

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

28 JUNE 2021

CORPORATE GOVERNANCE

Report of the Corporate Director, Strategic Resources

1.0 PURPOSE OF REPORT

- 1.1 To note progress and improvements on Corporate Governance related matters.
- 1.2 To note governance arrangements and changes made due to the Coronavirus pandemic.

2.0 BACKGROUND

- 2.1 The CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016 and associated Guidance Notes, set out the standard for local authority governance in the UK. The Framework defines the principles that should underpin the governance of an organisation and provides a structure to assist individual authorities with their approach to governance. Local authorities should review existing governance arrangements against these Principles, develop and maintain an up-to-date Local Code of Corporate Governance, and report publicly on compliance with their own Code on an annual basis, and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes. This is done through the Annual Governance Statement.
- 2.2 According to the Terms of Reference of the Audit Committee, which have been reviewed and revised, its role in respect of Corporate Governance is:
 - (i) to assess the effectiveness of the County Council's Corporate Governance arrangements
 - (ii) to review progress on the implementation of Corporate Governance arrangements throughout the County Council
 - (iii) to approve the Annual Governance Statements for both the County Council and the North Yorkshire Pension Fund

- (iv) to liaise, as necessary, with the Standards Committee on any matter(s) relating to the Codes of Conduct for both Members and Officers
- (v) to review the arrangements in place for ensuring good governance in the County Council's key partnerships and owned companies.

2.3 In relation to (i), (ii) and (v) above, an annual report is submitted as set out in the Programme of Work and item (iii) is considered as part of the report relating to the Statement of Accounts. Issues are addressed 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 LOCAL CODE OF CORPORATE GOVERNANCE

- 3.1 At the last meeting of this Committee it was resolved that the updated Local Code of Corporate Governance be recommended for formal approval by the Chief Executive (as permitted in the Constitution under the Officers' Delegation Scheme) in March 2021.
- 3.2 The Local Code was approved and as a result the updated Local Code is now available on the County Council website [here](#) .

4.0 ANNUAL GOVERNANCE STATEMENT 2020/21

- 4.1 The Annual Governance Statement (AGS) is being updated to reflect the current status of governance and internal control arrangements which continue to be fit for purpose within the County Council. The latest governance guidance issued by CIPFA is called Bulletin 06 Application of the Good Governance Framework 2020/21. The updating of the Statement has taken the guidance into account and has been amended to conform where appropriate. It also provides an assessment of the effectiveness of the Council's governance arrangements in supporting the planned outcomes. However it is recognised that there can be areas identified that require attention to address weaknesses and/or external challenges.
- 4.2 The impact of the Coronavirus has been taken into account again this year along with other significant issues, and Section 7 of the final draft of the AGS which is due to come to this Committee in September will reflect the lessons learned and actions to be taken in the recovery from the Virus during 2021/22. This has been and continues to be an extra challenge for the Council, as well as facing delivery of a range of statutory services in a climate of ongoing financial challenge.

4.3 The draft AGS accompanies the Statement of Accounts (SoA) and will be circulated to the Committee.

5.0 DEVELOPMENTS IN 2020/21

5.1 Although the responsibility for managing the day to day aspects of the Corporate Governance agenda belongs 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.

5.2 This Committee receives progress reports on a range of specific governance issues such as risk management and partnership governance through the year.

5.3 A full review and update of the Local Code of Corporate Governance and the Annual Governance Statement are also carried out, as has already been mentioned in the paragraphs above.

5.4 Other notable areas of recent work undertaken as part of the Corporate Governance agenda include the following:-

- ➔ Standards Committee received a report about the LG Model Code of Conduct and Guidance from the Committee of Standards in Public Life and plans are underway to make amendments to the NYCC Standards Regime.
- ➔ Information governance issues such as data quality continue to be addressed and improved as part of ensuring the GDPR (General Data Protection Regulation) and Data Protection Act compliance
- ➔ The Counter Fraud Policy framework has been updated in line with Fighting Fraud and Corruption Locally (FFCL) strategy.
- ➔ a Pulse staff survey was carried out, and we have begun reviewing the ways in which we engage with staff including use of tools such as Microsoft products Yammer and Teams.
- ➔ Equality objectives work progresses, a BAME network has been established, and there is a programme of engagement with disability groups ongoing in the Health and Adult Services Directorate.
- ➔ Further data intelligence work has been carried out to provide and enable greater use of performance dashboards.
- ➔ the Audit Committee sub group which carried out a review of the effectiveness of the Audit Committee with reference to the CIPFA checklist submitted its findings.

6.0 CORPORATE GOVERNANCE CHECKLIST SUMMARY OF IMPROVEMENTS

- 6.1 The Corporate Governance Checklist is a self-assessment checklist and is in line with the 7 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.
- 6.2 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 A** for ease of reference. This Summary shows:
- ➔ a sample of the improvements made in corporate governance between April 2020 and March 2021 in the left hand column.
 - ➔ some examples of improvements in corporate governance to be made between April 2021 and March 2022.
- 6.3 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.
- 6.4 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.

7.0 GOVERNANCE ARRANGEMENTS AND CHANGES MADE DUE TO THE CORONAVIRUS PANDEMIC

Chief Executive Emergency Powers for Decision Making

- 7.1 Following the restriction of public gatherings and promoting social isolation and distancing on 23 March 2020, the Council agreed to invoke the emergency decision making process that is identified in the Council’s Constitution. This allowed the Chief Executive to make all appropriate decisions with appropriate consultation.
- A successful adoption of a technological solution that enabled the requirements laid out in the *Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020* to be complied with then followed, and virtual meetings for committees were introduced.

- 7.2 The *Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020* lapsed on 7 May 2021. The County Council at its Annual General Meeting on 5 May 2021 resolved to continue with remote access, live broadcast committee meetings over the next months as the national Coronavirus recovery roadmap is implemented. These meetings are informal but open to the public to view and participate in, in accordance with the procedures set out in the County Council Constitution.
- 7.3 Any formal decisions that the Committee needs to make that are legally binding will be made in consultation by the Chief Executive Officer using his emergency delegated powers, taking into account the recommendations of the Committee. All formal meetings of the County Council's committees will continue to be held using video conferencing with a live broadcast to the Council's YouTube site.

Governance Arrangements in Directorates

- 7.4 Procedures and processes continue to be followed within Directorates alongside the added responsibilities and governance arrangements linked to the Coronavirus pandemic (see below in para 7.5). Services continue largely to manage successfully and adapt their ways of working to deliver services to the community, within both governance requirements and guidance issued by Central Government relating to the pandemic. Decision making tends to be delegated to Corporate Directors and / or Executive Members and whilst consultation has taken place electronically, the process remains mostly unaffected.
- 7.5 Examples of some notable improvements/changes to corporate governance arrangements linked to the impact of Coronavirus include the following:
- ➔ significant Coronavirus related work to ensure information sharing agreements were in place and privacy notices were produced / updated as required.
 - ➔ the Supply Chain Resilience Board was created to implement a managed corporate approach with supply chains including financial assistance where appropriate.
 - ➔ Local Resilience Forum led, multi-agency recovery coordination group established following emergence from lockdown due to Coronavirus, including themes of economy, poverty and debt, bereavement, voluntary and community sector and volunteering
 - ➔ introduction of an online recruitment and induction process together with support to assist during Coronavirus.

- ➔ Coronavirus secure property arrangements are in place including compliance with Health and Safety Regulations.

8.0 RECOMMENDATIONS

- 8.1 That Members note progress on Corporate Governance related matters.
- 8.2 That Members note the improvements that have been made, and that are to be made in corporate governance (**Appendix A**)
- 8.3 That Members note the governance arrangements and changes made due to the Coronavirus pandemic.

GARY FIELDING

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June 2021

Report prepared by Fiona Sowerby, Head of Insurance and Risk Management, ext 2400

Background papers: None

CORPORATE GOVERNANCE CHECKLIST

Examples of Improvements made between April 2020 and March 2021

Improvements	Reference	Requirement
	Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
<ul style="list-style-type: none"> • Reported to Standards Committee re LGA model code of conduct and guidance on report from the Committee on Standards in Public Life and plans to make amendments to NYCC standards regime. (MoB) Mar 2021 • The counter fraud policy framework has been updated in line with Fighting Fraud and Corruption Locally (FFCL) strategy (MT) Oct 2020. • Significant Covid related work to ensure information sharing agreements were in place and privacy notices were produced / updated as required (MT/GF) 	A.1.1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
<ul style="list-style-type: none"> • Legislation introduced to allow for remote/virtual meetings and decision making to ensure council business continued. Interim arrangements involved Chief Exec taking delegated decisions under emergency powers. (BK) 	A.1.3	Leading by example and using these standard operating principles or values as a framework for decision making and other actions.
<ul style="list-style-type: none"> • Created the Supply Chain Resilience Board to implement a managed corporate approach with supply chains including financial assistance where appropriate. (GF) 	A.2.3	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
<ul style="list-style-type: none"> • Coronavirus response team established in Legal and Democratic Services to monitor and advise on pandemic related legislative changes. (BK) 	A.3.1	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
	Principle B	Ensuring openness and comprehensive stakeholder engagement

Appendix A

Improvements	Reference	Requirement
<ul style="list-style-type: none"> • Various reports have been discussed at management board and action plans produced; Equality objectives work progresses, BAME network established. • Programme of engagement with disability groups in HAS 	B.1.1	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
<ul style="list-style-type: none"> • As a result of high volume of urgent decisions required during pandemic. A blanket consent was put in place from all O&S Comms and Chair of Council, to allow Chief Exec to make decisions in line with emergency powers. (BK) 	B.1.3	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear
<ul style="list-style-type: none"> • Reviewed and revised arrangements for the LEP model when appropriate; a standalone company has been put in place alongside other actions in response to BEIS annual review. (JF/ML) 	CFO (Principle 1) B.2.2	Review partnership arrangements to ensure that the authority always has access to financial advice in relations to its role in partnership.
	Principle C	Defining outcomes in terms of sustainable economic, social, and environmental benefits
<ul style="list-style-type: none"> • Climate Change officers group established. (NI) • Environmental impact assessment process established for all significant decisions. (NI) • Established the baseline carbon footprint measurements and built pump priming funding into the 21/22 budget to enable establishment of carbon reduction business cases. (NI) • Rural Commission established to make recommendation on actions needed to ensure the sustainability of the most rural parts of the county. (NI) 	C.2.1	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision
	Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes

Appendix A

Improvements	Reference	Requirement
<ul style="list-style-type: none"> Carried out Pulse Staff Survey (JB/PY) Summer 2020 Began reviewing the ways in which we engage with staff including use of tools such as Microsoft products Yammer and Teams (JB/PY) Mar 2021 	D.2.2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
<ul style="list-style-type: none"> Local Resilience Forum led, multi-agency recovery coordination group established following emergence from lockdown due to Covid 19, including themes of (economy, poverty and debt, bereavement, voluntary and community sector and volunteering) (NI) 	D.2.4	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances
	Principle E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
<ul style="list-style-type: none"> Carried out targeted internal skills assessment to assist with staff redeployment during Covid. (JB/PY) 	E.1.1	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
<ul style="list-style-type: none"> Introduced online recruitment and induction process and support to assist during Covid (JB/PY) Online learning on leading and managing remote teams 	E.1.4	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources
<ul style="list-style-type: none"> Substantially increased the amount of Health and Wellbeing Support material under the heading 'Team North Yorkshire together through Covid-19 - Looking after you' which also contains links to a number of websites / organisations that offer information and support (JB) 	E.2.8	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing
<ul style="list-style-type: none"> Regular Coronavirus updates have been provided including number of cases and infection rates across the County (GF) 		
<ul style="list-style-type: none"> Coronavirus secure property arrangements are in place including compliance with Health and Safety Regulations (GF) 		
	Principle F	Managing risks and performance through robust internal control and strong public financial management

Appendix A

Improvements	Reference	Requirement
<ul style="list-style-type: none"> Further data intelligence work has been carried out to provide and enable greater use of performance dashboards. (GF) 	F.2.2	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook
<ul style="list-style-type: none"> Continued to improve information governance issues such as data quality (as part of ensuring GDPR and Data Protection Act compliance) (GF/MT). 	F.4.1	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
<ul style="list-style-type: none"> Some elements of the Beyond 2020 Change Programme have been progressed where there is sufficient capacity given Covid and LGR (GF) 	F.5.1	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
	Principle G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability
<ul style="list-style-type: none"> Reported to Audit Committee on the findings of the sub group review of effectiveness of the Audit Committee (GF/MT) 	CFO Principle 3 G.3.2a	Ensure an effective internal audit function is resourced and maintained (Audit Committee review own effectiveness resulting in Improvement Plan)

Appendix A

Examples of Improvements to be made between April 2021 and March 2022

Improvements	Reference	Requirement
	Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
<ul style="list-style-type: none"> • Revise, refresh and embed Behaviours Framework - work started at Senior Managers Seminar Mar 2019, will continue once Beyond 2020 Modern Council strand progresses (JB/PY) Mar 2022. • Further update of Anti Money Laundering policy to incorporate the latest anti money laundering regulations (MT/MoB) Mar 2022 (completion and sign off delayed by Covid-19 issues). • Work with IT to develop a digital decision making flowchart solution for Officers (MoB) Mar 2022. • Take standards regime amendments from LGA model code of conduct to Standards Committee for approval (MoB) Oct 2021 • Further review and see if mod.gov system can be used to implement an electronic Member Register of Interests (BK) Mar 2022 	A.1.1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
<ul style="list-style-type: none"> • Carry out review of Code of Conduct for Planning (BK) Mar 2022 • Continue with a managed corporate approach with supply chains (GF) Mar 2022 • Carry out an update of the Procurement Framework following the EU Exit (GF) Dec 2021 	A.2.3	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
	Principle B	Ensuring openness and comprehensive stakeholder engagement
<ul style="list-style-type: none"> • Carry out a review of the Equality and Diversity Statement (NI) Aug 2021 	B.1.1	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness

Appendix A

Improvements	Reference	Requirement
<ul style="list-style-type: none"> Implement plan to improve FOI and SAR performance back to pre Covid levels (MT) Mar 2022 		
<ul style="list-style-type: none"> Carry out further training for Directors of companies (BK) Mar 2022 	B.2.2	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
<ul style="list-style-type: none"> Review and revise arrangements for the LEP model when appropriate. Further review paused pending outcome of the national review of LEPs. (JF/VD) Oct 2021 	CFO (Principle 1) B.2.2	Review partnership arrangements to ensure that the authority always has access to financial advice in relations to its role in partnership.
	Principle C	Defining outcomes in terms of sustainable economic, social, and environmental benefits
<ul style="list-style-type: none"> Climate Change Group to produce a carbon reduction plan (NI) Mar 2022 Develop a Climate Change programme under B2020 (NI) Mar 2022 Rural Commission to produce its final report for consideration by elected members (NI) Aug 2021 	C.2.1	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision
	Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes
<ul style="list-style-type: none"> Carry out full staff survey (JB/PY) summer 2021. Further develop the ways in which we engage with staff including use of tools such as Microsoft products Yammer and Teams as part of B2020 (JB/PY) Mar 2022. 	D.2.2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
<ul style="list-style-type: none"> Establish how meetings will continue after the expiry of the virtual meetings regulations on 7th May 2021 (BK) June 2021 	D.2.4	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances
<ul style="list-style-type: none"> Revisit Service Continuity Planning in light of Covid-19; SCP has been in operation, need to build on this and complete the further scheduled work to review SCPs. (GF) Mar 2022 		

Appendix A

Improvements	Reference	Requirement
<ul style="list-style-type: none"> Continue to develop and embed new enhanced ways of working such as less reliance on property and change in approach to delivery of services; linked to Coronavirus recovery work (GF) Mar 2022 		
	Principle E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
<ul style="list-style-type: none"> Develop a wider understanding of staff skills to build an internal skills network for use across the council; still intended to include as part of B2020 Modern Council (JB/PY) Mar 2022. 	E.1.1	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
<ul style="list-style-type: none"> Publish agreed updates to Induction Policy including video (JB/PY) Oct 2021. 	E.1.4	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources
<ul style="list-style-type: none"> Implement a training programme following the review of the Pension Fund Committee self-assessment. The Programme will include the Pension Board where appropriate. GF (Mar 2022) 	E.2.4	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring members and staff have access to appropriate induction tailored to their role and that on-going training and development matching individual and organisational requirements is available and encouraged
<ul style="list-style-type: none"> Finish implementation of the HR system module to replace IPM that will integrate more effectively with the core HR/Payroll system; being developed by Autumn 2021 ready for use in 2022 annual reviews. (JB) Mar 2022. 	E.2.7	Holding staff to account through regular performance reviews which take account of training or development needs
<ul style="list-style-type: none"> Ensure ongoing compliance of Coronavirus secure property arrangements with any future H& S compliance requirements (GF) Mar 2022 	E.2.8	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing

Appendix A

Improvements	Reference	Requirement
	Principle F	Managing risks and performance through robust internal control and strong public financial management
<ul style="list-style-type: none"> Develop further definition and refinement of elements of the Beyond 2020 Change Programme (for example, agreeing the scope for transformational areas and identification of the priorities for focussed reviews) need to complete those elements deferred due to Covid (such as work within ASC). (GF/RL) Mar 2022 	F.5.1	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
	Principle G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability
<ul style="list-style-type: none"> Produce action plan to address the issues raised by the sub group on Audit Committee effectiveness and begin delivery (GF/MT) Oct 2021 	CFO Principle 3 G.3.2a	Ensure an effective internal audit function is resourced and maintained (Audit Committee review own effectiveness resulting in Improvement Plan)