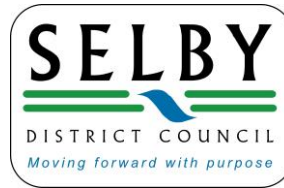# Annual Governance Statement 2022/23

Annual Governance Statement (AGS)

1. Scope of Responsibility

1.1 Selby District 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 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 responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

1.3 The statement is prepared with consideration to the Chartered Institute of Public Finance and Accountancy (CIPFA)'s good governance framework and principles.

2. The Purpose of the Governance Framework

2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority 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 designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process, designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised, and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 The Council has operated a Leader and Executive (Cabinet) Model since May 2011. Since the Local Government Elections in 2015, the Council has elected 31 members. Elections were held in May 2019.

3. Selby District Council's Governance Framework

3.1 The key elements of the Council's Governance Framework are as follows:-

- The Council's key priorities during 2022/23 were reflected in its Council Plan 2020-30, which was approved by Full Council on 17th December 2019.

- The new 10 year council plan is accompanied by a 3 year Delivery Plan. The first of these was due to be published in March 2020. This was delayed, so that it could be updated to reflect the Council's plans for recovering from the Covid-19 pandemic. The council delivery plan 2020-23 was approved by the Executive in November 2020.

- In July 2021 it was announced that the current county, district and borough councils would be replaced by a new single council for North Yorkshire in April 2023. The Council's resources have been increasingly directed towards preparing for this; nevertheless, its priorities during 2022/23 were still reflected by the council plans.

- The formal Constitution sets out how the Council operates, how decisions are made, and the procedures that are followed to ensure that these are lawful, efficient, transparent and accountable to local people. This incorporates the Members' Code of Conduct and a number of other locally agreed codes and protocols.

- The Council's budget and policy framework is set by the full Council. The Executive has delegated authority to operate and make decisions within the framework. Some powers are delegated to senior officers.

- In addition to the Executive there are two specific regulatory committees for Licensing and Planning. These have independent powers within their legislative framework. Each of these acts within defined terms of reference agreed by the full Council.

- Council meetings are open to the public except when exempt or confidential matters are being disclosed. The public can attend meetings in person and meetings are broadcast live, and available afterwards, on Youtube. The public have an opportunity to participate in some of the meetings.

- Decisions made under urgency procedures are recorded on the Council's committee management system. At the next available Full Council meeting all such decisions are reported.

- A Standards Sub-Committee was established as a sub-committee of the Audit and Governance Committee in May 2017 and exercises functions relating to standards of conduct of members under the Localism Act 2011.

- The Executive is subject to review by the Council's Scrutiny function, which has the ability to call-in and review decisions and also to contribute to the development of policy. There are two statutory scrutiny committees: - Policy Review, and Scrutiny. The Audit and Governance Committee also contributes to scrutiny and overview.

- The Committee Management System, which was introduced in 2018/19 enables the recording, tracking and monitoring of committee agenda, minutes, reports and decision records.

- The Council replaced its Community Engagement Forums (CEFs) during 2021/22, with an interim Member Funding Framework for 2021-23. This was approved by Full Council in April 2021. Each District Councillor has a budget of £3,000 per year to respond to local needs by recommending the allocation of small amounts of funding towards specific projects or activities that directly promote the social, economic, or environmental wellbeing of the communities within their Ward.

- A number of areas are delegated to officers for the purposes of decision-making; however, limits on the exercise of delegation are laid down in an approved Scheme of Delegation to Officers forming part of the Council's Constitution. The Council also has a sub delegation scheme which is reviewed regularly and is published on the website.

- The Council has adopted a Local Code of Corporate Governance which is reviewed by the Audit and Governance Committee and has developed a 'Governance Framework on a Page', which is appended to this AGS.

- The Council has a counter fraud and corruption strategy, covering 2020-23 and a counter fraud and corruption policy, which are reviewed annually. A revised strategy and policy were considered by Audit and Governance Committee in January 2022 and recommended to the Executive for approval. The Council also has a separate whistleblowing and anti money laundering policies. The Council employs Veritau to provide a counter fraud service.

- The Chief Executive post is also an Assistant Chief Executive at North Yorkshire County Council (NYCC). As part of The Better Together programme, the two councils are working together to support efficiencies and improved services through effective partnership working.

- The Solicitor to the Council also acts as the Council's Monitoring Officer. The appointment of a Monitoring Officer is required in accordance with Section 5 of the Local Government and Housing Act 1989. It is the function of the Monitoring Officer to report to Members upon any contravention of any enactment or rule of law or any maladministration by the Authority. The Monitoring Officer also has responsibilities relating to the Members' Code of Conduct.

- The Chief Finance Officer (s151) (a joint role employed by NYCC under Better Together - Assistant Director Strategic Resources NYCC and Chief Finance Officer SDC) is the officer with statutory responsibility for the proper administration of the Council's financial affairs, in accordance with the Section 151 of the Local Government Act 1972. In compliance with CIPFA's "Statement on the Role of the Chief Financial Officer in Local Government", Selby is in full compliance as the Chief Officer (s151) is a member of the Leadership Team.

- Both the Statutory Officers referred to above have unfettered access to information, to the Chief Executive and to Members of the Council in order that they can discharge their responsibilities effectively. The functions of these Officers and their roles are clearly set out in the Council's Constitution.

- Financial sustainability is a key risk for the Council and a robust financial management framework is fundamental to managing and mitigating that risk. It comprises:

  - Financial and Contract Procedure Rules as part of the Constitution;

  - A Financial Strategy which provides the framework for financial planning – projecting high level resources and spending over 10 years, it identifies the short, medium and long term financial issues the Council is dealing with and its approach to managing reserves;

  - Medium-term financial planning using a three-year cycle, updated annually, to align resources to corporate priorities. The Medium Term Financial Strategy was approved by the Council in .

  - An Asset Management Strategy, aligned with the Council Plan – a review of the strategy was planned but has subsequently been placed on hold for consideration as part of the transitional arrangements for the new unitary Council;

  - A Digital Strategy, which sets out the Council's approach to using information and communications technology to transform the way we work and empower citizens and council employees to reach their full potential;

  - Service and financial planning integrated within the corporate performance management cycle and linked to the Council's corporate objectives;

  - Annual budget process involving scrutiny and challenge;

  - Monthly monitoring by management of revenue and capital budgets – with regular reports to the Executive;

  - Embedded arrangements for securing efficiencies and continuous improvement;

  - Production annually of a Statement of Accounts compliant with the requirements of local authority accounting practice;

  - Compliance with requirements established by CIPFA.

- A performance management framework provides an explicit link between the corporate priorities and personal objectives of Council Officers. Performance is reported to Members and the Council's Leadership Team on a systematic basis with areas of poor performance investigated. Key features of the Performance Management Framework include:-

  - A regular review of the Council Plan to ensure that priorities are reviewed, remain relevant and reflect the aims of the Council;

  - Service specific Strategic Plans, which are produced with explicit goals and associated performance targets in order to ensure that achievement of performance is measurable;

  - The Council's staff appraisal system links personal objectives directly to Service Plans;

- Regular reports on the performance of key indicators, which are presented to the Executive;

- The production of an Annual Report and communication through Citizen Link, (the Council's community newspaper), providing commentary and data on the previous year's performance and setting out priorities for the coming year(s).

- The Council maintains a professional relationship with Mazars, the body responsible for the external audit of the Council and the appointment of Mazars by the Public Sector Audit Appointments (as part of a national procurement exercise), for a further term, was confirmed during 2017/18. This term lasts until the end of 2022/23 and covers the audit of the accounts for the final year of the Council before the transition to a new unitary council from 1 April 2023.

- Recruitment and selection procedures are based on recognised good practice and all staff posts have a formal job description and competency based person specification. Services are delivered and managed by staff with the necessary knowledge and expertise with training needs identified via the formal appraisal process contributing to a corporate training strategy.

- Pay is governed by a Pay Policy considered and approved annually by Council.

- The maintenance of systems and processes to identify and manage the key strategic and operational risks to the achievement of the Council's objectives. Risk management continues to evolve within the Council and presently includes the following arrangements:-

  - a Risk Management Policy and Strategy has been adopted by the Council and is reviewed annually;

  - a Risk Management guidance document has been issued to key staff along with risk management training;

  - the maintenance of a Corporate Risk Register (CRR) comprising risks for the Council as a whole, assigned to designated officers, with appropriate counter-measures and an action plan established for each key risk;

  - detailed Service Based Risk Registers (SBRR) which have been updated along with a mechanism for feeding up to the CRR;

  - the Leadership Team keep the corporate risk management arrangements under review;

  - periodic review of risks in-year with reports to the Audit and Governance Committee and the Leadership Team;

  - the Audit and Governance Committee also approve and review the Risk Management Strategy;

  - the use by Internal Audit of a risk-based approach in the preparation and delivery of the audit plan;

- the requirement for Officers of the Council to consider risk management issues when submitting reports to the Executive and Council for consideration by Members;

- the adoption of an abridged version of the PRINCE2 Project Management Methodology as a means of contributing to the effective management of risks in major projects.

- The Council has established a Corporate Information Governance Group (CIGG) in order to address the requirements of the General Data Protection Regulation (GDPR) which came into effect on 25th May 2018. The Council's Senior Information Risk Owner (SIRO) is the Chief Finance (s151) Officer. The CIGG includes representatives from Veritau, who have been engaged as the Council's Data Protection Officer (DPO), a requirement of the GDPR. Veritau also oversee the operational management of GDPR on behalf of the Council and provide regular updates to the Audit & Governance Committee.

- The maintenance of an adequate and effective system of Internal Audit is a requirement of the Accounts & Audit Regulations. Internal Audit is provided by Veritau North Yorkshire Ltd. (VNY), which is part of the Veritau group. The work of Internal Audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards. In accordance with these standards Internal Audit is required to prepare an audit plan on at least an annual basis.

- Internal Audit examines and evaluates the adequacy of the Council's system of internal controls as a contribution to ensuring that resources are used in an economical, efficient and effective manner. Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control.

- The audit plan is informed by the Council's main strategic risks. This is intended to ensure limited audit resources are prioritised towards those systems which are considered to be the most risky and/or which contribute the most to the achievement of the Council's priorities and objectives.

- The Council seeks to ensure resources are utilised in the most economic, effective and efficient manner whilst delivering continuous improvement. It aims to achieve this by a variety of means including the following:

    - Service/process transformation and efficiency reviews;

    - Working with partners;

    - External and Internal Audit feedback.

4. Review of Effectiveness

4.1 The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review takes account of the work of Internal Audit and the Council's Leadership Team who have a responsibility for the development and maintenance of the governance environment, and also by comments made by external auditors and other review agencies and inspectorates.

4.2 The purpose of a review is to identify and evaluate the key controls in place to manage principal risks. It also requires an evaluation of the assurances received, identifies gaps in controls and assurances and should result in an action plan to address significant issues.

4.3 The process that has been applied in maintaining and reviewing the effectiveness of the Council's system of internal control includes the following:

- The Council's Monitoring Officer oversaw the operation of the Constitution to ensure its aims and principles were given full effect;

- The arrangements for Overview and Scrutiny have operated throughout the year allowing for the review of key policy areas and providing opportunities for public involvement in specific matters of business. Quarterly meetings take place between the Chairs of Scrutiny and the Executive.

- The Audit and Governance Committee met throughout the year and received reports on the progress by Internal Audit against their work plan. The Committee also considered auditable areas where Internal Audit raised significant internal control concerns;

- The Chief Finance Officer (s151) supported the Audit and Governance Committee and attended all meetings of the Committee;

- Internal Audit completed a programme of audits during the year according to its plan. There were no specific investigations in the year.

- Internal audit work during 2022/23 focussed on providing assurance on key financial systems and other key risk areas identified through discussions with officers.

- Any significant issues continued to be reported and any previously agreed actions to address significant issues continued to be followed up. The amount of work completed was sufficient to enable the Head of Internal Audit to give the annual opinion.

- The overall opinion of the Head of Internal Audit on the governance, risk management and control framework operated by the Council is that it provides **Reasonable Assurance.** The opinion given is based on work that has been undertaken directly by internal audit, and on cumulative knowledge gained through our ongoing liaison and planning with officers. However, in giving the opinion, we would note that preparations for local government reorganisation (LGR) have, over the last year, required a significant investment of time, effort and resources across the organisation. This has put strain on the Council's control environment and its business operations. The Council has had to operate during periods of uncertainty and substantial change all while maintaining service delivery and other key support functions. The unique circumstances and uncertainty brought about by the LGR transition have combined to create a very challenging operating environment. While the work of internal audit is directed to the areas that are considered most at risk, or to provide most value for the Council, it is not possible to conclude on the full extent of the impact of LGR transition on the Council's operations.

- Issues relating to performance management have been reported to and reviewed by the audit and governance committee through 2022/23. They have now been satisfactorily addressed.

- During 2022/23 issues were found from internal audit work on information security and health and safety relating to homeworking and housing repairs and maintenance. Actions relating to the information security and health and safety weaknesses have already been taken and the issues satisfactorily addressed by management.

- The Council's Corporate Risk Register (CRR) has been maintained under review during the year and updated accordingly. Reports on risk management have been considered by the Leadership Team and the Audit and Governance Committee. The Audit and Governance Committee reviewed the Risk Management Strategy in January 2022.

- Quarterly monitoring information on key areas of performance has been provided to Strategic Management and Members.

- The external auditor's annual letter confirmed that the Council had satisfactory arrangements to secure Value for Money. In respect of the Council's Statement of Accounts, an unqualified opinion was issued.

- The external auditor did not identify any significant weaknesses in our internal control arrangements.

5 Significant Governance issues

5.1 No system of governance or internal control can provide absolute assurance against material misstatement or loss. This Statement is intended to provide reasonable assurance.

5.2 Updates on the Annual Governance Statement action plan were reported to the Audit and Governance committee regularly during 2022/23. Issues relating to performance management, information security and health and safety were resolved during the year.

5.3 Issues have been identified from an internal audit on housing repairs and maintenance. Progress has been made to address weaknesses and work is ongoing to ensure there are sound systems of governance and control in this area of the council's work.

Janet Waggott　　　　　　　　　　　　　　**Councillor Mark Crane**
Chief Executive　　　　　　　　　　　　　　**Leader of the Council**