account of recent HSE guidance relating to the management of health and safety and sets out the key responsibilities of staff. To coincide with the introduction of the new Policy, work is on-going to identify the key risks that the Council faces in order to develop and implement suitable controls. Action plans are also being developed to ensure that health and safety risks are appropriately managed across the County Council.

- the County Council approved a revised **Equality and Diversity Policy Statement** in February 2012 . The County Council has also published equality information and objectives as required by the Equalities Act 2010

- there is a comprehensive annual plan for Employment Policies to ensure that all policies and practices adhere to all relevant legislation. All policy updates go through a full consultation with unions recognised by the County Council.

- **Internal Audit** arrangements operate in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual work programme is set out in an Audit Plan following the production of an Audit Risk Assessment and consultation with individual Directorates and the External Auditor. The Audit Committee approves the Audit Plan and receives, thereafter, regular

reports on its progress. The Head of Internal Audit expresses an opinion on the control environment within each Directorate on an annual basis; he also submits an Annual Report to the Audit Committee which includes his/her overall opinion for the County Council as a whole. During 2014/15, the Audit Plan included audits on a number of corporate themes, such audits are key to providing the appropriate assurance to the County Council that its overall governance arrangements remain effective.

> Note – a company, Veritau, was established in April 2009 to provide internal audit and a range of related services to both the City of York Council and the County Council. Both authorities own a 50% share of the company with existing staff and facilities transferring to the company on that date. For governance purposes, Veritau reports to the Audit Committee in the same way as its in-house predecessor.

(q) whistle blowing and for receiving and investigating complaints from the public

- the County Council has approved and implemented a formal **Whistleblowing Policy** which is reviewed annually by the Audit Committee

- the County Council has a **complaints procedure** that is advertised by leaflets and on its website. The procedure includes targets for acknowledging and responding to complaints in full.

(r) identifying the development needs of members and senior staff in relation to their strategic roles, supported by appropriate training

- developing the skills of Members is being targeted through a **Member Development Programme**, a dedicated online learning site and a suite of resources and training events. There is also a specific induction programme for any newly elected Member(s) and comprehensive induction following the election.

- the corporate **Workforce Plan** is supported by Directorate specific Workforce Development Plans which identify all developments and training requirements (including mandatory and regulatory) as well as individual needs, resulting from annual appraisals. The Plans detail how the needs of staff will be met and are reviewed, evaluated, and amended as necessary.

(s) establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

- **elected Members** have a significant role to play in ensuring compliance and propriety, either collectively (eg through the work of the Overview and Scrutiny Committees), and individually as local representatives, providing feedback from their constituents

- the County Council communicates the Vision of its purpose and intended outcomes for all stakeholders to enable accountability and encourage open consultation. To enable this, analysis of the County Council's

stakeholders is undertaken and **relevant and effective channels of communication** are developed. Key mechanisms include –

→ publishing a Council Plan and annual Statement of Final Accounts to inform stakeholders and services users of the previous year's achievements and outcomes

→ engagement with strategic partners through the publication of the North Yorkshire Community Plan and delivery of priority outcomes.

→ opportunities for the public to engage effectively with the County Council including attending meetings

→ a Citizens' Panel of 2000 residents who are consulted on a wide range of issues at least once a year

→ consultation toolkit that provides advice to all staff about how to consult effectively

→ an engagement promise setting out in simple terms how everyone who lives or works in the county, or uses the County Council's services can influence decisions relating thereto

→ maintaining a County Council website that provides access to information, delivers services and opportunities for public engagement, including delivery of information required by the transparency agenda

→ developing social media to inform and engage with residents on development of services, provision of information, responding to concerns and issues, etc

→ publication of an e-newsletter, available by subscription or through the council website, covering news and information about the County Council and its services; there are currently over 4000 subscribers

→ a partnership with 6 local newspapers to provide a monthly round-up of news and information specific for the local area, for local readers

→ communicating and engaging with staff across the County Council, through a number of different internal communications channels

(t)   enhancing the accountability for service delivery and effectiveness of other public service providers

● the County Council and the other eight local authorities in North Yorkshire Police Force area have established the North Yorkshire Police and Crime Panel as a joint committee to scrutinise the directly elected Police and Crime Commissioner as required by the Police Reform and Social Responsibilities Act 2011. The Panel is hosted by the County Council and has a work programme agreed by the Panel.

- the County Council has created a Health and Wellbeing Board and procured support services to provide the Local Healthwatch service as required under the Health and Social Care Act 2012.

(u) **incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements**

- the County Council's Constitution and Finance Procedure Rules contain a number of important steps to be considered before the County Council becomes involved in a partnership, including the need for approval by the Executive or under the terms of the Delegation Schemes, of appropriate written governance arrangements and interaction with the County Council's decision making arrangements commensurate with the role of the partnership, the part played in it by the County Council, and the risks attached to that involvement. An annual report is made to the Executive and Audit Committee on the governance arrangements and work of partnerships.

- where the County Council is a substantial **equity holder in a company** (ie NYnet, Veritau, Yorwaste) it will ensure appropriate governance arrangements are in place both within the company and as between the company and the County Council. These will be based on the Local Code but also take into account the operational circumstances of the company. A requirement to report annually to the Executive on the Business Plans and financial performance of these companies was introduced in 2011/12

4.0 ROLE OF THE CHIEF FINANCIAL OFFICER

4.1 In the County Council the Corporate Director – Strategic Resources fulfills the role of the CFO as defined in the CIPFA Statement referred to in **paragraph 1.5** above.

4.2 A full assessment of the criteria in the CIPFA Statement was undertaken for the 2009/10 AGS. This area is picked up as part of the annual review of the Corporate Governance Checklist and the Corporate Director Strategic Resources is of the opinion that the County Council fully complies with the Statement.

5.0 REVIEW OF EFFECTIVENESS

5.1 The County Council has responsibility for formally conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

5.2 On behalf of the Audit Committee, and in conjunction with Corporate Directors and senior officers, the Corporate Governance Officers Group, (which includes the Monitoring Officer, Section 151 Officer and the Head of Internal Audit) reviews the effectiveness relating to the development and maintenance of the governance environment of the organisation on a regular and ongoing basis by referring, amongst others, to the work of

➜ the Executive

➜ the Management Board

➜ the Corporate Directors and their Service Unit Heads in the individual Directorates

➜ the Internal Audit function (as carried out by Veritau) and the Insurance & Risk Management Section

➜ the Standards Committee

➜ the Audit Committee

➜ the External Auditor (Deloitte LLP) and other external inspectorates

5.3 In relation to the Management Board, all of the Corporate Directors have prepared and signed individual **Statements of Assurance** for 2014/15 relating to the governance and internal control procedures, and the review thereof, in their service areas. In addition the Chief Executive has prepared and signed a further Statement of Assurance on behalf of himself and the Management Board as a whole.

5.4 This on-going review of the effectiveness of governance and internal control systems is also informed by the work of Veritau who have responsibility for providing assurance on the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

6.0 ACTIVITIES OF THE AUDIT COMMITTEE

6.1 During 2014/15 the Audit Committee met six times and -

➜ approved the Internal Audit work plan

➜ considered the annual fraud and risk loss assessment

➜ considered the work done by Veritau throughout the year. Where necessary, confirmation was requested from Corporate Directors that improvements in control were being made in line with agreed action plans

➜ considered the governance arrangements of the County Council's significant partnerships

➜ ensured that the ongoing work in relation to improvement issues on Corporate Governance, Information Governance, Business Continuity and Risk Management, was progressing

→ considered the proposed Audit Plan of the External Auditor and reviewed any reports they have produced concerning the financial statements of the County Council for 2013/14

→ considered the arrangements made by the County Council in securing value for money

→ held separate one to one meetings with the External Auditor and the Head of Internal Audit

→ reviewed the Contract, Finance, and Property Procedure Rules of the County Council

→ considered the Treasury Management arrangements of the County Council and made recommendations for improvement to the Executive

→ reviewed changes to the County Council's counter fraud policy framework

→ considered the Annual Report of the Head of Internal Audit expressing his opinion on the overall controls environment operating within the County Council. This report also highlighted the significant breaches of Procedure Rules found by Veritau* during the year and the steps taken by management to address them

→ agreed the Statement of Final Accounts submitted by the Corporate Director – Strategic Resources following robust challenge of the accountancy principles adopted

6.2 In addition the Audit Committee has:-

→ approved minor changes to the Internal Audit Charter

→ reviewed the outcome of the Corporate Governance self-assessment checklist and approved changes to the County Council's Local Code of Governance

→ considered the corporate governance arrangements in respect of the North Yorkshire Pension Fund.

→ monitored progress towards developing an Information Governance framework for the County Council and considered performance in dealing with Freedom of Information requests within the statutory deadline

6.3 All this work has been used in supporting the preparation of the County Council's (ie this) Annual Governance Statement for 2014/15.

7.0 SIGNIFICANT GOVERNANCE ISSUES

7.1 The governance and internal control arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period and that significant risks impacting on the achievement of the County Council's objectives have been mitigated.

7.2 On the basis of the review work carried out it was considered that the majority of the governance and internal control arrangements continue to be regarded as fit for purpose in accordance with the governance framework during the financial year 2014/15. **There were, however, some areas identified which require attention to**

address weaknesses and ensure continuous improvement of governance and internal control arrangements; included within this definition are issues related to service delivery, the satisfactory achievement of which will depend in some measure on changes to / improvements in governance and internal control arrangements. Having regard to the published guidance on the governance framework, these are disclosed in the Table below.

7.3 As part of preparing the Table below, a review was undertaken of the issues identified in the equivalent Table in the 2013/14 Annual Governance Statement. Some of these issues were not fully resolved in 2014/15, but some of these "incomplete" issues have reappeared in the Statements of Assurance for 2014/15 prepared by Corporate Directors. Therefore, the items including the table below represent the list of key issues requiring attention in 2015/16. **TO BE COMPLETED**

Ref	Issue requiring improvement	Action taken to date / planned 2015/16
A1		
A2		

8.0 SUMMARY

8.1 The governance framework operating during 2014/15 is considered to have provided reasonable and objective assurance that significant risks impacting on the achievement of the County Council's principal objectives would be identified and actions taken to avoid or mitigate their impact.

8.2 This also includes the level of conformance with the Code of Managing the Risks of Fraud. Having considered all the principles, we are 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.

8.3 Some issues that require attention have, however, been identified and these are set out in **Section 7** above together with details of how they will be addressed during 2015/16. Reports on progress will be submitted to the Audit Committee.

9.0 SIGNATURES

9.1 We, the undersigned, accept primary responsibility for the content of this Annual Governance Statement and will over the coming year, take steps to address the matters identified in Section 7 of this Statement to further enhance the governance arrangements of the County Council. We are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of the next annual review.

Signed:

Cllr Carl Les
Leader of the County Council

Date:

Richard Flinton
Chief Executive

Date:

Barry Khan
Assistant Chief Executive
(Legal and Democratic Services)
(Monitoring Officer)

Date:

Gary Fielding
Corporate Director – Strategic
Resources (Section 151 Officer)

Date:

9.2 I confirm that the Audit Committee (meeting on the 24 September 2015) was satisfied, on the basis of the information available to it, that this Annual Governance Statement for 2014/15 has been prepared and approved after due and careful enquiry.

Cllr Mike Jordan
Chairman of the Audit Committee

Date:

NORTH YORKSHIRE COUNTY COUNCIL

The County 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. In discharging this accountability, all Members and senior officers of the County Council are responsible for putting in place proper risk management processes and internal controls to ensure the proper stewardship of the resources at its disposal.

As a Corporate Director and member of the Management Team, I have corporate responsibility for maintaining a system of sound internal controls and risk management processes within the County Council and service management responsibility for maintaining a system of sound internal controls and risk management processes within the Business & Environmental Services Services Directorate that support the achievement of both Corporate and the Directorate's objectives.

The system of internal controls is based on an ongoing process designed to identify the principal risks to the achievement of these objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

As a Corporate Director, I have responsibility for reviewing the effectiveness of the system of internal control and risk management processes in the Business & Environmental Services Directorate. My review of the effectiveness of the system of internal controls has taken into account the following:-

- adequacy and effectiveness of management review processes
- outcomes from the formal risk assessment and evaluation process (Directorate Risk Register)
- relevant self-assessments of key service areas within the Directorate
- relevant internal audit reports and results of follow ups regarding implementation of recommendations
- outcomes from reviews of services by other bodies including Inspectorates, external auditors etc
- the framework of controls that operate in relation to individual partnerships where some aspects of the necessary controls are the responsibility of the partner to operate / apply

I confirm that the Business & Environmental Services Directorate has a full set of business continuity plans and that they will continue to be refreshed as and when necessary and at least on an annual basis.

I also confirm that the Business & Environmental Services Directorate understands the importance of keeping sensitive information secure and has the appropriate policies and procedures in place

I am satisfied that a sound system of internal control has been in place for the financial year ended 2014/15 in the Business & Environmental Services Directorate. Nevertheless, during the year my review work has identified some areas for further development and these are set out in the *attached schedule*. I propose to take steps to address the matters so identified which should enhance the system of internal controls. I will be monitoring to ensure their effective implementation and operation.

I also understand that this Statement of Assurance will be relied upon by those Members and Officers signing the Annual Governance Statement 2014/15 (the "Document") and by the Audit Committee reporting on the Document.

I therefore confirm that I am not aware of any material statement in, or omission from, the Document which would make the Document misleading. In respect of the Directorate for which I am responsible I can confirm that I have made due and careful inquiry and that the statements relating to my Directorate, in particular those contained in Section 3 of the Document, fairly represent the key elements of the internal control environment within my Directorate. I also confirm that there are no matters relating to my Directorate omitted from Section 7 of the Document which, in my view, merited inclusion.

The assurances given above are all based upon the information that has been made available to me.

Signed:

David Bowe
Corporate Director – Business & Environmental Services

Date:

	AREAS FOR FURTHER DEVELOPMENT IDENTIFIED		
	BUSINESS & ENVIRONMENTAL SERVICES DIRECTORATE		
	Areas for Development as Identified in 2014/15	Action Proposed	AGS?
A	**2020 North Yorkshire** The savings target for BES is £9.7m. A programme is in place to deliver this saving, however there are delivery risks in relation to a number of key projects (Grass cutting and Gully emptying).	a) Deliver savings target of £9.7m over the four year period from 2015/16, including robust assessment of business cases for key projects. b) Close monitoring of risks, delivery and associated mitigation actions through the Programme Manager, Programme Team and BESMT. Key actions include - public consultation (e.g. re Bus Service, to ensure delivery of service within cash-limited sum of £1.5m) - promoting & managing the use of volunteers (e.g. insurance flowchart) - as we move closer to statutory minimum in some areas – need to ensure that this standard is achieved, as there is no latitude to under-perform.	
B	**Capacity and Resilience** Ensuring appropriate levels of capacity and resilience within the directorate to meet required service levels remains a key action given the size of the current savings programme. This includes any necessary re-skilling of staff to meet new ways of working and the aims of the Council. Within this is continuing to take a more commercial approach to build income generation that in turn can help maintain a more resilient workforce. This is considered in all reviews of priorities, staffing levels and associated restructures.	(a) Continue to review staff capacity against service delivery requirements and incorporate into future savings plans and resource plan. Assess any post implementation impacts to ensure required service levels are met. (b) Where funding has been secured for the team to deliver joint outcomes (e.g. from Public Health) it is essential to manage performance in order to maintain the funding streams. (c) Use the staff resource allocation matrix that has been devised in Trading Standards to optimize the alignment staff resource across priorities.	

C	**Strategic Economic Development** The development of a Spatial Plan for the sub-region is critical to promote ambition and growth, including through feeding in to the development of a Strategic Transport Plan and Local Transport Plan 4. LEP funding streams continue to support the economic development of the county, including the Local Growth Deal funding of £123m	a) Develop a Spatial Plan for the sub-region, together with a Strategic Transport Plan and LTP 4. b) Continue to manage the LEP funding streams whilst ensuring the Council, as Accountable Body, is protected from any undue risk through the operation of sound assurance and due diligence practices.	
D	**Waste Management Strategy** Moving to Teckal arrangements for Yorwaste is a key factor in achieving the best value from the Waste PPP.	(a) Work closely with Yorwaste to monitor levels of waste throughput to ensure that these optimise the PPP plant operation in 2018. (b) Ensure robust management of the PPP plant utilising the.....(NEED TO GET NAME OF ACTION PLAN FROM IAN F)	
E	**Contract Management** Additional work is focused on ensuring we maximize the value from our contracts which represents over 70% of gross expenditure in the Directorate, including changing the remit of the Commercial Services Unit to focus on the management of Highways contracts. Resource is being utilized to review our key contracts to identify opportunities for savings, improving contractor/client relationships and effective performance management.	(a) Review contract arrangements across key activities in the directorate to identify savings, improved contract performance arrangements, and client/contractor relationships.. (b) Focus on key contracts such as the HMC 2012, Highways maintenance contract, waste and passenger transport – which are high value and/or high risk.	
F	**Highways Maintenance - Capital Funding** In future years up to £5.5m of the Council's DfT Highways capital funding will be dependent on meeting the requirements of "Incentive element" which are around efficiency and asset management.	a) Take steps to ensure compliance with Band 2 of the requirements in 2015/16 and Band 3 in 2017/18 (NEED TO CHECK DATES), including the development of a robust asset management plan.	

NORTH YORKSHIRE COUNTY COUNCIL

STATEMENT OF ASSURANCE 2014/15
BY CORPORATE DIRECTOR – CHILDREN AND YOUNG PEOPLE'S SERVICES

The County 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. In discharging this accountability, all Members and senior officers of the County Council are responsible for putting in place proper risk management processes and internal controls to ensure the proper stewardship of the resources at its disposal.

As a Corporate Director and member of the Management Team, I have corporate responsibility for maintaining a system of sound internal controls and risk management processes within the County Council and service management responsibility for maintaining a system of sound internal controls and risk management processes within the Children and Young People's Services Directorate that support the achievement of both Corporate and the Directorate's objectives.

The system of internal controls is based on an ongoing process designed to identify the principal risks to the achievement of these objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

As a Corporate Director, I have responsibility for reviewing the effectiveness of the system of internal control and risk management processes in the Children and Young People's Services Directorate. My review of the effectiveness of the system of internal controls has taken into account the following:-

- adequacy and effectiveness of management review processes
- outcomes from the formal risk assessment and evaluation process (Directorate Risk Register)
- relevant self-assessments of key service areas within the Directorate
- relevant internal audit reports and results of follow ups regarding implementation of recommendations
- outcomes from reviews of services by other bodies including Inspectorates, external auditors etc
- the framework of controls that operate in relation to individual partnerships where some aspects of the necessary controls are the responsibility of the partner to operate / apply

I confirm that Children and Young People's Services Directorate has a full set of business continuity plans and that they will continue to be refreshed as and when necessary and at least on an annual basis.

I also confirm that Children and Young People's Services Directorate understands the importance of keeping sensitive information secure and has the appropriate policies and procedures in place.

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I am satisfied that a sound system of internal control has been in place for the financial year ended 2014/15 in the Children and Young People's Services Directorate. Nevertheless, during the year my review work has identified some areas for further development and these are set out in the *attached schedule*. I propose to take steps to address the matters so identified which should enhance the system of internal controls. I will be monitoring to ensure their effective implementation and operation.

I also understand that this Statement of Assurance will be relied upon by those Members and Officers signing the Annual Governance Statement 2014/15 (the "Document") and by the Audit Committee reporting on the Document.

I therefore confirm that I am not aware of any material statement in, or omission from, the Document which would make the Document misleading. In respect of the Directorate for which I am responsible I can confirm that I have made due and careful inquiry and that the statements relating to my Directorate, in particular those contained in Section 3 of the Document, fairly represent the key elements of the internal control environment within my Directorate. I also confirm that there are no matters relating to my Directorate omitted from Section 7 of the Document which, in my view, merited inclusion.

The assurances given above are all based upon the information that has been made available to me.

Signed:

Corporate Director – Children and Young People's Services

Date:

	AREAS FOR FURTHER DEVELOPMENT IDENTIFIED CHILDREN'S AND YOUNG PEOPLE'S SERVICES DIRECTORATE		
	Areas for Development as Identified in 2014/15	**Action Proposed**	**AGS?**
A	**Upholding service performance with reducing resources** Maintaining and improving performance while reducing budget by over £17m in the 4-year period 2015-19, and preparing for future resource reductions required for 2020 North Yorkshire, while continuing to deliver quality frontline services. This objective requires the management of risks faced from externally-driven pressures on the County Council and on partners, such as the NHS, at a time when the landscape for services affecting children is changing rapidly.	a) Monthly CYPS Programme Board to assess ongoing progress of all projects b) Live Risk Register c) Use of Invest to Save opportunities d) Service Plans embedded through the directorate and being used as a live tool e) Individual Performance appraisals in place linked to delivery of service plans	
B	**Family Support and Safeguarding** We will only look after children and young people when it is necessary to do so. We seek a further safe reduction in numbers of 10%. Maintaining the recruitment and retention of high quality staff as a priority. In the light of the national profile around child sexual exploitation in Rotherham we recognise that such abuse exists in every local authority and we have to openly debate and tackle it.	a) Implementation of Post-Ofsted Action Plan b) Embed a single route into care with robust gatekeeping arrangements through new Exceptional Placements Panel c) Post-implementation review of new Prevention Service d) Single point of contact for referrals e) Ensuring that every child has a permanent care plan f) Mainstreaming of Developing Stronger Families programme g) New integrated Safeguarding Unit adding partnership capacity h) Delivery against No Wrong Door Innovation Programme i) Keeping agency staff usage to nil	

School Resources and Planning Maximise resources and use them fairly across North Yorkshire schools and settings; assist schools in facing longer-term financial challenges; work towards implementing a new way of delivering school improvement throughout the county. Ensure capital resources are used wisely to create a sufficiency of places at both existing and new schools	a) Monitor and contribute- through direct working with DfE – to the national review of school funding b) Enhance Schools Collaboration capacity and continue to monitor the impact of funding formula for schools, especially the impact on smaller, rural schools c) Ensure effective management of the Dedicated Schools Grant (DSG) working d) New NY Education Partnership established, with greater role in oversight of funding, school improvement and school organisation
Continuous Improvement Based on the self-assessment of service areas within CYPS, peer evaluation feedback and inspection outcomes a number of specific priority areas have been identified.	a) Review of Performance and Outcomes team and improved Business Intelligence capacity b) Better use of data and trend information to predict future outcomes c) Implement Post-Ofsted Inspection Action Plan d) Service Plans embedded through the directorate and being used as a live tool e) Individual Performance appraisals in place linked to delivery of service plans
Special Educational Needs and Disabilities Ensure we meet the statutory expectations of Part 3 of the Children and Family Act relating to high quality support for children with SEN(D)	a) External review of SEND b) Jointly commissioned improvement activity with partners (e.g. NYPACT and Flying High Group) c) Contribute to expected DfE review of High Needs Funding d) Implementation of strategy for supporting disabled children, young people and families e) Respond to DfE feedback and enhance accessibility of Local Offer

NORTH YORKSHIRE COUNTY COUNCIL

STATEMENT OF ASSURANCE 2014/15
BY CORPORATE DIRECTOR – HEALTH AND ADULT SERVICES

The County 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. In discharging this accountability, all Members and senior officers of the County Council are responsible for putting in place proper risk management processes and internal controls to ensure the proper stewardship of the resources at its disposal.

As a Corporate Director and member of the Management Team, I have corporate responsibility for maintaining a system of sound internal controls and risk management processes within the County Council and service management responsibility for maintaining a system of sound internal controls and risk management processes within the Health and Adult Services Directorate that support the achievement of both Corporate and the Directorate's objectives.

The system of internal controls is based on an ongoing process designed to identify the principal risks to the achievement of these objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

As a Corporate Director, I have responsibility for reviewing the effectiveness of the system of internal control and risk management processes in the Health and Adult Services Directorate. My review of the effectiveness of the system of internal controls has taken into account the following:-

- adequacy and effectiveness of management review processes
- outcomes from the formal risk assessment and evaluation process (Directorate Risk Register)
- relevant self-assessments of key service areas within the Directorate
- relevant internal audit reports and results of follow ups regarding implementation of recommendations
- outcomes from reviews of services by other bodies including Inspectorates, external auditors etc
- the framework of controls that operate in relation to individual partnerships where some aspects of the necessary controls are the responsibility of the partner to operate / apply

I confirm that Health and Adult Services Directorate has a full set of business continuity plans and that they will continue to be refreshed as and when necessary and at least on an annual basis.

I also confirm that Health and Adult Services Directorate understands the importance of keeping sensitive information secure and has the appropriate policies and procedures in place

I am satisfied that a sound system of internal control has been in place for the financial year ended 2014/15 in the Health and Adult Services Directorate. Nevertheless, during the year my review work has identified some areas for further development and these are set out in the *attached schedule*. I propose to take steps to address the matters so identified which should enhance the system of internal controls. I will be monitoring to ensure their effective implementation and operation.

I also understand that this Statement of Assurance will be relied upon by those Members and Officers signing the Annual Governance Statement 2014/15 (the "Document") and by the Audit Committee reporting on the Document.

I therefore confirm that I am not aware of any material statement in, or omission from, the Document which would make the Document misleading. In respect of the Directorate for which I am responsible I can confirm that I have made due and careful inquiry and that the statements relating to my Directorate, in particular those contained in Section 3 of the Document, fairly represent the key elements of the internal control environment within my Directorate. I also confirm that there are no matters relating to my Directorate omitted from Section 7 of the Document which, in my view, merited inclusion.

The assurances given above are all based upon the information that has been made available to me.

Signed:

Corporate Director – Health and Adult Services

Date:

AREAS FOR FURTHER DEVELOPMENT IDENTIFIED
HEALTH AND ADULT SERVICES DIRECTORATE

	Areas for Development as Identified in 2015/16	Action Proposed	AGS Inclusion?
	Demand outstrips budget provision for adult social care HAS have developed a resource predictive model based on nationally approved population and demographic trend analysis.	These tools and techniques will be used to: • Monitor the forecasting model to predict the pattern and anticipated cost which could occur within the County. • Continue to draw down from the incremental budget provision of £3m per annum from within the MTFS. • Monitor the trend information on a quarterly basis to ensure awareness of cost and volume changes relating to service delivery. • Further zero based budget review will take place in 15/16 with the integrated finance team to fully consider cost drivers and issues.	
	Implementation of Change and the Improvement Agenda and the linked budget savings As an integral part of the Council's overall 2020 North Yorkshire Programme HAS has an ambitious efficiency and transformational programme which seeks to: • make cost savings by improving service outcomes and redesigning service delivery • reduce demand for high cost services as well as disinvesting in traditional forms of service delivery. • invest in prevention services and supporting people at home. • increase the range of supported accommodation through Extra Care.	• A programme approach to managing and monitoring the savings projects and significant service change within HAS has been introduced and feeds into the 2020 North Yorkshire Programme Board. This enables monitoring of the achievement of individual projects and oversight of the overall programme. • The Programme includes adequate Corporate project management and business change support. • The HAS Leadership Team will receive monthly reports to allow the monitoring of progress and identification of interdependencies and	

		risks. It will also monitor and review progress and delivery of the change and savings programme to ensure delivery against key objectives and within available resources. • HAS will continue to play a key role in shaping the Councils' approach to cross cutting issues. These include the 'Stronger Communities' approach and the corporate work relating to customer services.	
	Market Forces Market forces lead to increases in the cost of care that cannot be contained within budgets, or threaten market disruption, and service continuity.	• Continue to undertake dialogue with the independent sector through the Market Development Board. This is a forum comprising representatives from the independent sector, voluntary sector, health and NYCC. • Continue to monitor agreed medium term rates for residential and nursing care, the impact of market forces. Undertake Cost of Care Exercise in 2015/16 with independent expert support. • Continue the procurement process on domiciliary care, learning from phase 1 and evaluating different options. • Continue to work with the market to provide more creative solutions and services rather than relying on the traditional approaches to meeting people's support requirements. • Develop a preventative services strategy to ensure citizens of North Yorkshire are aware of the universal services which are on offer and support them to live healthily and more	

		independently.	
	The Care Act HAS is in the process of preparing for the changes arising from the Care Act in 2016. The main impacts are to extend the remit of the Council to:- • a larger number of people than previously assessed within HAS (self-funders) • new financial limits on the total cost people can be expected to pay for care. There remains a significant degree of uncertainty about the financial and operational implications of these changes.	• HAS will continue to undertake modeling of the potential implications using various national models to predict costs and workloads. • A senior project board will monitor the impact of the 2015 changes and co-ordinate the work required for the 2016 requirements. • Up front Government funding to support the implementation will be managed to ensure preparation for the changes. • HAS will use regional and national networks to ensure innovative approaches are considered.	
	Deprivation of Liberty (DoLs)– Supreme Court ruling A Supreme Court ruling in 2014 has had significant implications for operational practice and consequent costs. The issue continues to be significant.	• A series of measures have been introduced to deal with the 10 fold increase in workload. These include additional internal resources, further training of assessors and negotiation with outside assessors. • A robust budget for 2015/16 has been set considering the experiences of the first year and expected demand. • The issue is subject to regular review by HAS Leadership team.	
	Working with the NHS The Council is working with the NHS to establish new financial and operational working arrangements arising from the changes through the Better Care Fund (BCF).	• The 15/16 BCF is operational with appropriate legal agreements in place. • Regular financial and scheme delivery monitoring takes place in joint Locality Boards based around CCG Boundaries. • Governance is established to allow escalation of issues and consideration of in year revisions to the plan.	

NORTH YORKSHIRE COUNTY COUNCIL

STATEMENT OF ASSURANCE 2014/15
BY CHIEF EXECUTIVE – CENTRAL SERVICES

The County 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. In discharging this accountability, all Members and senior officers of the County Council are responsible for putting in place proper risk management processes and internal controls to ensure the proper stewardship of the resources at its disposal.

As a Chief Executive and member of the Management Team, I have corporate responsibility for maintaining a system of sound internal controls and risk management processes within the County Council and service management responsibility for maintaining a system of sound internal controls and risk management processes within the Central Services Directorate that support the achievement of both Corporate and the Directorate's objectives.

The system of internal controls is based on an ongoing process designed to identify the principal risks to the achievement of these objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

As a Chief Executive, I have responsibility for reviewing the effectiveness of the system of internal control and risk management processes in the Central Services Directorate. My review of the effectiveness of the system of internal controls has taken into account the following:-

- adequacy and effectiveness of management review processes
- outcomes from the formal risk assessment and evaluation process (Directorate Risk Register)
- relevant self-assessments of key service areas within the Directorate
- relevant internal audit reports and results of follow ups regarding implementation of recommendations
- outcomes from reviews of services by other bodies including Inspectorates, external auditors etc
- the framework of controls that operate in relation to individual partnerships where some aspects of the necessary controls are the responsibility of the partner to operate / apply

I confirm that Central Services Directorate has a full set of business continuity plans and that they will continue to be refreshed as and when necessary and at least on an annual basis.

I also confirm that Central Services Directorate understands the importance of keeping sensitive information secure and has the appropriate policies and procedures in place

I am satisfied that a sound system of internal control has been in place for the financial year ended 2014/15 in the Central Services Directorate. Nevertheless, during the year my review work has identified some areas for further development and these are set out in the *attached schedule*. I propose to take steps to address the matters so identified which should enhance the system of internal controls. I will be monitoring to ensure their effective implementation and operation.

I also understand that this Statement of Assurance will be relied upon by those Members and Officers signing the Annual Governance Statement 2014/15 (the "Document") and by the Audit Committee reporting on the Document.

I therefore confirm that I am not aware of any material statement in, or omission from, the Document which would make the Document misleading. In respect of the Directorate for which I am responsible I can confirm that I have made due and careful inquiry and that the statements relating to my Directorate, in particular those contained in Section 3 of the Document, fairly represent the key elements of the internal control environment within my Directorate. I also confirm that there are no matters relating to my Directorate omitted from Section 7 of the Document which, in my view, merited inclusion.

The assurances given above are all based upon the information that has been made available to me.

Signed:

Richard Flinton
Chief Executive – Central Services

Date:

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	AREAS FOR FURTHER DEVELOPMENT IDENTIFIED CENTRAL SERVICES DIRECTORATE		
	Areas for Development as Identified in 2014/15	**Action Proposed**	**AGS**
A	**Medium Term Financial Strategy** The MTFS, as agreed in February 2015, took the County Council up to 31 March 2020. However, this was before the General Election, the impending emergency budget on 8 July and the expected spending review thereafter. There is therefore a need to ensure that the budget for 2016/17 and the refreshed MTFS reflect the latest projections on both funding and spending pressures.	a) Budget monitoring to continue as part of the quarterly reporting regime and to include the savings requirements as set out in 2020 North Yorkshire. b) A series of fundamental budget reviews to be initiated in order to ensure closer alignment between budget and council priorities. c) Refinement of MTFS in light of emergency budget on 8 July 2015. d) Realignment of MTFS in light of anticipated spending review in Autumn of 2015. e) Savings opportunities as part of integrated working with Health / Better Care Fund to be pursued during the year. f) Close monitoring and modelling of the impact of the Care Act to be carried out and lobbying of Government to ensure adequate funding is provided. g) Consideration of investment requirements and proposals in order to assist in delivery of savings and / or delivery policy priorities. Such proposals to be articulated in the budget / MTFS and quarterly reports.	Yes if deemed high level
B	**2020 North Yorkshire Programme** 2015/16 sees the first full year of the 2020 North Yorkshire Programme and it is therefore essential that the	a) Identification of pinch points and interdependencies between elements of the 2020 North Yorkshire Programme. Such	

	Programme is implemented in line with the benefits outlined. The Programme Management office is provided within Central Services and senior leadership within Central Services is important.	issues to be considered and prioritised where necessary. b) Resourcing requirements including investment proposals to be identified where they can help improve the delivery of the 2020 North Yorkshire Programme. c) Further develop good practise in production of business cases, ensuring consistent application across the council. d) Ensure on-going Member engagement at all levels from Executive through Overview and Scrutiny Committees and to all Members through Member's Seminars etc. e) Identify opportunities to highlight cultural impact of the 2020 North Yorkshire Programme and to engage wider staff participation.	
C	**Property** Whilst the property workstream is a cross cutting theme for the 2020 North Yorkshire Programme, there is also a need to establish a successor contract to the current Jacobs contract for provision of property design and management.	a) Develop proposals for property rationalisation with clear linkages to flexible working, improved information technology which is aligned with service requirements across the council. b) Clarify the relationship between "landlord" and "service tenants" including the centralisation of budgets relating to property across the council. c) Award the contract for property design and management and successfully manage the transition from the existing contract to the new contract which comes into effect on 1 April 2016.	
D	**Superfast North Yorkshire** Whilst the rollout of Superfast Broadband continues across North	a) Complete the rollout of phase 2 with BT under existing contract. b) Deliver the requirements under ERDF including support to	

	Yorkshire with the existing BT contract, there remains a shortfall of up to 10% which will require further intervention.	business as required in order to ensure that no funding needs to be paid back. c) Identify optimum opportunities for addressing the remaining 10% of the county which is not planned to receive Superfast Broadband.	
E	**Information Governance** Information Governance continues to be a stubborn issue despite significant profile given to the issue. This is primarily as a result of greater use of electronic information and a heightened awareness and reporting within the council of incidents.	a) A series of actions will take place which continue in line with previous strategies • Further Information Governance sweeps by Veritau and disciplinary actions being pursued against those where appropriate • Rollout of the refreshed training for Information Security and other related material • Implementation of the data sharing protocols between statutory partners and sharing of good practise to assist information sharing (rather than obstructing information exchanges). • On-going communications to staff to ensure good Information Governance including messages from Management Board and associated campaigns	
F	**Delivery of savings / improvements across Central Services** Various savings projects and initiatives are being led within Central Services which are contributing to 2020 North Yorkshire and related initiatives.	a) Identify and implement opportunities for savings and improvements between the County Council and Selby District Council as part of the Better Together Programme. b) Implementation of the 2020 Finance Programme to improve financial systems and priorities financial support to greatest	

			areas of risk. c) Pursue opportunities to rationalise business support staffing and make further savings through smarter procurement where spending can be aggregated and centralised. d) Joining up of support services so that Managers across the council find it easier (for example by using feedback)	

NORTH YORKSHIRE COUNTY COUNCIL

> ## STATEMENT OF ASSURANCE 2014/15
> ## BY CHIEF EXECUTIVE FOR MANAGEMENT BOARD

REVIEW OF EFFECTIVENESS

The County Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and establishing a sound system of internal control and arrangements for the management of risk.

In accordance with the Accounts and Audit Regulations 2015, the County Council is also responsible for conducting, at least annually, a review of the effectiveness of its systems of internal control. The Corporate Governance Officer Group (which includes the Monitoring Officer, the Section 151 Officer and the Head of Internal Audit), in conjunction with the Corporate Directors and other senior officers, co-ordinates the ongoing review of the County Council's control environment. The work of the Corporate Governance Officer Group feeds into the Audit Committee.

In undertaking its work, the Corporate Governance Officer Group obtains assurance on the County Council's control environment from a number of sources, including the annual Statements of Assurance (SoA) completed by the Chief Executive, Corporate Directors and Management Board.

STATEMENT OF ASSURANCE – MANAGEMENT BOARD

The Management Board is responsible for implementing all County Council policies and decisions, providing advice to Members, and for co-ordinating the work of the Directorates.

In discharging our duties as the corporate management team, matters may come to our attention which we consider to be evidence of significant control weaknesses (see Note 1 below).

Notwithstanding the processes referred to in Review of Effectiveness (see above) some areas for improvement were identified by Management Board during the 2014/15 year, and these are set out in the *attached schedule*. I intend to ensure that, via Management Board, these matters will be addressed, and I will be monitoring their effective implementation and generation.

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The contents of this Assurance Statement were formally reviewed and agreed by Management Board on

Signed on behalf of Management Board
By the Chief Executive   ....

Date   ....

Note 1

Factors considered when deciding if an issue is evidence of a significant control weakness:

- the issue has seriously prejudiced or prevented achievement of a principal County Council objective or priority

- the issue has resulted in a need to seek significant additional funding to allow it to be resolved, or has resulted in a significant diversion of resources from one service area to another

- the issue has led to a material impact on the financial standing of the County Council

- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the County Council

- the issue has resulted in formal action being taken by the S.151 Officer and / or the Monitoring Officer

Note 2

Where appropriate evidence should be available (eg action plan) to show how the identified control weaknesses have been addressed.

	AREAS FOR FURTHER DEVELOPMENT IDENTIFIED MANAGEMENT BOARD		
	Areas for Development as Identified in 2014/15	Action Proposed	AGS?
A	Modernising of the Council to ensure preparedness for 2020 and beyond	a) Continued focus on Performance Management so that productivity is increased across the council at a time when resources are diminishing. b) ICT equipment is matched up to the requirements of staff and groups of workers so that productivity is further improved. c) The property used by the council is fit for purpose and helps to promote a more modern and flexible environment. d) A culture of innovation is encouraged across the council where staff and Members and encouraged to bring forward ideas for service improvement. e) SmartSolutions is taken forward on a traded basis and seeks to deliver greater return to the council.	Yes if deemed high level
B	Ensuring that the Council has good decision making backed up by sound advice and it works its way through a significant period of change.	a) Ensuring that legal, HR and financial issues are all well considered as part of decision making. b) Ensuring that Members are well informed as part of the decision making process. c) Delivering good communications and conducting the appropriate consultations in order to further develop proposals and mitigate the risks of challenge.	
C	Ensure good governance over significant projects	a) On-going monitoring of key major projects including Extra	

		Care Programme, Bedale, Aiskew, Leeming Bar Bypass	
		b) Effective oversight of procurement across the council through forward procurement plans, particularly key procurements such as property design and management / engineering design as currently provided by Jacobs.	
		c) Sound business cases are produced which articulate the benefits of investment decisions.	
D	Ensure that the County is able to take advantage of any Devolution opportunities with particular benefit for the economy.	a) Production and submission of "asks" of Government in order to promote the economy of North Yorkshire.	
		b) On-going support to the LEP at strategic level and acting as accountable body.	
		c) On-going dialogue with district councils and neighbouring councils in order to maximise impacts.	
E	Ensuring effective Health and Safety Policy and Procedures across the Council	a) Review of policies is completed and any changes implemented.	
		b) Revised training programme is rolled out across the council with clarity about which elements mandatory for which particular staff.	
		c) Action plan implemented in light of HSE prosecution.	
		d) On-going identification of beneficial opportunities from shared Health and Safety Service with City of York Council.	

CORPORATE GOVERNANCE CHECKLIST

Examples of Improvements made between May 2014 and May 2015

Improvements	Reference	Requirement
	Principle 1	**Focusing on the purpose of the authority and on outcomes for the community and create and implementing a vision for the local area**
• Council Plan completely reviewed and incorporates vision, values, objectives and priorities of the Council to 2020. There is also an action plan in place (Feb 2015)	1.1.1	Develop and promote the authority's purpose and vision
	Principle 2	**Members and officers working together to achieve a common purpose with clearly defined functions and roles**
• Amendments to Constitution made (including the Officers Scheme of Delegation) (May 2015)	2.1.1	Set out a clear statement of the respective roles and responsibilities of the Executive and of the Executive's Members individually and the authority's approach towards putting this into practice
• Review of FPR, CPR and PPR (July 2014)	2.2.1	Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required

Improvements	Reference	Requirement
• Job families reviewed. Job evaluation process streamlined to make better use of job benchmarking and provide a faster turnaround (Feb 2015)	2.3.2	Set out the terms and conditions for remuneration of Members and officers and an effective structure for managing the process including an effective remuneration panel
	Principle 3	**Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
• Training for Members on Code of Conduct carried out (June 2014) • Officers Code of Conduct reviewed and updated (April 2015)	3.1.1	Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect
• Counter Fraud Policy and Strategy updated to reflect the recently published Code of Practice (Mar 2015) • Refresh of Fraud and Loss Risk Assessment and action plan (Mar 2015) • Fraud Prosecution Policy prepared and approved by Audit Committee (Mar 2015) • Further development of the intranet for staff information (Oct 2014) • Members seminar on the register of interests provided (May 2015)	3.1.2	Ensure that standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols
• Refreshed e learning packages for Information Management (Apr 2015) • Staff engagement toolkit in place on Employment Support intranet site (Sept 2014)	3.2.1	Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations and communicate these with Members, staff, the community and partners

Improvements	Reference	Requirement
• On line learning packages reviewed, updated and developed; together with watch and go videos on key management issues (June 2014)	3.2.2	Put in place arrangements to ensure that procedures and operations are designed in conformity with the appropriate ethical standards, and monitor their continuing effectiveness in practice
	Principle 4	**Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**
• Risk Management Policy and Strategy reviewed and updated in line with best practice (Apr 2015)	4.3.1	Ensure that risk management is embedded into the culture of the authority, with Members and managers at all levels recognising that risk management is part of their job
	Principle 5	**Developing the capacity and capability of members and officers to be effective**
• On line learning packages reviewed, updated and developed; together with watch and go videos on key management issues (June 2014) • 2020 Workforce Plan and Training Plan in place (June 2014) • Production and sign off of the Procurement Strategy and associated action plan (Dec 2014)	5.1.1	Provide induction programmes tailored to individual needs and opportunities for Members and officers to update their knowledge on a regular basis

Improvements	Reference	Requirement
• Progress report on staff mandatory learning available for managers on Insight (Feb 2015) • Further development of MMD (Sept 2014)	5.1.2	Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority.
• None	Principle 6	Engaging with local people and other stakeholders to ensure robust public accountability

Examples of Improvements to be made between June 2015 and April 2016

Improvements	Reference	Requirement
• None	**Principle 1**	**Focusing on the purpose of the authority and on outcomes for the community and create and implementing a vision for the local area**
	Principle 2	**Members and officers working together to achieve a common purpose with clearly defined functions and roles**
• Carry out Stage 2 of the in depth review of the Constitution (BK – Dec 2015) • New Leader and changes to the Executive – ensure regular Executive Member/Officer liaison (BK – Mar 2016)	2.1.1	Set out a clear statement of the respective roles and responsibilities of the Executive and of the Executive's Members individually and the authority's approach towards putting this into practice
• Carry out transitional arrangements as part of the implementation of the 2020 Finance Programme (GF – Mar 2016)	2.2	Ensuring that a constructive working relationship exists between elected Members and officers and that the responsibilities of authority Members and officers are carried out to a high standard
• Create common list of job families (JB - Mar 2016)	2.3.2	Set out the terms and conditions for remuneration of Members and officers and an effective structure for managing the process including an effective remuneration panel

Improvements	Reference	Requirement
• Review of the Community Engagement Guidance and Toolkit (NI Mar 2016)	2.3.4	Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated
	Principle 3	**Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
• Amalgamate Whistleblowing Policy for schools into main Whistleblowing Policy (MT - Mar 2016) • Undertake publicity campaign to raise awareness of Whistleblowing Policy (MT - Mar 2016) • Further data security compliance audits to be undertaken (ongoing) • Further development of the intranet in relation to searching for policies and guidance and review and update of policies and guidance (JB – Mar 2016) • Review and implement an electronic Officer register of interests (BK – Dec 2015) • Develop and implement Officers electronic decision making training package (BK – Dec 2015)	3.1.2	Ensure that standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols
• None	**Principle 4**	**Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

Improvements	Reference	Requirement
	Principle 5	**Developing the capacity and capability of members and officers to be effective**
• Development of the 2020 Organisational Development Theme on intranet (JB – Dec 2015)	5.1.1	Provide induction programmes tailored to individual needs and opportunities for Members and officers to update their knowledge on a regular basis
• Further review of appraisals and MyView including Behaviour and Skills framework • Rationalisation of flexible working (incl Tech and Change, Org Devlpmt and Property (JB – Mar 2016)	5.1.2	Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority.
	Principle 6	**Engaging with local people and other stakeholders to ensure robust public accountability**
• Review of Authority's approach to volunteering linked to Stronger Communities initiative (JB – Mar 2016)	6.2.5	Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.