

The Draft Statement of Accounts includes the draft Annual Governance Statement (AGS) – set out below. Potential changes to the Statement will be considered by the Overview and Scrutiny Committee on 13 June with a final version being submitted for inclusion in the final accounts by 31 July.

## Scope of Responsibility

Ryedale District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.



The Code of Governance sets out the principles of good governance and describes the arrangements the Council has put in place to meet each of these principles:

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

## **The Purpose of the Governance Framework**

The governance framework comprises the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves. It enables the 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.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, but it seeks to provide reasonable rather than absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the risks to the achievement of the Council's aims and objectives.

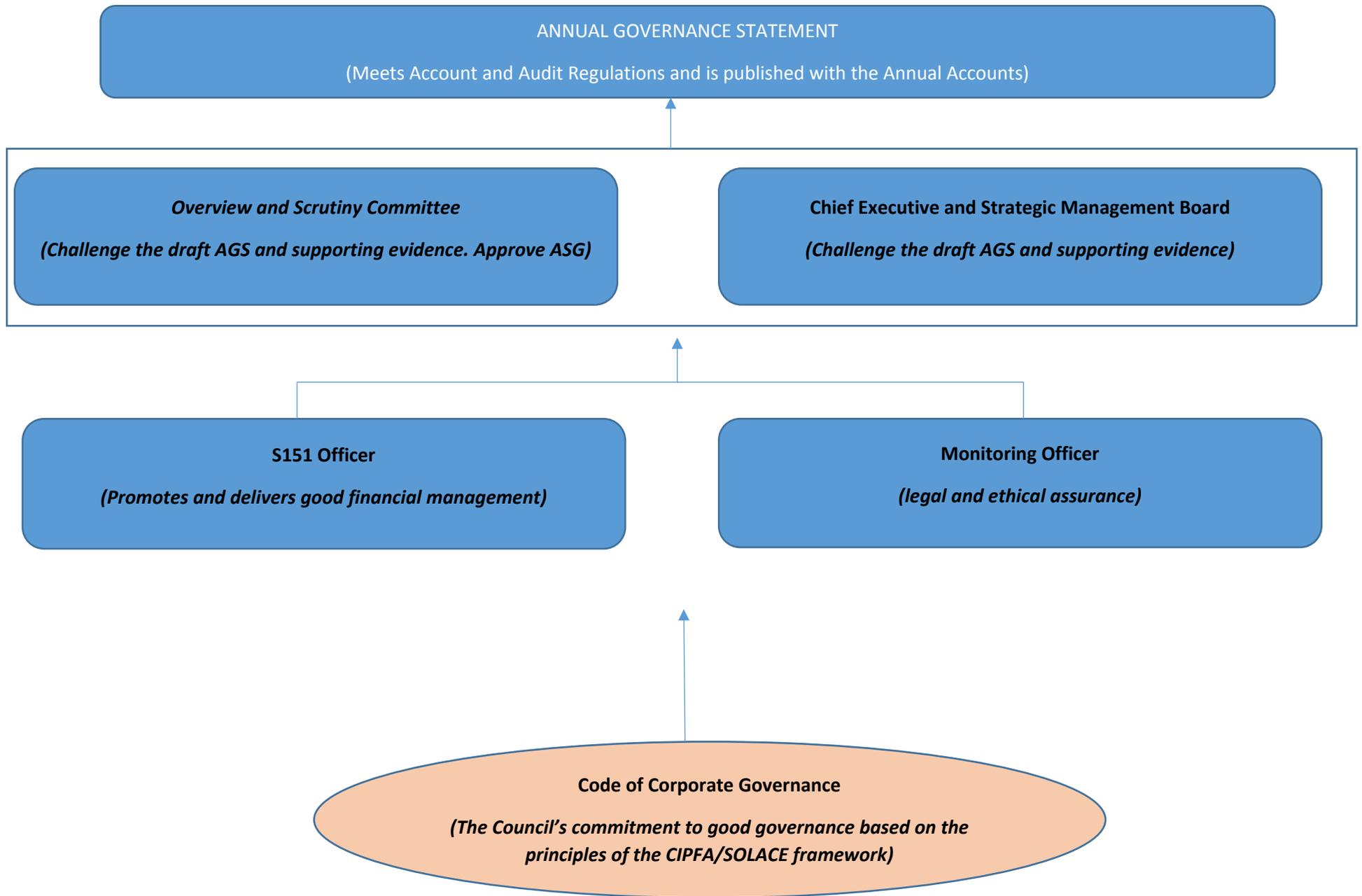
The governance framework has been in place at Ryedale District Council for the year ended 31 March 2019 and up to the date of approval of the annual statement of accounts

The Council's Governance Framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business is focused upon its corporate priorities and seeks to facilitate delivery to our local communities of the goals set out in the Corporate Plan. To improve the effectiveness of this, the Chief Executive has commissioned a number of Health Checks which all have action plans.

The structures and processes, risk management and other internal control systems, such as standards of conduct, form part of this Framework, which is about managing the barriers to achieving the Council's objectives.

Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. Following the appointment of a new Chief Executive and Section 151 Officer in Autumn AND Summer 2018, this task is now managed by the Strategic Management Board and other senior managers, who have commissioned and taken action to address governance related issues. This includes briefing relevant Committees for consideration. Overview and Scrutiny have also pursued a robust approach to strengthening governance arrangement in key areas such as risk management.

The Council has designed systems and processes to regulate, monitor and control its activities in order to achieve its vision and objectives.



**Code of Corporate Governance**

**Constitution**  
**Code of Conduct**  
**Scheme of Delegation**  
**Complaints Process**  
**Equality and Diversity**

- Standards Annual Report to O&S Committee
- Complaints Summary Reports
- Public Consultations
- Local Government Ombudsman Report

**Strategic Plan**  
**Policies and Procedures**  
**Business Planning**  
**Performance Results**  
**Partnership Protocol**

- Performance Reports
- Committee Reports
- Annual Audit Opinion (Internal)
- Overview and Scrutiny Committee
- Health checks

**Financial Management Framework**  
**Budget Monitoring Process**  
**Compliance with CIPFA Guidelines**

- Medium Term Financial Strategy
- Treasury & Investment Strategy
- Statement of Accounts
- Annual Audit Letters (External)
- Finance & Contract Procedure Rules

**HR Policies**  
**Pay Policy**  
**Risk Management**

- Corporate Risk Register
- Service Risk Registers
- Mandatory Training
- Bribery, Anti-Fraud & Corruption Policy
- Whistleblowing Policy
- HR &OD Health check and improvement programme

**Review of Effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- the Annual Internal Audit Assurance opinion, as provided by Veritau North Yorkshire;
- comments made by the external auditors and other review agencies and inspectorates;
- the Overview & Scrutiny Committee review that the elements of the governance framework are in place and effective, to ensure compliance with the principles. They also reviewed the system of internal audit and concluded it was effective and remained a key source of assurance for the Council in 2018/19.

In accordance with section 3.7 of the Code of Practice on Local Authority Accounting for 2018/19, Ryedale's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the CFO in Local Government (2010).

The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council. In 2018/19 the Monitoring Officer was supported by additional capacity to ensure the efficiency and effectiveness of all arrangements relating to Council and Committee meetings, working groups, and the required officer support. An Action Plan following the Health Check on Democratic Services will further strengthen this area in 2019/20

The Overview and Scrutiny Committee acts as a Corporate Governance Standards Committee has monitored standards of conduct of Members and advised the Council on probity issues. Entries made in the Register of Members' Interests were reviewed by the Monitoring Officer.

Other key officers have also been consulted for their views on the standards of governance within the Council – specifically the:

- S151 Finance Officer
- Monitoring Officer
- Head of Internal Audit (Veritau)

The Performance Management Framework has operated effectively during the year but is being reviewed. Monitoring information on key areas of performance has been provided to the Leadership Team for review and action. Performance management outputs have also been reviewed by the Overview & Scrutiny and Policy & Resources

**Review of Effectiveness**

The Overview and Scrutiny (O&S) Committee process has provided challenge and has monitored the Council’s policies and performance on an ongoing basis. During 2018/19 the Members of O&S have worked together, adopting a non-political approach, developing and using their knowledge and expertise, and that of others to the best effect. An evidence-based approach to the O&S work has been instrumental in achieving good results. There have been contributions, and input, from a range of stakeholders, including public and voluntary sector organisations, the public, officers and Members of the Council. Highlights have included:

Scrutiny

- Treasury Management
- Statement of Accounts
- Complaints
- Council Plan and Performance

Scrutiny Reviews on

- Provision of Swimming Lessons at Council-owned pools
- Staff Survey Results - ongoing
- Governance of Shared Services
- Impact of RDC on Climate Change

Monitoring Reports from Key Partnerships and External Bodies including:

Safer Ryedale

Everyone Active

Ombudsman

Presentation from representatives of Scarborough and Whitby CCG and Vale of York CCG

The Council is dedicated to ensuring that its resources are utilised in the most effective and efficient manner whilst delivering continuous improvement. Work has been undertaken during the current year to ensure members are fully informed of, and involved in, shaping the budget strategy ahead of key meetings in February 2019.

Financial monitoring has been reviewed and new reporting arrangements have been put in place from October 2018.

To improve the Council’s effectiveness of this, the Chief Executive has commissioned a number of Health Checks including Health and Safety, Democratic Services, Strategy and Performance, IT, Information Governance, Customer Services, Projects and Planning, Communications. These now have improvement plans and this is recognised as Key Issue later in this statement.

### Review of Effectiveness

Based on the assurance work undertaken by Internal Audit, the Head of Internal Audit (Veritau) has provided an opinion on the adequacy of the control environment which concluded that this gave (to be updated for July 2019). It should, however, be noted that all risks of failure cannot be eliminated, and the assurance given is therefore reasonable and not absolute. Areas in which controls were below the required standard are reported initially to the relevant Manager who ensures prompt corrective action is taken, and ultimately to the Overview & Scrutiny Committee who monitor progress with improvements via follow up reports from Internal Audit.

All key systems were audited in 2018-19 and a total of 5 audit reports were provided to management and the O&S Committee (to be updated in July 2019). In addition, a fundamental review of how the Council undertakes Risk Management has been carried out an updated Corporate Risk Register, and updated Service Risk Registers have been produced. External training has also been delivered to Members on Risk Management.

In July 2018 the Council's external auditor (KPMG) provided the Council with an unqualified opinion on the Council's accounts within their Annual Audit and Inspection letter. KPMG also provided an unqualified opinion of the Council's arrangements to secure Value For Money.

A Peer Review was undertaken in October 2016 and a revisit took place in April 2018. The Chief Executive has, since August 2018, carried out a review of the Council and its development needs. The three areas highlighted by the Peer Review revisit team (Valuing the Workforce, Strategic Plan, Leadership) have been included in that development work.

In the 2017-18 Annual Governance Statement, six key issues were identified. One of these is ongoing and will be continued (but amended) in the new version.

Key Issues

This Statement is intended to provide reasonable assurance. It is stressed that no system of control can provide absolute assurance against material misstatement or loss. In concluding this overview of the Council's governance arrangements, 6 issues have been identified that need to be addressed to ensure continuous improvement in the Governance Framework. The aim is to address these weaknesses during the 2019-20 financial year, by way of an action plan for improving the governance framework and system of internal control. This will be subject to monitoring by the Overview and Scrutiny Committee.

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
<b>Brought Forward and updated</b>	<p>On-going and future changes to the Council's financial framework including several changes to national and local funding regimes will increase the financial pressure on the Council and risk profile.</p> <p>This needs to be matched with effective financial management on the part of members and officers.</p>	<p>The agreed Medium Term Financial Strategy of the Council highlights the expected need to make future savings. This informs the budget process for future years.</p> <p>The s151 Officer considers the risk as part of the closure of accounts including the need to make appropriate provisions and reserves at the year-end.</p> <p>Ensure effective budget management is in operation across the council, including</p>	Chief Finance Officer (s151)	Ongoing, but with improved financial monitoring and reporting by October 2019.	<p>Work has been undertaken during 2018-19 to ensure members are fully informed of, and involved in, shaping the budget strategy ahead of approval of the MTFS Strategy by members in February 2019.</p> <p>Financial monitoring has been reviewed and new reporting arrangements have been in place since October 2018.</p>

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		accurate data and forecasting and reporting to members. Ensure that members are kept aware of all relevant financial information to assist in budget setting in future years			
<b>2019-20</b>	Waste and recycling review	Implementation of new optimised household waste and recycling collections linked to new recycling vehicles and waste transfer station	Strategic Management Board/ Head of Waste and Environmental Services	Spring 2020	The new waste transfer station is expected to be operational in August 2019 and delivery of the new recycling vehicle April 2020
<b>2019-20</b>	Local Plan	Review of the development plan as the Local Plan Strategy is currently nearly six years old.  This will highlight expected levels of development that will take place in the District and will set out the specific types of new development required to meet Ryedale's needs	Head of Planning/SMB	Work on the review will commence later summer /autumn 2019, but the formal adoption of the review is likely to be in 2023.	Adoption of current the Sites Document Will be made by a Council following receipt of the Inspectors final report (due in June).
<b>2019-20</b>	Resilience and	Ensure that actions	Chief Executive &	October 2019	A number of Health

	Capacity	<p>from the following Health Checks are followed up and implemented</p> <ul style="list-style-type: none"> <li>- Health and Safety</li> <li>- Democratic Services</li> <li>- Strategy and Performance</li> <li>- IT</li> <li>- Information Governance</li> <li>- Customer Services</li> <li>- Projects and Planning</li> <li>- Communications</li> </ul>	Strategic Management Board		Checks have been completed and action plans drawn up which will increase the performance and resilience
<b>2019-20</b>	Economic Development	<p>Sustainable Growth is one of the council's key Priorities and a fundamental element in the future prosperity of the district, with the promotion of a strong economy, thriving businesses, robust infrastructure and a strong culture, tourism and leisure sector at the very heart of this approach.</p>	Programme Director-Economic Development	Ongoing	<p>Resources to fund additional Economic Development capacity have been agreed. Recruitment to new posts will be completed by July 2019</p> <p>Work will be done to review the Economic Development Strategy and progress resulting priorities.</p> <p>A key area of work</p>

					<p>going forward will be to build strong external partnerships, particularly with the LEP. We will also monitor any potential impact of Brexit.</p>
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