

East Riding of Yorkshire Council

Annual Governance Statement 2018-19

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1. Scope of Responsibility

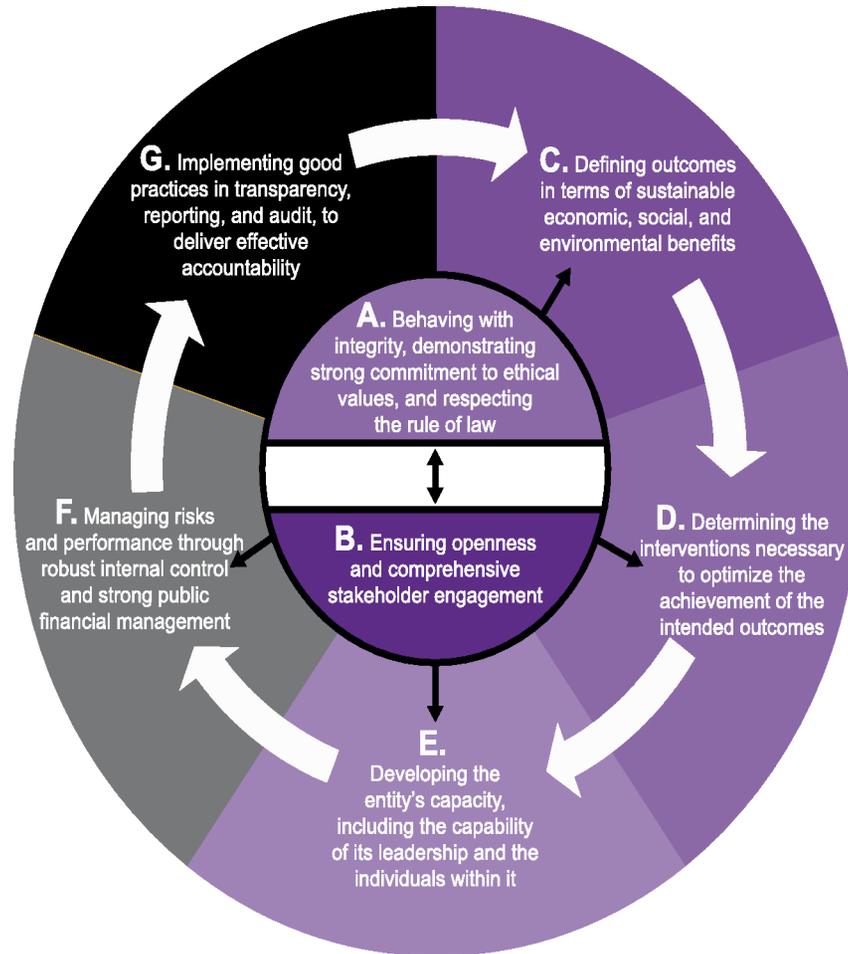
- East Riding of Yorkshire Council is responsible for ensuring that its business, and that of The East Riding Pension Fund, is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.
- East Riding of Yorkshire Council has approved and adopted a code of corporate governance (the Code), which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016 Edition). This statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6(1), which requires all relevant bodies to prepare an annual governance statement.
- The Council has completed the annual review of the Code during 2018-19. A copy of the Code is on our website at www.eastriding.gov.uk, or can be obtained from any of the Council's customer service centres.

2. The Purpose of the Governance Framework

- The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. 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 services and value for money.
- The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and acceptable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to achievement of East Riding of Yorkshire Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- The governance framework has been in place within East Riding of Yorkshire Council for the year ended 31 March 2019 and up to the date of the approval of the Statement of Accounts.

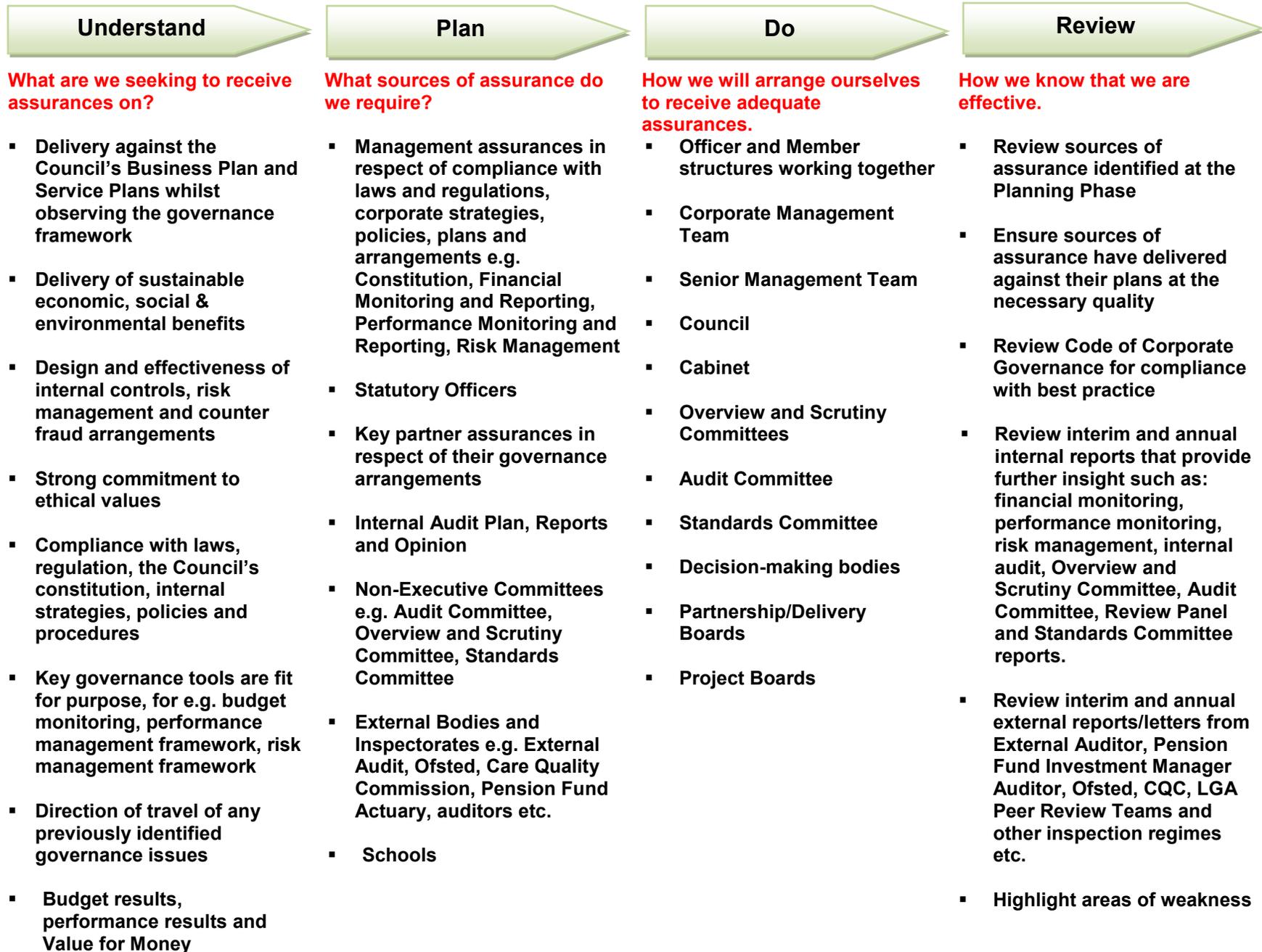
3. The Governance Framework

The Council's governance framework is consistent with the seven core principles of the CIPFA/SOLACE framework.



For each governance principle we have identified the sources of assurance and the governance mechanisms in place.

Assurance Cycle



Governance Mechanisms and Links to Key Documents

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

- The Council has agreed a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are within the law, efficient, transparent and accountable to local people.
- The Council's policies and procedures are all designed to meet and comply with the demands of the law.
- The Members Code of Conduct sets out the standards of behaviour the Council expects from them when acting in their capacity as a Councillor. All Councillors have signed an undertaking that they will abide by this Code.
- The Members Code of Conduct is overseen by the Standards Committee which has met regularly during the year to consider complaints against Councillors. Records are maintained in Standards Committee minutes.
- The Code of Conduct for Employees is a corporate HR Policy and all officers are bound by this. This Code ensures that employees are aware of the standards of behaviour expected of them by the Council.
- The Protocol for Councillor and Officer Relationships guides Councillors and officers of the Council in their relations with one another in such a way as to ensure the smooth running of the Council. The protocol should ensure that Councillors receive objective and impartial advice and that officers are protected from accusations of bias and any other undue influence from Councillors.
- Within 28 days of his/her election or appointment to Office, a Councillor must register his/her pecuniary interests in the Authority's Register. In addition, all Councillors disclose any non-pecuniary and pecuniary interests at meetings of the Council, its Committees or Sub-Committees.
- Employees must declare to the Director any financial (i.e. work for which a payment is received) or non-financial interests that they consider could bring about conflict with the Council's interests.
- The Council's Gifts and Hospitality Policy & Procedure requires officers and Members to not invite or accept any gift or reward in respect of the award or performance of any contract. Any gifts or hospitality that are accepted or refused must be in accordance with the principles of this policy and recorded in the central gifts and hospitality register which is reviewed annually by the Head of Legal and Democratic Services.
- The following Council Values (set by the leadership) are widely promoted and are communicated in various ways e.g. in the Council's Business Plan, Intranet home page etc.
Quality – we work together to provide the best services possible
Pride – we are proud of what we do and positively embrace change
Respect – we treat people fairly and are open, honest and lead by example.
- The Council's Equalities Plan sets out the processes and procedures that are in place to meet our statutory equality duties, and other projects and initiatives designed to support our residents with protected characteristics.

Summary

The Council complies with this principle by ensuring its members and officers behave in ways that exemplify high standards of conduct and effective governance and that its organisational values are put into practice and are effective. No significant governance weaknesses are apparent.

Ensuring openness and comprehensive stakeholder engagement.

- The Council has adopted the Information Commissioner's revised Model Freedom of Information Act publication scheme which sets out the Council's commitment to make information available to the public as part of its normal business activities.
- The Council is committed to the Government's Local Transparency Agenda and is publishing monthly, on its website, details of spend over £500, grants to voluntary, community and social enterprise organisations and details of all contract awards over £5,000.
- The Council's Report Writers Guide ensures adequate consultation on reports is required in order to demonstrate probity and governance.
- The Council is a key member of the Community Safety Partnership which has a statutory remit, in that it oversees the development, delivery and review of the area's Partnership Plan for Reducing Crime and Disorder.
- The Council is a key member of the East Riding Safeguarding Adults Board (ERSAB) which is a multi-agency board responsible for ensuring the protection and safety of the most vulnerable adults in the East Riding, chaired by an Independent Chair.
- As required by Section 13 of the Children Act 2004, the Council has established a Local Safeguarding Children Board (ERSCB) for the East Riding. The ERSCB is responsible for coordinating and ensuring the effectiveness of services to safeguard and promote the welfare of children and young people within the East Riding, and is chaired by an Independent Chair.
- The Council is a member of two Local Enterprise Partnerships; the Humber LEP and York, North Yorkshire & East Riding LEP, to ensure that all our functional economic areas are covered by LEP arrangements to progress their needs and promote their assets.
- The Council operates a Health and Wellbeing Board to lead the development of joint strategic needs assessments and joint health and wellbeing strategies, which provide the means of integrating local commissioning strategies and ensuring a community-wide approach to promoting and protecting the public's health and wellbeing.
- The Council is a leading member of the East Riding Place Based Board which brings together organisations from across the public and voluntary & community sectors in the East Riding. The key objective of the place Based Board is to provide strategic 'system wide' leadership and decision making on fundamental cross organisational issues.
- The Council carries out consultation on its proposed budget with non-domestic ratepayers, trade unions, the political groups, Overview Management Committee and the Schools Forum.
- Through its Consultation Guidance, the Council is committed to engaging with people in influencing decisions about council services, whether they are residents, staff, Members, partner agencies or other stakeholders. Details of current and completed consultations and links to national consultation surveys are on the Council's Website.
- The Council has a feedback procedure for all customers to log complaints, comments and compliments as part of the Council's commitment to customer care. These are logged onto the Council's feedback system and regular reports on feedback are produced to ensure that where possible, improvements to services are made as a result of customer feedback.
- The East Riding Pension Fund (ERPF) administers the Local Government Pension Scheme (LGPS) for the four Unitary Authorities in the region plus over 300 other local employers and organisations. It has a membership of more than 110,000 active, deferred and pensioner members. Governance of the Pension Fund is the responsibility of the Pensions Committee and the Local Pension Board.

Summary

The Council complies with this principle by engaging with local people and all local institutional stakeholders, including partnerships. The Council takes an active and planned approach to dialogue with and accountability to the public. No significant governance weaknesses are apparent.

Defining outcomes in terms of sustainable economic, social, and environmental benefits.

- The Council is a member of two Local Enterprise Partnerships; the Humber LEP and York, North Yorkshire & East Riding LEP. The Council is a member of two LEPs due to the wide and diverse geography of the East Riding which encompasses four functional economic areas. These functional economic areas are explained fully within our Local Economic Assessment. The two LEPs which the East Riding is a member, ensure that all our functional economic areas are covered by LEP arrangements to progress their needs and promote their assets.
- The Council's Business Plan is the document that sets the overall strategic and financial framework for the Council's services and has been updated each year. The Council's Business Plan 2016-2021 (2018 Update) includes the following priorities which are used as the basis of corporate and service planning;
 - Growing The Economy - Working with others to support sustainable economic growth and strong communities, ensuring the East Riding is a great place to invest in, live, work and visit.
 - Valuing The Environment - Responding to climate change, developing our infrastructure and safeguarding our heritage.
 - Promoting Healthy Lifestyles - Helping people to stay healthy, strong and fit for the future.
 - Protecting The Vulnerable - Supporting in times of need, protecting from harm and improving the quality of life.
 - Helping Children And Young People Achieve - Supporting and inspiring children to raise their aspirations and reach their potential.
- Service Plans have been updated and used to turn plans into action, monitor performance and effectively manage their business.
- The Council has a performance framework utilising outcome indicators and performance measures mapped against each corporate priority. Performance updates have been regularly reported during the year to officers and members.
- The East Riding Local Development Plan/Scheme is the portfolio of documents that together provide the framework for managing development and addressing the key planning issues within the area. The revised [Local Development Scheme](#) for the period 2018-2021 was agreed by the council's Cabinet on 4 September 2018.
- The Council's Report Writers' Guide requires a sustainability appraisal in respect of all reports prepared for decision by Council, The Cabinet and the Planning Committee.
- The Council operates an Environmental Management System (EMS) to the requirements of both the international standard ISO14001 and the European EMAS (Eco-Management Audit Scheme) regulations. Compliance with the ISO standard is externally assessed.
- The Council's Capital Appraisal Guidance requires justification for the bid and how it addresses the Community Plan and the Service Plan.
- The Council's Statutory Equality Objectives 2016-2020 ensure that it provides services which are accessible, wherever possible and appropriate to users.
- The Commissioning and Procurement Policy, updated in January 2019, establishes the commitment to support community cohesion and understanding the wider needs of the community and market place.

Summary

The Council complies with this principle by developing and clearly communicating its intended outcomes for citizens and service users. It ensures that these outcomes are for the benefit of all users. No significant governance weaknesses are apparent.

Determining the interventions necessary to optimise the achievement of the intended outcomes

- Each Head of Service in the Council has a Service Plan. Service Plans show the outcomes that each service area is working towards, how performance against these outcomes will be measured and key delivery actions. The plan is the link between the Council's priorities set out in the Business Plan and the resources that are available to deliver them.
- When major decisions are to be made, these are published in The Cabinet's Forward Plan insofar as they can be anticipated. The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.
- Statute requires that reports to The Cabinet, a Committee or Sub-Committee should detail all options available to a Committee in deciding upon a particular course of action.
- The Council's Contract Procedure Rules contained within the Constitution require an options appraisal to take place in advance of undertaking any procurement.
- The following example reports communicate the Council's activities, achievements, financial position and performance. Regular monitoring of reported service performance, financial performance, risk and feedback has taken place during the year and any areas of concern have been identified and interventions planned;
 - Financial Statements
 - Monthly Budget Monitoring Reports
 - Quarterly Performance Reports
 - Annual Feedback Reports
 - Annual Governance Statement
 - Quarterly Audit Reports
 - Quarterly Risk Management Reports
 - Business Transformation Programme Update Reports.
- During the year the Council publishes its "Local Account for East Riding's Adult Social Care" which provides residents with information on the priorities for the Council's Adult Social Care services, and details on how they have performed.
- The Adult Social Care Outcomes Framework (ASCOF) was introduced by the Department of Health as a new national performance framework to monitor outcomes. The Council reports on the results of the measures contained within the ASCOF for the year and the changes that will take place in the following year.
- Detailed performance dashboards for Children's Social Care have been developed to enable stronger performance management of key issues.
- It is a statutory requirement that the Council publishes an annual report providing information regarding Children's Social Care complaints and representations.

Summary

The Council complies with this principle by having clear intended outcomes and by utilising robust measuring and monitoring in order to identify and address any under performance. No significant governance weaknesses are apparent.

Developing the entity's capacity, including the capability of its leadership and the individuals within it

- The Council has a clear vision, strategy and direction, underpinned by capable leadership and management.
- Fundamental transformation of services within the Council is the only way it can realise savings without jeopardising the future of front line services and has been operating a Business Transformation Programme since 2010. The Council's Corporate Management Team manages progress closely, makes decisions and oversees the delivery and impact of savings in its role as the Business Transformation Programme Board. Members are consulted regularly and updated on progress.
- Each Head of Service in the Council has a Service Plan which show the outcomes the service area is working towards, how performance against these outcomes will be measured and key delivery actions. These in turn link into team plans and individual officer plans as appropriate.
- Partnership arrangements are entered into where appropriate and when they have the potential to deliver the desired outcomes.
- The Council's Workforce Strategy requires plans to be in place to recruit and retain an appropriately skilled and motivated workforce to meet service needs.
- The following strategies and programmes ensure the recruitment, retention and development of the Council's leadership and high performing staff;
 - Member Development Strategy - outlines the approach taken within the Council to developing its elected Members.
 - Member Development Reviews – On an annual basis all members will be offered the opportunity of an individual development review to look at personal development needs in relation to their role as a councillor. Feedback from the individual review process will be used to inform future development activity that is planned.
 - The induction programme for new Members aims to give newly elected Councillors an overview of the Council including the key priorities and challenges, the work and role of the elected Member and the supporting political group offices.
 - Learning and Development Strategy – aims to ensure that supervisors, managers and leaders have the right skills to meet current and future business need and development activities are in place to support succession planning.
 - ERYC Competency Framework - assists succession planning, recruitment and selection, the employee development review process and training and development. The Framework has been aligned with the Council's Transforming East Riding agenda and reflects customer priorities.
 - Recruitment and Retention Strategy.
- The Council's Officer Induction procedure, Learning & Development Strategy, Annual Corporate Training Programme and various management and leadership programmes ensure that Officers have the skills and knowledge to enable them to effectively fulfil their roles.
- The Audit Committee's Annual Performance Report 2017/18, presented to the [Audit Committee meeting held on 20 July 2018](#), confirmed the adequacy of its Members' training.
- Each employee is subject to the Council's Employee Development Review process to encourage their development.

Summary

The Council complies with this principle by having a clear vision and appropriate delivery mechanisms and by making sure that members and officers have the skills, knowledge, experience and resources they need to perform their duties. It develops the capability of people with governance responsibilities and encourages the recruitment of new talent to the authority. No significant governance weaknesses are apparent.

Managing risks and performance through robust internal control and strong public financial management

- The Council's Risk Management Strategy ensures that risk management processes, which are linked to community plan outcomes and corporate priorities, are embedded. The strategy has continually developed in response to changes within the Council and in the external environment. The latest version of the risk management strategy reflects that process of continuous improvement.
- Identified risks are recorded in risk registers which in turn identify internal controls and control owners.
- The position of the Council's identified Strategic Risks has been reviewed and reported to The Cabinet and Audit Committee each quarter. Risk owners have provided assurance that controls continue to operate effectively and have provided an update in relation to each risk. Assurance has also been provided that operational risks are being effectively managed and controlled.
- The Council has a local performance framework utilising outcome indicators and performance measures mapped against each corporate priority. Performance targets are set in line with national benchmarks and outturns have been regularly reported to officers and members.
- The Council operates a cross directorate Children's Services and Adults Services Assurance Board, which monitors and challenges performance, inspection requirements, service and contractual issues during the year.
- The ERSCB and Adults Safeguarding Board and associated sub groups co-ordinate, scrutinise and ensure the Council and partner organisation deliver effective services to safeguard and promote the welfare of children and vulnerable adults.
- The Council has robust internal controls in place, including, segregation of duties, approval/authorisation processes, security of assets and reconciliations. Many of the key financial controls are detailed in the following;
 - Financial Procedure Rules
 - Finance Manual of Guidance
 - Contract Procedure Rules
 - Commissioning and Procurement Manual of Guidance.
- Strong financial management is demonstrated in monthly budget and savings reports, audited annual statement of accounts and by accountable budget holders.
- The Council's Internal Audit function provides an independent view of the adequacy and effective operation of the Council's control environment. Internal Audit reports quarterly to the Audit Committee and produces an Annual Report and Opinion which provides assurance on the control environment in operation.
- The Audit Committee, which is independent of the executive and scrutiny functions, provides independent assurance on the adequacy of internal control and governance arrangements. The Audit Committee Terms of Reference are contained within the Constitution and the Audit Committee's Annual Performance Report concluded that it had fulfilled its Terms of Reference and had operated efficiently and effectively.
- The Council has robust information governance and records management arrangements which are compliant with Data Protection Act provisions. Also, in accordance with the Local public services data handling guidelines, the Council's Senior Information Risk Officer (SIRO) has provided a written judgement of the security of information assets held by the Council.

Summary

The Council complies with this principle by having strong performance, risk and financial management arrangements in place, the adequacy and effective operation of which is independently verified. No significant governance weaknesses are apparent.

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- The Council is committed to the Government's Local Transparency Agenda and is publishing monthly, on its [website](#), details of spend over £500, grants to voluntary, community and social enterprise organisations and details of all contract awards over £5,000.
- The Council's Report Writers Guide ensures there is a comprehensive consultation process for published reports ensuring Members and senior officers own the results reported.
- The external auditors report in their [annual audit letter](#) on the accuracy of the Council's financial statements and value for money arrangements.
- An annual review of the adequacy of the Council's governance arrangements is undertaken and reported to senior officers and the Audit Committee.
- The Internal Audit function reports regularly to the Audit Committee on the position of recommendations for corrective actions made by external audit and Internal Audit.
- The Audit and Technical Manager produces an Annual Audit and Governance Report which provides senior officers and the Audit Committee with assurance on the control environment in operation.
- The Internal Audit function operates under the Public Sector Internal Audit Standards and compliance with the standards is assessed internally on an annual basis and each five years by an external party. There is communication and cooperation with the Council's external auditor, which ensures there is no duplication of effort.
- The Scrutiny function is in place to review the general policies of the Council and scrutinise individual decisions. The Scrutiny function is supported by Scrutiny Review Panels which undertake in-depth reviews of a service, policy or issue of concern to local people..
- Complaints to the Ombudsman are monitored and the relevant Overview and Scrutiny Sub-Committee maintains the right to review issues raised.

Summary

The Council complies with this principle by having robust arrangements in place which ensure transparency over how its decisions are taken and reported and who is accountable for them. Scrutiny of the decision making and reporting process ensures adherence to these arrangements. No significant governance weaknesses are apparent.

4. 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 Council has adopted the following methodology to formally review the governance framework for the purposes of this Statement and reported its findings in a separate report to the Audit Committee (Corporate Governance Review 2018-19).

Management Assurance

- A review of the adequacy of the Council's Code of Corporate Governance which entails;
 - an exercise which identifies the latest CIPFA/SOLACE guidance and compares this to the Council's Code, identifying any differences. Recommendations are made for changes to the local code as necessary.
 - an exercise to gather and assess evidence of compliance with the Council's Code e.g. the existence of various key policies/procedures and evidence of compliance with these. An assessment of the degree of compliance (score out of 10) is carried out and any improvement areas identified.
- A review of Risk Management reporting
- A review of Internal Audit report findings and recommendations
- A review of the fraud and special investigations completed during the year by Audit & Governance.
- A review of descriptions and explanations provided by "key" corporate officers of the operation of specific processes and systems including; Conduct, Complaints, Communications, Finance, Performance, Risk, and Internal Audit.
- An examination of Corporate Management Team and Senior Management Team minutes.

Statutory Officer Assurance

- A review of Assurance Statements received from the Council's Statutory Officers (Head of Paid Service, Monitoring Officer, Chief Finance Officer, Director of Children's Services, Director of Adult Social Services and Director of Public Health). The statements provide assurance as to the systems and processes in place to meet their statutory responsibilities.

Service Assurance

- A review and validation of Annual Assurance Statements received from the Chief Executive, Corporate Directors and Heads of Service. The Assurance Statements indicate the degree to which the risk management and internal control arrangements, as described in a self-assessment questionnaire, were in place throughout the year.
- The questionnaires covered compliance with the law, the Council's Constitution and key corporate policies and procedures covering Finance, Performance, Procurement, Project Management, Partnering, Delegations, Environment, Counter Fraud & Corruption, Whistleblowing, Equality, Data Protection, Feedback, ICT Security, Emergency Planning & Business Continuity, Human Resources, Value for Money, Risk, Customer Contact.

Performance Management

- A review of performance management reporting and outcomes
- A review of financial management reporting and outturn

External Review Assurance

- An examination of the various reports received during the year from the external auditor
- An examination of external inspection reports, including those carried out by Ofsted and the Care Quality Commission
- An examination of the audited reports of the Pension Fund's external investment manager and global custodians in respect of their risk control and procedures.
- A review of complaints to the Local Government Ombudsman
- A review of Assurance Statements received from the Council's key strategic and service delivery partners; East Riding of Yorkshire CCG, Humberside Fire Authority, Humberside Police.

Other Sources

- An examination of the Audit Committee minutes and reports including the monitoring of the implementation of any action plan to address improvements to governance arrangements that may have been identified during the previous year's review of corporate governance.
- An examination of the Overview and Scrutiny Committees minutes and Review Panel reports
- An examination of Council, Cabinet, Standards Committee minutes
- An examination of Schools Financial Value Standard (SFVS) returns.

5. Conclusion of Review of Effectiveness

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

6. Significant Governance Issues

The Council has used its risk impact matrices as a guide in ascertaining the significance of governance issues.

There were no significant governance issues during 2018-19. As there are no significant issues, no action plan is required.