

DRAFT ANNUAL GOVERNANCE STATEMENT

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**

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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 2020 and up to the date of approval of the annual statement of accounts.

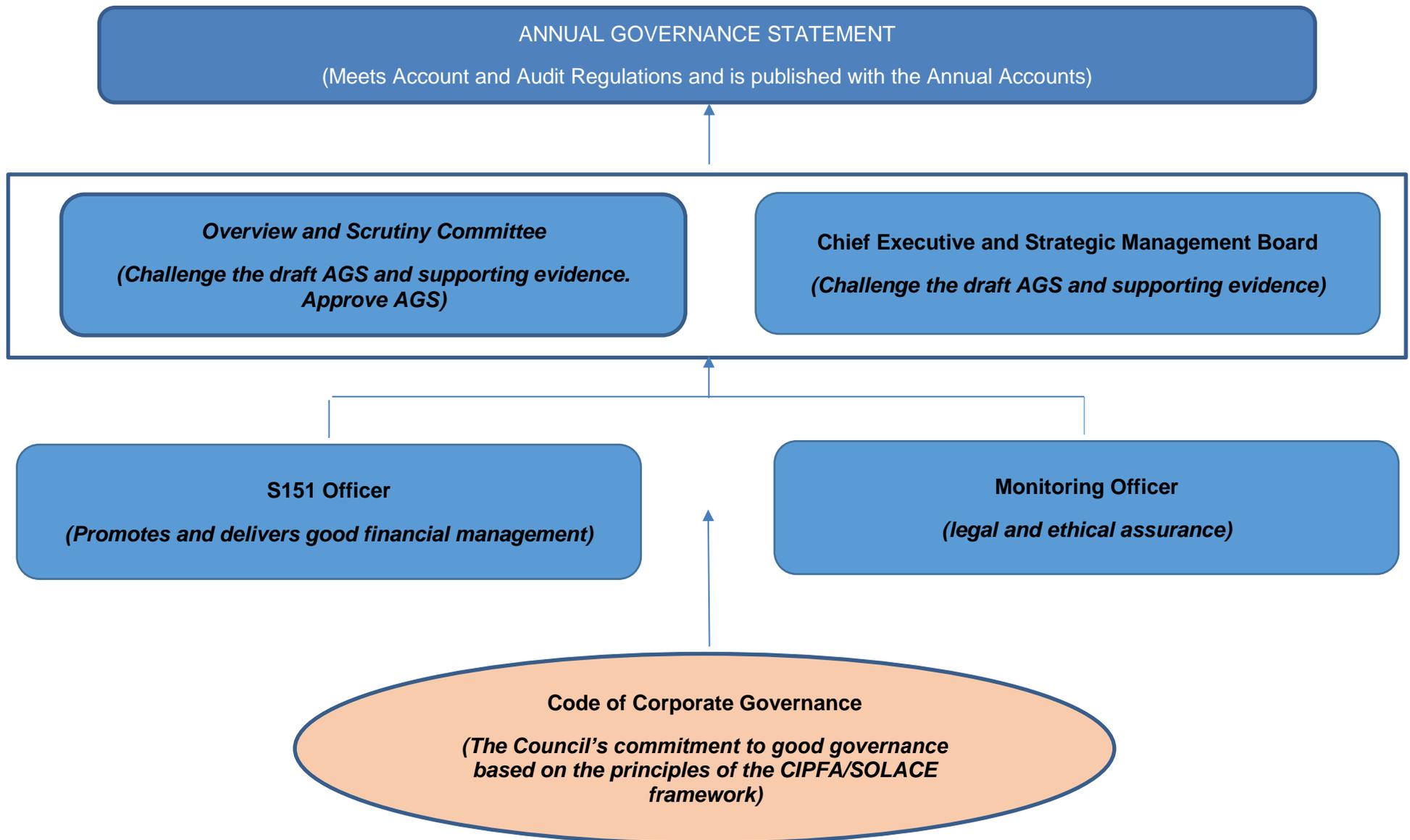
The Council's Governance Framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business is focused upon its corporate priorities and seeks to facilitate delivery to our local communities of the goals set out in the Corporate Plan. To improve the effectiveness of this, the Council has built on the Health Checks commissioned in 2018 and 2019 by implementing action plans and strengthening capacity in areas described below. Further reviews – such as by SOCITM – have been undertaken in a spirit of continuous improvement and a new Council Plan has been drafted.

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 arrangements in key areas such as risk management. A review of capacity in Corporate Governance has also taken place and a new structure is now being implemented

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The process for drawing up and approving the AGS is set out below. However for the 2019/20 statement, this process has been severely impacted by the Coronavirus Pandemic and this is explained in more detail below



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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 and Social Care Ombudsman Report
- Equality in Employment policy

Council Plan

Policies and Procedures

Business Planning

Performance Results

Partnership Protocol

- Performance Reports
- Committee Reports
- Annual Audit Opinion (Internal)
- Overview and Scrutiny Committee
- Corporate programme vs service plans

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
- Speak Out Policy
- HR & OD Health Check and Improvement Programme
- #zerotolerance Policy
- Health and Safety Policy
- Safeguarding
- Resolving Issues at Work Policy

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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 2019/20.

In accordance with the Code of Practice on Local Authority Accounting for 2019/20, 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 2019/20 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. A review of Corporate Governance and implementation of a new structure and a change of Monitoring Officer with additional support has strengthened this area, and the impact of the pandemic is being monitored

The Overview and Scrutiny Committee acting 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 Strategic Management Board for review and action. Performance management outputs have also been reviewed by the Overview & Scrutiny and Policy & Resources Committee.

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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 2019/20 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.. Highlights have included:

Scrutiny

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

Scrutiny Reviews on

- Equalities (Interim Report)
- Motion to Council on Climate Change
- Universal Credit
- Publication of Raine/Dunstan Report on bullying

Monitoring Reports from Key Partnerships and External Bodies (TBC)

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 2020.

The new Financial monitoring arrangements introduced part way through 2018-19 have been and were in place for the full financial year, giving outturn estimates to members on a quarterly basis which can now be seen as being consistent with the final actual outturn position.

To improve the Council's effectiveness of this, capacity and additional support is now in place in services such as Health and Safety, Corporate Governance and Finance, IT, Communications, Transformation and Procurement. Additional support for Strategy and Performance will be implemented in 2020-21

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Review of Effectiveness

Based on the assurance work undertaken by Internal Audit, the Head of Internal Audit (Veritau) will, in time for the final AGS, provide an opinion on the adequacy of the control environment. 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 2019/20 and a total of (TBC) audit reports and other pieces of work were provided to management and the O&S Committee. We have built on our improvements to Risk Management and a new Corporate Risk Register by rolling out our approach to all services. A new Corporate Governance service has been established, with a new Head of Service, to help drive these changes

In October 2020 the Council's external auditors (Grant Thornton) are expected to provide the Council with an unqualified opinion on the Council's accounts within their Annual Audit and Inspection letter. We expect that the Auditors' opinion will note a full year's worth of progress in areas such as financial monitoring and risk management that commenced only partway through the previous financial year.

People and Culture Plan and Council Plan – to be updated

In the 2018/19 Annual Governance Statement, seven key issues were identified. Some of these are ongoing and will be continued (but amended) in the new version.

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Coronavirus

There has been a significant impact on council services of the coronavirus pandemic from March 2020. Despite the challenges, the council has maintained consistent essential services for residents, whilst adapting to provide alternative virtual services wherever possible.

A decision was taken on 20 March 2020 to suspend Council meetings. Since then the Chief Executive has been taking decisions on urgent matters after consultation with the Leader of the Council, and where appropriate, the Chairman of the appropriate Committee and the relevant Ward Member(s).

It is currently proposed to return to an agreed timetable of meetings in September 2020, allowing the Council to make the transition back to democratic meetings in an achievable timeframe, whilst managing capacity around both support to COVID response and recovery work.

Where these meetings take place, The Council will ensure that it follow government guidance on making these COVID-secure and complies with relevant legislation.

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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, a number of 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 2020/21 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
Brought Forward and updated	<p>Financial Sustainability. 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</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>	Chief Finance Officer (s151).	Ongoing.	<p>A revised Financial Strategy was approved by Council in October 2019 and members were consulted during the preparation of the budget through reports and briefings</p> <p>Financial monitoring is now fully in place</p> <p>The council is maintaining a tracker of all spending commitments and income losses relating to the pandemic to enable full accountability. This reflects</p>

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Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
	<p>part of members and officers.</p> <p>This Control Issue has been revised to include dealing with the ongoing impact of the Coronavirus Pandemic. Current analysis suggests that the resources announced so far from central government do not cover the full costs to Ryedale District Council of the pandemic. The council needs to ensure that the additional spending and loss of income are fully recovered from central government.</p>	<p>Ensure effective budget management is in operation across the Council, including accurate data and forecasting and reporting to members.</p> <p>Ensure that members are kept aware of all relevant financial information to assist in budget setting in future years.</p> <p>The MTFS will also take into account the ongoing impact of the Coronavirus pandemic (see below)</p> <p>A full review of the impact of the coronavirus will be ongoing in 2020-21.</p>			<p>the impact of Decision Notices and other costs. Reviews have started on individual services areas to look at longer term impact. The Quarterly monitoring reports will pick this issue up in more detail.</p>
2019/20 and ongoing	Waste and recycling review – To be completed	To be completed	To be completed	To be completed	To be completed

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Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
2019/20 and ongoing	<p>Local Plan requires review and adoption.</p> <p>Project is ongoing into 2020/21 and beyond until adoption. Estimated to be 2024/25</p>	<p>Review of the development plan as the Local Plan Strategy is currently nearly seven years old.</p> <p>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.</p>	Head of Planning and Regulatory Services	Some delay in early stages of the review by the Local Plan Working Party arising from the Covid outbreak and capacity in the officer team. Second meeting of the LPWP has occurred and a timetable for future meetings established. Formal adoption of the review is likely to be in 2024/5 with	<p>The Sites Document was formally adopted on 29.06.20 as scheduled.</p> <p>Member approval of the new Local Development Scheme and Statement of Community Involvement will be sought by the end of 2020</p>
2019/20 and ongoing	<p>Resilience and Capacity – to ensure sufficient capacity to enable the Council to carry out strategic and/or operational objectives.</p> <p>This also includes HR policies and Procedures – review and approval</p>	<p>Continuous review of the new arrangements now in place.</p> <p>Many of the current HR policies were outdated and not fit for purpose. documents that should grow and adapt with an organisation. Policy review and revision is a crucial part of an effective policy and procedure management plan.</p>	<p>Chief Executive & Strategic Management Board.</p> <p>Head of HR</p>	March 2021	<p>Following a number of Health Checks, capacity and additional support is now in place in services such as Health and Safety, Enforcement, Planning & Regulatory Services, Corporate Governance and Finance, IT, Communications, Transformation and Procurement. Additional support for Strategy and Performance will be implemented in 2020-21.</p> <p>A number of HR policies have been reviewed and</p>

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Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
					approved by Council in February, but others will be updated during 2020/21
2019/20 and revised - ongoing	Economic Recovery and Growth post-COVID..	<p>Delivering a strong, sustainable economic recovery post-Covid will be vital to the long-term, sustainable economic success of the district.</p> <p>Key to this success will be ensuring that Ryedale is able to benefit from a comprehensive York/North Yorkshire devolution deal, and plan for leaving the European Union to ensure thriving businesses, strong job opportunities, robust infrastructure, and strong culture, tourism and low carbon sectors</p>	Programme Director-Economic Development.	March 2021.	<p>Post-Covid economic recovery plan is in development and will be completed by July 2020.</p> <p>Devolution deal under negotiation. Proposals to be submitted to Government summer 2020, with a devolution deal to be agreed by autumn 2020.</p> <p>We will plan to ensure that opportunities from leaving the European Union are maximised – UK leaving the EU 31/12/20</p>
2019/20 and ongoing	Delivering agreed Climate Change Action Plan to ensure that Ryedale District Council can contribute towards	Action Plan delivery progressing – for example Low Carbon Staff Travel Plan approved June 2020, with further actions in	Programme Director-Economic Development.	March 2021.	<p>Cross-Council Climate Change Action Plan delivery group in place</p> <p>Agreed three year revenue budget in place to support</p>

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	the reduction in global temperature rise	development.			delivery Climate Change Officer post to be advertised for recruitment, July 2020
2019/20 and ongoing	Council Plan and Priorities - A Council Plan is a necessary strategic document for guiding the work programme for the organisation and its employees. The current Council Plan is out of date and cannot fulfil this function.	Approval of Council Plan and Priorities.	Chief Executive.	December 2020.	<p>A series of engagement sessions have taken place with Elected Members and officers to produce this Plan and this was approved at Policy and Resources in March 2021. It highlights four main priorities as below:</p> <ol style="list-style-type: none"> 1. Our communities: strong, inclusive and attractive 2. Our economy: harnessing Ryedale's unique economy to deliver growth, homes and jobs 3. Our environment: a sustainable, safe and clean place to live 4. Our organisation: an innovative, enterprising council. <p>As a result of the pandemic, this plan has not yet had final approval from Full Council</p>

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Approval of the Annual Governance Statement

Through the action referred to on the previous page, we propose over the coming year to address the issues that have been identified, with a view to further enhancing our governance arrangements. These steps will identify improvements that are needed and we will monitor their implementation and operation as part of our next annual review.

Signed:

Date: November 2020

Councillor K C Duncan

Leader of the Council and Chairman of Policy and Resources Committee

Signed:

Date: November 2020

Stacey Burlet

Chief Executive