



North Yorkshire
County Council

Annual Governance Statement

2018/19

May 2019

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1.0 INTRODUCTION AND SCOPE OF RESPONSIBILITY

- 1.1 Regulation 6(1)(a) of the *Accounts and Audit Regulations 2015* requires the Council to conduct a review at least once in a year of the effectiveness of its governance arrangements and its system of internal control and include an Annual Governance Statement reporting on the review with any published Statement of Accounts.
- 1.2 The preparation and publication of this Annual Governance Statement is in accordance with *CIPFA/Solace Delivering Good Governance in Local Government: Framework (2016)* and fulfils the statutory requirements to conduct a review at least once in each financial year of the effectiveness of its governance arrangements and its system of internal control, and to include a Statement reporting on the review with its Statement of Accounts.
- 1.3 North Yorkshire County Council is responsible for ensuring that resources are directed in accordance with agreed policy and according to priorities and, that there is sound and inclusive decision making. There is also clear accountability to the public for the use of those resources in order to achieve desired outcomes for service users and communities.
- 1.4 A key focus of North Yorkshire County Council's governance processes and structure is the attainment of sustainable economic, societal, and environmental outcomes. Outcomes have a central role in the Council's governance arrangements. The focus on sustainability and the links between governance and public financial management are crucial. Furthermore, the Council in exercising its responsibilities takes into account the impact of current decisions and actions on future generations.
- 1.5 This Annual Governance Statement is linked to the Council's **Local Code of Corporate Governance** through the seven Principles in the Local Code. The Local Code is also consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)* and is reviewed annually. Minor amendments were made to the Local Code this year to ensure it represents continual corporate governance best practice. The current version was approved by the Audit Committee and the Chief Executive (as permitted in the Constitution under the Officers' Delegation Scheme) in March 2019. A copy of the Code can be obtained from the County Council website [here](#) and also listed as the Corporate Governance Policy. The Audit Committee also review the County Council's corporate governance arrangements in June of each year alongside the Annual Governance Statement.
- 1.6 This Annual Governance 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**.
- 1.7 This Annual Governance 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 (2015)*.

North Yorkshire Pension Fund

- 1.8 The governance arrangements and Final Accounts of the North Yorkshire Pension Fund (NYPF) are 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 Annual Governance 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 Annual Governance 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).

- 1.9 NYPF is one of 12 members of the Borders to Coast Pensions Pool. This Company is now in full operation and has assets under management. NYPF has been given an allocation of UK Equities which should be under management by Summer 2019. The BCPP has established governance rules and procedures relating to the Joint Committee and how it engages with shareholders. Administration of the Pension Fund, at this stage, remains entirely the remit of each individual Pension Fund.

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 2019 and up to the date of approval by the Audit Committee of this Statement alongside the Statement of Final Accounts on 22 July 2019.

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) Developing codes of conduct which define standards of behaviour for Members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.
 - b) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
 - c) Documenting a commitment to openness and acting in the public interest.
 - d) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
 - e) Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.
 - f) Translating the vision into courses of action for the County Council, its commercial companies, its partnerships and collaborations.
 - g) Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.

- h) Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.
- i) Defining and documenting the roles and responsibilities of Members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.
- j) Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government (2015)* and, where they do not, explain why and how they deliver the same impact.
- k) Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function.
- l) Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function.
- m) Providing induction and identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.
- n) Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.
- o) Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the *Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)*.
- p) Ensuring an effective scrutiny function is in place.
- q) Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the *Role of the Head of Internal Audit (2019)* and, where they do not, explain why and how they deliver the same impact.
- r) Undertaking the core functions of an audit committee, as identified in *Audit Committees: Practical Guidance for Local Authorities (CIPFA, 2018)*.
- s) Ensuring that the County Council provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.
- t) Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the County Council's overall governance structures.

3.2 The main features of each of these are as follows –

- a) Developing codes of conduct which define standards of behaviour for Members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.

- Elected Members have to agree to follow a [Code of Conduct](#) and an **ethical framework** 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 behaviours framework** which is used to develop staff skills and monitor performance. A **Manager's Pocket Book** is in place and outlines key behaviours for all managers in NYCC.
 - following the formation of the Brierley Group of commercial companies such as Align Property Partners, appropriate governance arrangements have been put in place. A **Shareholder Sub Committee of Executive** and a **Shareholder Board** to support the Shareholder Sub Committee, are in place.
 - 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. Guidance notes are produced to assist. Details of **Related Party Transactions** are sought from all Members and senior officers
 - 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.
- b) 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 the officer designated by the County Council as the **Monitoring Officer** and is responsible for performing the duties required 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 or is represented, 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
- the requirements of the **Data Protection** and **Freedom of Information** legislation are overseen by the Corporate Information Governance Group (CIGG), the Corporate Director – Strategic Resources is the Senior Information Risk Owner (SIRO) for the County Council. CIGG support the Corporate Director – Strategic Resources in developing and implementing a comprehensive Information Governance Framework
- following implementation of the General Data Protection Regulation (GDPR) and Data Protection Act 2018 in May 2018, updated policies and processes have been put in place to comply with the new legislation. A Data Protection Officer (Veritau) has also been appointed.
- the County Council operates an **Information Security Management System** which is certified to the requirements of ISO/IEC 27001 (Information Security). Compliance will continue to be maintained, and further review audits by BSI (British Standards Institute) will be carried out every six months. . The next full re-certification to the ISO 27001:2013 will take place in December 2019 the work to maintain this standard is coordinated by the Senior Information Security Compliance Officer working in conjunction with the Information Governance Team.
- in addition, the County Council now operates an **Information Technology Service Management System** which was awarded re-certification to ISO/IEC 20000 in February 2019. ISO 20000 provides quality assurance to the processes, policies and procedures operated in the delivery of ICT Services to the County 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.
- the County Council is also certified to the **Public Sector Network (PSN)** Code of Connection. The certifications have enabled the County 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 and access to Department for Work and Pensions systems.
- the Corporate **Health and Safety** Policy is reviewed annually in May and the revised and approved Policy is then issued in June. The Policy takes account of recent Health and Safety Executive guidance relating to the management of health and safety and sets out the key responsibilities of staff. Each Directorate has a health and safety action plan which is reviewed on a quarterly basis to ensure that health and safety risks are identified and appropriately managed across the County Council.
- the [Equality and Diversity Policy Statement](#) is reviewed annually and revised when necessary. The County Council uses equality impact assessments as part of ensuring that due regard is paid to eliminating unlawful

discrimination, advancing equality of opportunity and fostering good relations. 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. This year compliance with the National Minimum Wage Regulations was reviewed. All policy updates go through a full consultation with unions recognised by the County Council.
 - Public bodies employing more than 250 staff are required to publish figures on the **gender pay gap**; gender bonus gap; the proportion of men and women receiving bonuses and the proportion of men and women in each quartile of the pay structure. The Council published information relating to the gender pay gap in March 2019. Information about this can be found on the County Council [website](#) . The application of the National Minimum Wage Regulations are also regularly reviewed to ensure compliance.
 - **Internal Audit** operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and the County Council's Audit Charter. The annual work programme is set out in a risk based Audit Plan following 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 Council's framework of governance, risk management and control on an annual basis. During 2018/19, 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.
- c) Documenting a commitment to openness and acting in the public interest.
- It is important to the County Council to present itself in an open and accessible manner to ensure that matters are dealt with transparently, in so far as the need for confidentiality allows.
 - a [Council Plan](#) and a Statement of [Final Accounts](#) are published annually to inform stakeholders and services users of the County Council's vision, ambitions and priorities for the next four years and the previous year's achievements and outcomes.
 - a Medium Term Financial Strategy, the Annual Revenue Budget including its impact on Council Tax, are published and consulted on each year.
 - effective channels of communication which reach all groups within the community and other stakeholders are maintained 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 Engagement Promise. The Engagement Promise is a statement of principles about how the Council enables and encourages people to influence decisions. They are high level principles, so it is not anticipated that regular changes will be required but are reviewed by officers annually. Further details

on consultation and community engagement can be found on the County Council [website](#) .

- there is also a variety of opportunities for the public to engage effectively with the County Council including attending meetings, opportunity to ask questions at meetings, written consultations, surveys, web chats with the Leader and Chief Executive. This all contributes to a commitment to openness, acting in the public interest and are documented where appropriate.
- d) 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](#) which sets out the Council's vision, ambitions and priorities for the next four years
 - ➔ the Council Plan, and annual Statement of Final Accounts also inform stakeholders and services users of the previous year's achievements and 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. This engagement tool was reviewed this year and a decision made to keep it, and use feedback to improve the response rate.
 - ➔ consultation toolkit and on-line training package that provide 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
 - ➔ using social media to inform and engage with residents for example, on development of services, provision of information, responding to concerns and issues

- ➔ publication of an e-newsletter, available by subscription or through the council website, covering news and information about the County Council and its services
 - ➔ a partnership with newspaper publisher Johnston Press 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
- e) Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.
- 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 the Constitution as required on an ongoing basis and conduct a formal review of the whole Constitution every four years.
- f) Translating the vision into courses of action for the County Council, its commercial companies, its partnerships and collaborations.
- based on the **Council Plan and Annual Budget / MTFS** process, each Service sets out its detailed objectives, performance targets, available resources and risk assessment which are included in a Service Plan.
 - **Commercial Companies** – the County Council has a number of companies which it uses to deliver specific services/functions. Along with the in-house traded services to schools, these companies are grouped together to form the 'Brierley Group'. An Executive Shareholder Committee has been created to oversee the governance of the commercial companies and a number of delegations have been made to the Chief Executive for operational activities.
 - an annual review is carried out on **partnership arrangements** which considers a range of factors. This is reported to the Audit Committee as part of the Council's approach to governance.

- g) Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.
- as explained in **paragraph 3.2(i) below**, 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 for example, the detailed Contract, Financial and Property Procedure Rules, Schemes of Delegation, Codes of Conduct. These are reviewed and updated when the need arises to ensure they are consistent with the contemporary operating requirements of the County Council.
 - as indicated above, the Council has approved **Budget and Policy Framework Procedure Rules, Contract Procedure Rules, Financial Procedure Rules, and Property Procedure Rules**. 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
 - **Partnership Arrangements** – the County Council’s Constitution and Finance Procedure Rules cover the issues to be considered before the County Council becomes involved in a partnership (see paragraph i) below for further detail).
- h) Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and 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 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 with the aim of strengthening links from individual performance management through team plans and service plans to Council ambitions and priorities.
 - there is quarterly reporting of **key performance information** to Management Board and a quarterly meeting of the Executive and the Scrutiny Committee Chairs. This information brings together activity levels; financial information; quality issues; customer feedback; improvement areas; workforce; and compliments and complaints. 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.

- improved **comprehensive budgeting systems** are applied across all Directorates. These systems are regularly reviewed and improved and include greater use of systems by budget managers and stakeholders into a more consolidated service. The Finance function is also regularly reviewed and improved simultaneously.
- priority has been given to frontline services in determining the savings programme as part of the 2020 North Yorkshire Programme. A planned and prioritised approach has been taken and investments have been made in areas to aid with delivery of the savings and to deliver a modern Council that is fit for purpose.
- in the past benchmarking statistics have shown an overall level of high performance and value for money for the County Council. Ofsted benchmarking data tends to continue 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 Programme provides a framework within which the Council continues to plan to meet the challenging savings requirement. The Programme still seeks to ‘simplify; standardise; and share’ and also builds in a number of cross cutting themes which set out some of the values, including:-
 - ➔ Stronger Communities – empowering and encouraging local communities to develop greater resilience and provide more community owned services
 - ➔ Customer – changing the way the Council interacts with its customers
 - ➔ Commercial Focus – examining different ways of delivering services and reviewing opportunities to become more commercial, generating additional net income as exemplified by North Yorkshire Education Services and the commercial companies.
 - ➔ Modern Council – creating the right environment to support modern ways of working through use of technology, buildings and working practices and policies.
 - ➔ Property Rationalisation – looking to use fewer buildings where staff and customers use the space more efficiently.
 - ➔ Organisational Development - developing the workforce and culture to ensure the Council is fit for purpose in the future.

Management Board acts as the Programme Board and governance arrangements are in place to ensure plans are well developed and implementation is monitored.
- the **Asset Management Strategy** sets out key corporate processes (eg purchasing and disposal of property) including the adoption of a corporate

approach to dealing with property needs. A Capital Project Management system (Gateway) is in place to improve the delivery of larger projects. This dovetails with the Council's property partners. This Strategy sets out the key role of property in supporting the Council's objectives.

- 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** and statements to every Council meeting by the Scrutiny Committee Chairs

- i) Defining and documenting the roles and responsibilities of Members and management, with clear protocols for effective communication in respect of the authority, its commercial companies and partnership arrangements.
 - 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 includes the detailed Contract, Financial and Property Procedure Rules, Schemes of Delegation, Codes of Conduct. These are reviewed and updated on a regular basis to ensure they are consistent with the contemporary operating requirements of the County Council

 - 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 Leader allocates executive functions and maintains 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 that is outside the budget and policy framework then 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 County Council

- 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. 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 (non-executive functions) to be discharged by officers of the Council, these are included in the **Officers Delegation Scheme**
 - **Commercial Companies** – the County Council has a number of companies which it uses to deliver specific services/functions. Along with the in-house traded services to schools, these companies are grouped together to form the 'Brierley Group'. An Executive Shareholder Committee has been created to oversee the governance of the commercial companies and a number of delegations have been made to the Chief Executive for operational activities.
 - **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. Detailed guidance is provided to Members and Officers who represent the County Council on external bodies. An annual report is made to the Audit Committee on the governance arrangements and work of partnerships. The Executive receives an 'issues' report when the Audit Committee determines there is a matter of concern relating to a partnership.
- j) Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government (2015)* and, where they do not, explain why and how they deliver the same impact.

- 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 (at 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 Assistant Director 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

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 on the *Role of the Chief Financial Officer in Local Government (2015)*
- the County Council's appointed **external auditor** 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 (Veritau provides internal audit and a range of related services to both the City of York Council and the County Council. Both authorities jointly own the company. For governance purposes, Veritau reports to the Audit Committee in the same way as an in-house function). The Head of Internal Audit is the CEO of Veritau. Using a risk assessment methodology, the Head of Internal Audit produces an **Annual Audit Plan** for approval by the Audit Committee; progress against this Plan is also 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
- ➔ 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. The results of audit work in each Directorate are reported to the Audit Committee in accordance with an agreed programme.

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 framework of governance, risk management and control operating in the County Council as a whole.

k) 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.

l) 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.

- m) Providing induction and identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.
- developing the skills of Members continues to be 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. There are also regular Member seminars throughout the year on a whole series of areas in order to keep Members abreast of current issues and to ensure awareness of responsibilities for both Council and individual Members.
- n) Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.
- the County Council's comprehensive and well established approach to **risk management** is laid out in the Corporate Risk Management Policy and its associated Strategy. The Policy was reviewed in March 2019. 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 Allerton Waste Recovery Park and Basic Need – monitoring and reviewing the need for school places). 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 reduction actions 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 addressed and progress to rectify those weaknesses is monitored by the Corporate Risk Management Group as well as Internal Audit.
 - An annual progress report on risk management is made to the Audit Committee. 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.
 - the **Performance Management framework** has been further refined in order to strengthen the links between individuals, teams and services. Benchmarking and best practice from other Authorities is an inherent part of the planning process to ensure that each plan can look for further improvements. The service planning process also involves identification of savings as an initial part of the generation of savings proposals for the Budget / MTFS.

- there is quarterly reporting of **key performance information** to Management Board and a quarterly meeting of the Executive and the Scrutiny Committee Chairs. This information brings together activity levels; financial information; quality issues; customer feedback; improvement areas; workforce; and compliments and complaints. 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.
- o) Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the *Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)*.
- 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 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 Veritau 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, 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.
- p) Ensuring an effective Scrutiny function is in place.
- 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 **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 that is outside the budget and policy framework then 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 County Council.

- 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 and the Overview and Scrutiny Procedure Rules.
- q) Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the *Role of the Head of Internal Audit (2019)* and, where they do not, explain why and how they deliver the same impact.
- The Head of Internal Audit is responsible for reviewing and reporting on the adequacy and effectiveness of the County Council's governance, risk management and control framework. 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 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 are assessed against the five principles on an annual basis.
- r) Undertaking the core functions of an audit committee, as identified in *Audit Committees: Practical Guidance for Local Authorities (CIPFA, 2018)*.
- a separate Audit Committee, which includes external independent Members, has been in operation since April 2006. (**see section 6 below for activities during 2018/19**). A key role of the Audit Committee is to act as the responsible body charged with ensuring that a sound system of governance and 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 and for ensuring that arrangements exist to secure value for money. The appointment of external independent Members helps to maintain a robust approach to governance within the County Council.

- s) Ensuring that the County Council provides timely support, information and responses to External Auditors and properly considers audit findings and recommendations.
- the County Council's appointed **External Auditor** is Deloitte LLP. The External Auditor attends Audit Committee meetings.
 - each year the External Auditor provides an External Audit Plan which sets out their key objectives for the year which can include a review and report on Financial Statements including the Annual Governance Statement; providing an opinion on the Financial Statements and also the arrangements to secure value for money.
 - the External Auditor publishes an External Audit Report on the completion of their audit.
 - throughout the year the County Council's Members and Officers work with the External Auditor to address any concerns and risks highlighted by the external auditor.
 - findings and recommendations made by the External Auditor receive an appropriate management response setting out how the County Council will address such recommendations and areas of concern.
- t) Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the County Council's overall governance structures.
- the County Council's Constitution and Finance Procedure Rules contain a number of issues 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 Audit Committee on the governance arrangements and work of partnerships.
 - where the County Council is a substantial **equity holder in a company** (eg NYnet, Veritau, Yorwaste, SJB Recycling, Align Property Partners, Brierley Homes, First North Law) it ensures 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.

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 on the *Role of the Chief Financial Officer in Local Government (2015)*.
- 4.2 A full assessment of the criteria in the CIPFA Statement was undertaken. 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 County Council 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 Service
 - ➔ 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 reviewed their service areas in relation to the governance and internal control procedures. **Significant governance issues** are provided in **section 7**.
- 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 framework of governance, risk management and control, 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 2018/19 the Audit Committee met four times and -
- ➔ approved the Internal Audit Plan for 2019/20

- ➔ considered the County Council's overall counter fraud arrangements together with the outcome of the annual Fraud and Loss risk assessment
- ➔ assessed the performance of the County Council's internal audit provider, Veritau Limited against the targets set for 2018/19, and considered the performance targets for 2019/20. The Committee also considered the outcome of the internal audit quality assurance and improvement programme (QAIP) and results of the external assessment of internal audit practices. The Committee was pleased that internal audit practices met the required standards and therefore continued reliance could be placed on the arrangements operating within the County Council 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 (and in particular compliance with the General Data Protection Regulation and Data Protection Acts), Business Continuity and Risk Management, was progressing
- ➔ considered the proposed Audit Plan of the External Auditor (Deloitte) and reviewed any reports they have produced concerning the Financial Statements of the County Council for 2018/19
- ➔ considered the arrangements made by the County Council in securing value for money
- ➔ reviewed the progress of the implementation of the Procurement and Contract Management Strategy, and the Strategy Action Plan.
- ➔ Continued to scrutinise the Treasury Management arrangements of the County Council
- ➔ considered the Annual Report of the Head of Internal Audit expressing his opinion on the framework of governance, risk management and controls operating within the County Council. This report also considered the progress made by management during the year to address identified control weaknesses. The Head of Internal Audit also drew the Committee's attention to a number of specific control weaknesses identified during audit work.
- ➔ reviewed and approved the Statement of Accounts including the Annual Governance Statement of the County Council and the North Yorkshire Pension Fund submitted by the Corporate Director – Strategic Resources following detailed work by a sub group of the Committee
- ➔ Received details of the revised *CIPFA Code of Practice on Local Authority Accounting April 2017*. Whilst no changes were required to the Council's accounting policies, some additional or changed disclosure notes were required to the 2017/18 Statement of Accounts. The Committee also noted a number of potential future changes to the Code of Practice including changes to the classification and measurement of financial instruments, and the treatment of leases and income from customers. It was recognised that the resulting reclassification of certain operating leases could have an impact on the Council's prudential borrowing.
- ➔ carried out a mini review of the effectiveness of the Audit Committee and following the results have concluded that a further review will be carried out in order to develop an action plan in 2019/20.
- ➔ reviewed arrangements to ensure effective governance of commercial companies owned by the County Council
- ➔ reviewed its Terms of Reference

- ➔ reviewed arrangements for Corporate Governance within the Council including approval of changes to the Council's Local Code of Corporate Governance
- ➔ received training on relevant topics

6.2 All this work has been used in supporting the preparation of the County Council's (ie this) Annual Governance Statement for 2018/19.

7.0 SIGNIFICANT GOVERNANCE AND BUSINESS CHALLENGES

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. It also needs to be recognised that the current external challenges to local government and the wider public sector are such that there are an unparalleled number of business risks and challenges; an effective governance framework therefore helps but cannot by itself eliminate such issues.

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 fit for purpose and the overall governance framework was effective during the financial year 2018/19. **There were, however, some areas identified which require attention either as a result of weaknesses or as a result of external challenges. The most significant of these areas (ie business challenges) are set out below in a spirit of ensuring continuous improvement of governance; internal control arrangements; and service delivery.**

7.3 As part of preparing the Table below, a review was undertaken of the issues identified in the equivalent Table in the 2017/18 Annual Governance Statement. Some of these issues were not fully resolved in 2018/19, but some of these "incomplete" issues have been revised and restated by Corporate Directors. Therefore, the items included in the table below represent the list of key issues requiring attention in 2019/20.

7.4

Ref	Significant Governance and Business Challenges	Action taken to date / planned in 2019/20
A1	<p>Beyond 2020 Change and Savings Programme</p> <p>By the end of 2018/19 the Council had delivered on-going revenue savings of circa £157.4m over the current period of austerity. The MTFs was refreshed in February 2019 and the overall savings requirement is forecast to rise to £197.7m by 2021/22. There are plans in place to deliver a further £26.3m over the MTFs period but a residual shortfall of £14m</p>	<p>a) Existing savings plans have been reviewed as part of the 2019/20 budget and progress will be driven through in-year management of the 2020 NY Programme. Ongoing</p> <p>b) Identify further savings proposals through the emerging 'Beyond 2020 Programme'. Service Plans are being developed using a 'BEST in class' approach in order to identify the potential for further savings and efficiencies. All services have been</p>

Ref	Significant Governance and Business Challenges	Action taken to date / planned in 2019/20
	<p>remains. This is against a backdrop of financial uncertainty for Local Government pending the outcome of the Fair Funding Review and the future of Business Rates Retention.</p>	<p>challenged to identify savings of 2.5% and 5% by March 2020 as well as opportunities for greater savings over the medium to longer term.</p> <ul style="list-style-type: none"> c) A rolling programme of focussed reviews will be undertaken which use a standard data based tool in order to identify service improvements and savings opportunities within a service area. These will feed into the draft Budget/MTFS by February 2020. d) Develop options around some set piece transitional themes. These include demand management; assessments; transport and, if savings opportunities are identified then the next stage will include detailed proposals and potential savings. The output will then be fed into the MTFS by February 2020. e) Undertake financial modelling and scenario planning given economic uncertainty and national review of business rates retention and respond to any future consultations over the course of the coming year. By March 2020. f) Work with other Local Authorities across the sub-region/region to pilot 75% Business Rates Retention by March 2020. g) The Programme Management Office with support from Finance will continue to track delivery against the savings Programmes and ensure that benefits are fully realised. On-going
<p>A2</p>	<p>Closer Working with Health Integrate Public Health, Social Care and NHS Commissioning, and where appropriate integrate primary & community health provision to secure comprehensive, joined up services for people in their own homes and communities</p>	<ul style="list-style-type: none"> a) Continue to implement the agreed Integration and Better Care Fund Plan covering 2017-19 and refresh when national guidance is available. The plan is underpinned by a section 75 to cover the investments. Continue to reduce DTOC (delayed transfer of care) attributed to social care as part of implementing the plan. This should be achieved by April 2020.

Ref	Significant Governance and Business Challenges	Action taken to date / planned in 2019/20
		<ul style="list-style-type: none"> b) Continue to implement the NYCC Health 2020 Integration Programme including integrated commissioning, provision and shared capacity & resources with the NHS, throughout 2019. A key milestone for this will be the Harrogate Alliance by October 2019. c) Implement the review of the Health & Wellbeing Board in the context of the Council constitution to ensure a development focus to deliver the statutory Joint Health & Well Being Strategy by April 2020 by when the strategy is due to be refreshed. d) Implement integrated provision of health and care through the Harrogate Alliance and review the impact of this by April 2020. And then take the learning to other parts of the County. e) Develop and implement a primary care strategy for NYCC to work collaboratively with general practice by April 2020. f) Continue the co-operative working of senior leaders through the York and North Yorkshire Systems Leadership Executive in addition to formal governance, to ensure that escalation is avoided and that potential funding issues and other specific issues such as transforming care are addressed.
<p>A3</p>	<p>Supply Chain Failure Supplier or wider market failure leading to cost pressures in the Council supply chain due to social and economic issues, inflationary pressures – for example, Brexit, emerging pressures from care sector providers and SEN transport</p>	<ul style="list-style-type: none"> a) Because of unknown future trading relationships the UK will have post Brexit and the risk this remains unresolved, or sub optimal trade deals are in place, there is potential for significant supply chain disruption and price uncertainty. As tariffs and country of origin issues become understood and implemented throughout our supply chains, work is ongoing to monitor supply chain risks and cost increases caused by Brexit. Issues will be addressed as they arise.

Ref	Significant Governance and Business Challenges	Action taken to date / planned in 2019/20
		<ul style="list-style-type: none"> b) Work has begun on a prototype Major Suppliers / Supplier Monitoring Dashboard which will provide help NYCC effectively monitor and manage risk for its major suppliers. It will also help NYCC closely monitor activities affecting our major suppliers, and determine if NYCC has effective failure regimes in place. This work should be achieved by December 2019. c) Complete the work on the Cost of Care Review which for the first time will be considered on a system wide basis with Health colleagues and City of York Council Commissioners. This approach will also consider the impact of alternative contracting mechanisms which may alleviate market pressures. The Review will be completed by April 2020. d) Carry out a roll out of Provider Forums across the County through this year by March 2020; to provide a space to engage with the providers in the social care market and allow for any pressures and issues that develop in the market to be identified earlier. e) A review of the Council's approach to identifying, supporting and maintaining quality within the social care market is underway; this includes a review of the suspension and hardship policies as well as the development of a quality dashboard and KPI's to allow for monitoring of the market. This review will be completed by December 2019.
<p>A4</p>	<p>Information Governance The Council continues to need to ensure that information governance is well managed. The introduction of GDPR from 25 May 2018 brought with it further challenge to ensure compliance whilst, at the same time, addressing some of the</p>	<ul style="list-style-type: none"> a) Continue to embed a programme of Information Governance best practice across the Council which provides a roadmap of key compliance and improvement activities to be carried out. Ongoing.

Ref	Significant Governance and Business Challenges	Action taken to date / planned in 2019/20
	<p>cultural issues inherent in ensuring information is managed effectively and used to its full potential whilst ensuring the confidentiality, integrity and availability of the information.</p>	<ul style="list-style-type: none"> b) Continue to implement the action plan for GDPR/DPA compliance such as data protection impact assessments and Contract changes where required. Ongoing. c) Continue assessments of the potential impact of Brexit on data protection as they arise. d) Ongoing data protection compliance checks and assurance audit
<p>A5</p>	<p>Education Related Funding Complexities and Difficulties Increasing numbers of schools facing cost pressures with more schools with in-year deficits and/or accumulated deficits. Limited non-recurring DSG funding, continued transitional arrangements for the implementation of the national funding formula and, significant pressures in the High Needs Block.</p>	<ul style="list-style-type: none"> a) Continue to advocate for North Yorkshire schools to achieve fairer school funding and improved funding for early years and high needs. Lobbying will continue to include working alongside MPs, regional colleagues, and the F40 group of low-funded local authorities. b) Undertake research into characteristics of good sustainable small primary and secondary schools including gathering quantitative and qualitative evidence by December 2019. c) To review and assess the financial position and performance of North Yorkshire LA maintained schools. Commission a programme of strategic support, including curriculum financial planning to support schools facing financial difficulties to enable the development of financial recovery and sustainability plans, including: provision of professional officer support to schools who are modelling budget and structural options; and, identification of other interventions as appropriate. By December 2019. d) Continue to review the High Needs Block to deliver existing savings plans and identify further cost savings to limit the use of LA base budget subsidy to the High Needs Block grant. Ongoing.

Ref	Significant Governance and Business Challenges	Action taken to date / planned in 2019/20
A6	<p>Capacity/Resources Continue to provide a range of services so that they meet essential statutory standards and other standards as set out in County Council Policy. And also to ensure delivery of a significant savings and transformation programme.</p>	<ul style="list-style-type: none"> a) Ongoing monthly monitoring of savings and transformation programme through Programme Board and programme management. b) Periodic reviews of relative priorities at Programme Board including identified increased capacity requirements. This may arise anywhere across the Council. c) Directorate leadership teams review of resource hotspots as part of monthly monitoring arrangements. Service plans will also help to inform these areas. Next iteration of service plans to be completed by March 2020.
A7	<p>Sustainable Economic Growth Enable, facilitate and deliver sustainable economic growth including through implementation of the County Council's Growth Plan. Provide strategic leadership for the further development of the YNYERH Spatial Framework, influencing Local Plans.</p>	<ul style="list-style-type: none"> a) Support the LEP review and aid it in changing to its preferred operating model by April 2020. b) Continue to bolster the sub-regional Directors of Development group in its role of facilitating sustainable economic growth. A prioritised work programme has been agreed with key deliverables for 2019/20 including the commissioning and preparation of Long Term Development Statements for six Strategic Development Zones and workstreams in relation to market towns / future high streets; inclusive growth; and a joint housing and infrastructure plan. c) Through the Growth Plan Steering Group in 2019/20 continue to further develop and implement the NYCC Plan for economic growth including through workstreams in relation to progressing the skills agenda; infrastructure funding; business engagement; natural capital; and healthy places.

8.0 SUMMARY

- 8.1 The governance framework operating during 2018/19 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 *CIPFA Code of Practice on Managing the Risk of Fraud and Corruption 2014*. 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 2019/20. 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:



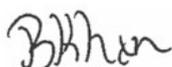
Cllr Carl Les
Leader of the County Council

Date: 22nd July 2019



Richard Flinton
Chief Executive

Date: 22nd July 2019



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

Date: 22nd July 2019



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

Date: 22nd July 2019

9.2 I confirm that the Audit Committee (meeting on the 22 July 2019) was satisfied, on the basis of the information available to it, that this Annual Governance Statement for 2018/19 has been prepared and approved after due and careful enquiry.

A handwritten signature in black ink, appearing to read 'Clifford Lunn', written in a cursive style.

Cllr Clifford Lunn
Chairman of the Audit Committee

Date: 22nd July 2019